ACCA (the association of Chartered Certified Accountants), the EU-Asia Centre, the European Movement International (EMI) and UEAPME jointly organised a conference on The Belt and Road Initiative (BRI): Reshaping the Global Value Chain, to discuss the implications of China’s grand scheme to link Asia and Europe together via new massive infrastructure projects in Central Asia, the Middle East, Africa and the Balkans.

Maggie McGhee, ACCA’s Director of Professional Insights opened the conference. After keynote remarks from Counsellor Shi Wei, from the Mission of China to the EU, and Xavier Coget, from the Cabinet of Vice President of the European Commission Jyrki Katainen, participants heard two lively panel discussions.

The Panel debate on economic and policy implications of the BRI, moderated by Fraser Cameron, Director EU-Asia Centre entailed Luc Devigne, Deputy Managing Director for Europe and Central Asia and Director for Russia, Eastern Partnership, Central Asia, Regional Cooperation and OSCE at the European External Action Service, Anna Saarela, from the European Parliament, DG EXPO, Policy Department, Natasha Khanjenkova, Managing Director Central Asia & Russia at the EBRD, Liina Carr, Confederal Secretary, ETUC; and Venerable Ji-jing, Chief Monk of Shanghai Dragon Monastery and Chengdu Daci Monastery.

The Panel on Business experiences, moderated by Ada Leung, Head of ACCA China, was comprised of Gwenn Sonck, Executive Director of the EU-China Business Association; Dilek Aydin, TÜSİAD & TÜRKONFED Representative to the EU – Brussels, Maurice Fermont, International Trade
Adviser at BusinessEurope; **Liqin HE**, General Manager at Bank of China (Luxembourg) S.A. Brussels Branch, and **Alain Baron**, Team leader of the EU-China Connectivity platform, at DG MOVE, European Commission.

Concluding remarks were delivered by **Jo Leinen**, MEP, Head of the EP EU-China Delegation and Honorary President of the European Movement International.

The debate revealed that BRI brings important opportunities for the countries on its route, and could help bridging the infrastructure financing gap, increase connectivity, link local markets to regional and global value chains, thereby increasing trade and investment in these countries. But speakers also highlighted several geopolitical, developmental and regulatory challenges. BRI's success and fostering connection between the EU and China will require more than just building physical infrastructure, and any kind of infrastructure— whether land, sea, air or digital—should not be designed in isolation. Soft infrastructure (such as modern customs clearance systems) is critical, as well as structural reforms and improvements in investment climate, including the challenge of identifying environmentally sustainable and financially viable projects or of minimizing the risk of their failure.

It was stressed that BRI needs to adhere to principles such as market rules and international standards, and should complement existing network and policies in place, like the EU-China Connectivity platform.

**Main highlights**

*Maggie McGhee*, Director of Professional Insights, ACCA

- The discussion on the BRI could not be more timely – coming just a couple of weeks after French President Macron’s first official visit to China.
- Announced by Chinese President Xi Jinping in 2013, the BRI is seeking to rebuild China’s ancient silk routes for the 21st century, looking to build new connections across three continents, with an estimated $4 trillion of investment across 65 countries. This is cross-border ambition on an unprecedented scale, at a time when globalisation and free trade are under threat in some regions. Under the BRI, China will build railways and highways, aviation links, oil and gas pipelines, transmission lines and telecommunication networks that will bring together many countries in Europe and Asia and benefit millions of people.
- The project is still in its infancy, and it’s not all smooth sailing. There are geopolitical, developmental and regulatory issues which China will have to confront as it develops stronger economic and infrastructural ties across a diversity of nations.
- There will also be practical issues that the Chinese government will need to address so their considerable investment delivers value. Its own businesses, including many giant state owned enterprises, will also need to operate as part of a global supply chain.
- That is why this is much more than a story about Chinese foreign policy. Such an ambitious international trade route will only be successful in generating growth if the connected economies collaborate productively with each other.
- Finance teams will have a crucial role to play in helping companies and public sector organisations maintain accurate reporting and regulatory compliance, as well as providing advice on mitigating risk and developing strategies for sustainable growth. Globally recognised reporting standards in these areas are crucial in encouraging the movement of capital across borders and through to local economies. Rather than challenging international harmonisation of financial markets and standards, China’s deepening links outside its own borders offer an opportunity to reaffirm them.
The demand for professional accountants in countries along the route is a strong indicator of growth prospects as these countries look to facilitate wider economic activity.

ACCA has a strong history in international trade and development, connecting the world through common high international standards, and it has spent many years working with developing countries to build their economies and capacity.

ACCA operated in China for nearly thirty years, and has a presence in 24 of the 65 countries along the Belt & Road route, with 35 ACCA offices along the BRI map. This is why ACCA is in a good position to understand the BRI, its policy implications and associated demands, both in terms of numbers, and the specific skillsets needed to deliver the BRI opportunities.

ACCA also has a connecting and enabling role to play in the BRI. Through our networks across the globe, we can support and facilitate the coming together of governments, regulators, businesses and a wide range of other stakeholders.

Belt & Road could well be the physical embodiment of a globalised world, introducing trade and services that cut across borders and continents. As we all know, trade, technology and talent do not recognise borders.

Importantly, such an ambitious and high-profile initiative also brings an opportunity to promote and advance sustainability – in its three pillars: economic, social and environmental.

EU decision-makers, national governments, business, civil society and professional bodies need to work together to educate and identify new areas for economic growth, and provide the support needed to expand into rapidly developing markets. We need to raise awareness on this impressive initiative, discuss it, and debate it.

Counsellor Shi Wei, Mission of China to the EU

- When we discuss the BRI, we need to talk about the 3 C’s: connectivity, complementarity and confidence.
- **Connectivity**: Parag Khana, senior research fellow of National University of Singapore, published a book entitled Connectography, mapping the future of Global Civilization. In his book he highlighted the importance of connectivity shaped by a more smooth, synchronized and systematic developments of the supply chain. The connectivity of infrastructure plays as the same impetus to the global economy as the demography, capital markets, work efficiency and technology.
- Connectivity is the basic principle of the BRI. The BRI is the rebirth of the ancient Silk Road in the current global scenario. History is in the genes of the Chinese people. If you want to know the modern china, read the history about China.
- The BRI is a response to the huge deficit in infrastructure construction, hard and soft. The exchange and communication of people and goods, and the trade facilitation are awaited to be promoted.
- The BRI stands on five pillars, policy, infrastructure, finance, trade, and people to people. We hope and expect these pillars will provide comprehensive connectivity between Asia and Europe.
- **Complementarity**: The biggest problem the global economy facing is insufficient demand. Demand comes from the adaptation of more developed industry and technology to its own market. Demand also comes from rising productivity, new markets, and more diversified business modes.
- The word “change” is key. China is a country fond of change, eager to change, and good at change.
- The BRI will never be a single-way road for China to export resources, finance, technology, project and human capital. The core essence of BRI is cooperation and alignment. Projects will not be approved and implemented unless there are clear mutual benefits. The stakeholders of the BRI and its projects are all equal parties.
**Confidence.** Since BRI was established four years ago, China has signed cooperation agreements with 86 countries and international organisations to promote BRI cooperation. Last May, the first BRI forum for international cooperation was successfully held in Beijing.

- The BRI is initiated by China but it belongs to the world. The opportunities are shared by the stakeholders. China has become a public goods provider from a stakeholder in the globalised economic structure. The tag on the initiative is not unilateralism, expansionism, Marshall Plan, Monroe Doctrine, it is openness with a spirit of cooperation.

- China hopes that the European friends share the cooperative spirit of BRI and are more open to the BRI international cooperation. Europe will be among the most important partners on BRI.

- In his report at the 19th National Congress of the Communist Party of China in last October, General Secretary Xi Jinping emphasized that China would continue to promote international cooperation on the BRI and make it into a new platform for international cooperation. The BRI is also written into the constitution of the CPC. It demonstrates the confidence and determination in advancing BRI.

- It is important to discuss Russia’s involvement in the BRI as it is a close partner of China. Russia and China have cooperation agreements regarding the BRI.

- We cannot fully count on the BRI to solve all the problems of Eurasia.

**Xavier Coget**, Cabinet of Vice President of the European Commission Jyrki Katainen

- Transport needs between Europe and Asia are going to continue to grow in coming years. Therefore we need to ensure that we are developing efficient, environmentally sound and sustainable transport operations in the long run.

- In this context, the development of the Trans-European Transport Network (TEN-T), and its extension towards East, South, Western Balkans and Turkey is strategic for the EU.

- China has taken the leading position in development of land connection between Asia to Europe which has an enormous potential. It is making possible to shorten the transit time and lower shipping costs.

- The EU welcomes China’s initiative to develop the BRI, to fill the infrastructure gap and connect Asia with Europe. Coordination is essential in order to ensure compatibility. This coordination should not only take place between the EU and China but should involve other countries.

- The connectivity platform was launched in 2015 and it represents the first development towards a joint vision. The goal is to develop transport markets that rely on free and fair competition based on regulatory convergence, a level playing field and sustainability. It also aims at promoting cooperation in transport areas such as infrastructure, equipment, technology, standards, engineering and construction.

- The success of this project will depend on respect of main principles: inclusiveness, reciprocity, sustainability, transparency and regulatory level playing field.

- Many countries need to be able to benefit from the BRI. Developing infrastructure and transport operations must be open to all parties and in full compliance with respective legislation.

- The EU promotes economic, social and environmental projects. It is important to be as green and innovative as possible and to stress the need for CO2 reduction. New infrastructure needs to be more environmentally efficient and innovative.

- TEN-T and the BRI can create many opportunities for the EU-China relationship, as well as other countries, if there is a reciprocal understanding of plans, programmes and legal frameworks. Otherwise it risks having negative consequences.
Connecting EU and Asia digitally and through infrastructure requires an inclusive approach and transparency with use of open and public tenders. EU and China also have investment funds that can be mobilised.

Panel debate on economic and policy implications of the BRI, moderated by Fraser Cameron, Director EU-Asia Centre

Natasha Khanjenkova, Managing Director Central Asia & Russia, EBRD

- The BRI brings important opportunities for the region in which EBRD operates, i.e. 38 countries in Central and Eastern Europe, Caucasus, Central Asia and the Southern and Eastern Mediterranean. It holds out the prospect of helping to bridge the significant infrastructure financing gap, increase connectivity, link local markets to regional and global value chains, and thereby increase trade and investment in these countries.
- In regions like Central Asia, which has attracted limited investor interest in the past, this is of course an especially welcome development. Central Asia, in light of its location at the centre of the revived regional and transcontinental Eurasian transportation routes, is a good example of a region that could benefit dramatically from BRI.
- International attention to Central Asia is increasing. This is a reflection of many factors: i) its geopolitical significance due to its geographical location, transport and energy potential, significant natural resources; ii) its potential impact on the stability and security of the entire Eurasian continent; iii) its growing investment opportunities as economic growth picks up thanks to more favourable commodity prices, higher mining output, and rebound in remittances from Russia; and finally iv) a number of notable recent changes in the region. These include Kazakhstan’s economic progress with new impetus provided by the counter-cyclical state Nury Zhol programme and Modernisation 3.0 initiative coupled with reform; and the recent smooth leadership transition in Uzbekistan triggering important steps to improve relations with neighbours and open up more broadly, which may prove to be a game changer for the region.
- In this context the BRI could open up the prospect of Central Asia becoming once again a major regional logistics and trading, and even production, hub. However making a success of the BRI will require more than just building physical infrastructure. Soft infrastructure is critical, which means facilitating the movement of people, goods and services across borders.
- CA countries increasingly understand this and steps are being taken to ease customs and border clearance procedures, to introduce a single window for custom clearance, to lower documentation requirements, and to allow electronic submission of trade documents.
- However to fully benefit from the opportunities of the BRI, to avoid being just a pass-through for goods between China and Europe CA countries need to create conditions for the private sector to play an increasing role within the BRI. While we see growing public sector investment in infrastructure, there is still limited FDI and private sector activity. It is important to go further in implementing structural reforms and improvements in investment climate (to note that both Kazakhstan and Uzbekistan have been named in recent years among best reformers in World Bank Doing Business ranking) to not only enable Central Asia to profit more from transit brought about by the BRI but also to better integrate into international value chains, overcome the region’s landlocked geographical position and build true economic corridors alongside the transportation routes.
- And finally for BRI to be successful in the region it is important to recognise and mitigate potential risks both for investors, and for countries receiving investment. The provision of funding is not enough to overcome the fundamental challenge of...
identifying environmentally sustainable and financially viable projects or of minimizing the risk of their failure. Projects might fail as a result of poor investment decisions due to insufficient experience, or political priorities overriding economic considerations, or lack of implementation capacity on the ground. The wrong kind and scale of infrastructure investment may lead countries into debt situations which they cannot afford. Or to projects that offer insufficient returns to the communities they pass through, which could result in political backlash in host countries. As the international community engages with the BRI, we do need to acknowledge and address these risks.

- This is where institutions like the EBRD and other IFIs can help. It knows these countries very well - it has strong teams on the ground and more than 25 years of investment experience in the region. The EBRD has successfully implemented numerous projects bringing European and other international investors and contractors to the region, ensuring high environmental and business standards, including in the areas of procurement and corporate governance. EBRD efforts in the region are bolstered by co-financing provided by the EU as a donor on projects with a strong focus on significant environmental gains, including climate finance, and improvement of essential municipal services provision, such as water and sanitation. The EBRD knows the investment opportunities and obstacles; the policy and regulatory landscape. And it also has a strong track record, including owing to the support of EU grants, of promoting improvements in the business and regulatory environment. With its experience and expertise, the EBRD is ideally placed to help our countries of operations to maximise the BRI’s returns, which we believe can be considerable.
- The EBRD started working very early on with the Asian Infrastructure Investment Bank by sharing approaches and experiences.
- The BRI creates a lot of new opportunities; however, a lot has been done prior to the BRI in terms of investment. The experience of the EBRD in this area over the years is solid. Nevertheless, the infrastructure gap is significant. It is very important to improve the investment climate and attract investment. There are different degrees of progress and huge amounts of challenges still remain.
- Having an international court system that investors can trust is a challenge. Kazakhstan is developing an interesting practice in this area.

Luc Devigne, Deputy Managing Director for Europe and Central Asia and Director for Russia, Eastern Partnership, Central Asia, Regional Cooperation and OSCE at the European External Action Service

- The AIIB covers only about 10% of funding of the BRI projects. We shouldn’t forget other 90% of state-owned Chinese banks. This is a big question mark in terms of practises and transparency rules.
- Connectivity is the very heart of the European Union project. The magnitude of the BRI and the geographical focus makes a difference. The EU is coming up with a more comprehensive strategy in this area.
- The regulatory component is very important here. It is essential that the rules for doing business are transparent and in line with the best international practices. There must be a level playing field.
- There has to be a two-way street in terms of public procurement and infrastructure market. It is key that a state-owned bank does not link its lending to a country if it only takes suppliers from one specific country.
- The EU sees Central Asia as a region of rising importance. We should be supportive of infrastructure projects but we shouldn’t be naïve because the devil is often in the detail. The BRI projects must be carried out in compliance with the rules.
- It is important that the EU speaks with one voice towards China and the BRI. Common lines have been developed in the Council and the Commission has its role
to play in ensuring that, for instance, public procurement in the EU takes places under the EU rules.

- As regards to China-Russia relationship, it is difficult to see these countries as economic rivals as their economies are very different: Russian economy is based on minerals and China's on manufacturing.
- The BRI Court could be an interesting initiative, as the EU is always in favour of a rules-based system.
- As regards to the BRI governance, we need to look at international rules. There are international rules in public procurement; e.g. the WTO Government Procurement Agreement. Having at least appropriate transparency procedures would be a starting point to set out how tendering is supposed to be done.

Anna Saarela, Policy Department, DG EXPO, European Parliament (The content of these speaking points is the sole responsibility of the author and any opinions expressed therein do not necessarily represent the official position of the European Parliament).

- The ambition of pursuing the 'Belt and Road Initiative' (BRI), Xi Jinping's flagship state-to-state trade project that is building on China-sponsored interconnected infrastructure around the world, was written into China's Constitution at the 19th National Congress of the Communist Party of China (CPC).
- The cooperation between the European Union (EU) and China on 'connectivity', in and between Asia and Europe, goes well beyond roads, railways, ports and airports. It also includes energy cooperation (transmission grids and pipelines) as well as the digital economy.
- Done in the right way, more investment in cross-border infrastructure as well as other connectivity networks, could unleash growth potential with benefits for all.
- In order to be a success, the BRI needs to deliver benefits for all parties concerned; in the countries involved along the planned 'routes'. To this end, the BRI needs to be an open, transparent and all-inclusive initiative, which adheres to international and multilateral market rules, requirements and standards, such as accounting standards.
- European Union (EU)-China relations have come a long way under the strategic partnership. The EU and China are close partners and have very broad-based relations. The 'Belt and Road' initiative has links with European initiatives in this area (such as the Trans-European Transport Networks (TEN-Ts) framework), as well as beyond, in a multilateral context.
- The EU and China are two of the biggest traders in the world: the EU is China's biggest trading partner, while China is the EU's second largest trading partner. The initiatives, such as the BRI will enhance trade routes between both continents and countries involved.
- Foreign direct investment (FDI) brings substantial benefits to the EU as well as China, such as economic growth and jobs. A comprehensive and modern EU-China Investment Agreement (currently being negotiated) would bring benefit for both sides, such as predictability, protection of investors and investments and a level playing field, further encouraging investment flows, which in turn, would benefit projects, such as the Belt and Road Initiative.
- The BRI should not be designed in isolation. Fostering connections between the EU and China is important and should go beyond infrastructure links- whether land, sea, air or digital - to be 'all-inclusive' and also include 'soft infrastructure'. The BRI should aim at enhancing economic relations and 'people-to-people' contacts for the mutual benefit - of all parties involved.

In reply to questions, Ms Saarela elaborated as follows:
The European Parliament (EP) actively contributes to setting up the EU legislative agenda. It plays an important role in overseeing EU activities by monitoring the use of the EU budget and the implementation of adopted legislation and international agreements. Following the entry into force of the Lisbon Treaty, the EP has reinforced its budgetary powers and now decides on the entire annual budget of the European Union with the Council. The Parliament’s consent is also needed for the conclusion of trade and other international agreements with non-EU States. The European Parliament’s Delegation for the relations with China is closely monitoring developments, such as those related to BRI. The EP’s Committees, notably the Foreign Affairs - AFET and International Trade - INTA Committees are closely monitoring EU-China political, economic and trade developments.

The Investment agreement between the EU and China would provide a proper reciprocity in terms of market access, a level playing field and a reliable and more transparent regulatory environment for investors and investments. The Party's economic agenda for 2018, unveiled at China's annual Central Economic Work Conference in December 2017, includes objectives, such as deepening supply-side reforms (including overcapacity); promoting balanced trade as part of a new pattern of a broader opening up of China; as well as facilitating foreign investment, including more equal access to foreign market participants; (but instead of focusing on prior approvals for foreign investment, a reinforcement of new practices, during and after the foreign investment process, needs attention).

The European Commission has made a proposal on the creation of a multilateral Investment Court system in September 2017, and the EU is now reflecting on how to proceed forward.

As regards to the BRI and the role of multilateral banks, such as the European Investment Bank, the European Bank for Reconstruction and Development, the Asian Development Bank or the World Bank, have decades of experience in Eurasia and have been actively involved with investment proposals, including evaluation of their sustainability aspects.

Liina Carr, Confederal Secretary, ETUC

- The ETUC supports the Commission’s approach for a “value based” trade and investment policy, as described in the Trade for All Communication and considers the BRI through that prism.
- The ETUC has followed EU-China trade and investment issues closely. In January 2016 we published a study entitled China Investment Policy: Consequences for Workers in the context of the EU-China negotiations for an investment agreement.
- The BRI is based on a global approach. All China investment decisions are highly regulated, coordinated and approved securely. This is in a very stark contrast to the short-term EU approach.
- ETUC’s concerns about the strategic significance of One Belt One Road were further justified in October 2017, when President Xi Jinping announced that the project was being included in the Communist Party’s Constitution.
- Progress in investment discussions must be made contingent on immediate moves towards allowing workers to organise and bargain freely and independently. In this respect, European companies could facilitate the free election of worker representatives.
- The ETUC has consistently opposed the extension of Market Economy Status to China, in particular because the lack of Freedom of Association means that wage formation is directed centrally rather than through collective bargaining. As part of the
new Trade Defence system set up by the EU, the Commission has compiled a report showing significant distortions, including because China has not ratified or implemented ILO standards on freedom of association and collective bargaining.

- Another important issue is industry standards. Competition between trading blocs is increasingly played through the industrial (including SPS) standards they impose.
- In October 2017 Elena Santiago Cid, the Director General of CEN/CENELEC, expressed concerns about the BRI and what they think is an aggressive Chinese international standard strategy.
- Another key issue is meeting EU rules on competition, infrastructural funding and bribery and corruption. In Europe, China has been concentrating on Central and Eastern Europe and the Western Balkans in the 16+1 initiative with, as a flagship project, the planned Belgrade-Budapest high-speed rail link, which would enable Chinese goods coming through the port of Piraeus - partly owned by China - to quickly move from Serbia into the EU. However, the Commission has raised concerns that the tendering process may not be in compliance with EU rules. In addition to competition rules, there are also issues in CEEC countries that receive significant EU infrastructure funding. ETUC is also concerned at reports of bribery and corruption in obtaining contracts.
- The European Commission suggested that the implementation of the UN Sustainable Development Goals could be an area of cooperation in the EU–China 2020 Strategic Agenda, the achievement of which the BRI could help to accelerate.
- However, it has been pointed out, that there remain tensions between the EU and China in relation to norms and values. Underlying the EU’s engagement has been an emphasis on civil society and human security—in contrast to China’s preference for regime stability and state-centric security concepts.
- At a summit in Beijing in May 2017, the EU dealt a blow to the BRI after its members refused to endorse part of the plan because it did not include commitments to social and environmental sustainability and transparency.
- China regards labour requirements in trade and investment deals as “intrusive”. So long as this is so, the ETUC urges great caution in any EU participation in the BRI.
- Emmanuel Macron went to China and he said that, by definition, these roads can only be shared. If they are roads, they cannot be one-way. These roads cannot be those of a new hegemony, which would transform those that they cross into vassals.
- If China wants to be considered as an equal partner, it shouldn’t only take the market side of the rules – it should also take the social side of the rules that belongs to the modern economy.
- As regards to a possibility of a dispute settlement mechanism, we have moved away from such mechanism in Europe. The European Commission has been working hard in establishing a multilateral Investment Court system. Now it is in the hands of the UN but it is still being worked on. There are many question marks regarding this issue.

Venerable Ji-jing, Chief Monk of Shanghai Dragon Monastery and Chengdu Daci Monastery

- Venerable Ji-jing spoke about the implication of Buddhist teaching and philosophy to “The Belt and Road Initiative.”
- Buddhism is an important part of the human culture. Due to its significant inclusiveness, equality and adaptability, Buddhism has integrated into Chinese culture soon after it was introduced into China from India.
- There are three important principles in Buddhist teaching: "Everything Has an Origin", "All Dharma comes from the mind", and "All sentient beings are unified". They can help us broaden vision, gain wisdom and find solutions to the problems, becoming the soft power to the Belt and Road Initiative.
Firstly, "Everything Has an Origin" means that all countries in the world are not independent; rather, they are interdependent and interact with one another.

Secondly, "All Dharma comes from the mind" means that culture, ideology and philosophy have profound influence on the development of the objective world.

Thirdly, "All sentient beings are unified" means that if mankind is a human body, countries are its organs. The fight between any two organs will eventually hurt the body as a whole. Therefore, the damage inflicted by one country on another will eventually have negative impact on the former, and vice versa.

The idea of the Belt and Road Initiative is exactly based on the fully implementation and respect of the cultural wisdom and truth of all humanity, to establish common values and advocate the building of a community with a shared future for mankind, achieving shared and win-win development for all countries and their people. These are also the core concepts and goals of Buddhism.

On the other hand, Buddhist wisdom tells us the root cause of all the problems in human society is these three features of humanity: GREED — ANGER — and IGNORANCE.

Therefore, we should act on the basis of following wisdom, tolerance and win-win strategy, so as to share and create the fruit of human civilization. We should not just focus on the current moment, but also see through the future; not only focus on the individual gains, but also pay attention to the common benefit of human beings. We should replace greed with altruistic dedication, anger with compassion and love, and ignorance with truth and discipline.

As the saying of Chinese sage goes, "Friendship, which derives from close contact between the people, holds the key to sound state-to-state relations."

The ancient Silk Road had witnessed Buddhism's contribution to the human economy and culture, so we have reasons to believe that the wisdom from Buddhism will definitely make a contribution to reshaping the global value chain and to solving the many complex issues we face in East and West.

Panel on Business experiences, moderated by Ada Leung, Head of ACCA China

- ACCA is present in more than a third of the 65 countries covered by the Belt and Road blueprint. In China we have 11 offices in which ACCA currently has 24,000 members and 86,000 students.
- For the last two years, ACCA has been working on a BRI campaign that includes a programme of research projects. It namely released a report developed in partnership with the Shanghai Stock Exchange entitled 'The Belt and Road Initiative: Reshaping the global value chain', as well as another piece of collaborative research, with the Shanghai National Accounting Institute and Deloitte, focusing on Accounting Infrastructure in BRI countries. Beyond China, ACCA is working closely with the Pakistan-China Institute and issued a joint report titled "the Economic benefits of a Modern Silk Road" which draws on a member survey and a series of workshops on the China-Pakistan Economic Corridor (CPEC) to examine the business impact of Chinese FDI in the region.
- ACCA’s research shows that for companies to maximise the opportunities offered by Belt & Road, they need to start preparing now: planning for access to talent, and thinking about training professionals with the right blend of work-ready skills needed to act as a strategic business leader and trusted adviser.
- Whilst Belt & Road may echo the ancient world, it is very much a 21st century project where digital and interpersonal excellence will be as important as technical and ethical competency.
- Of crucial importance for companies, investment and trade are major and complementary elements of the B&R, one driving the development of the other. BRI aims to remove barriers for investment and trade and create a sound business environment for countries and regions along the route – this should include active
efforts among countries to build free trade zones jointly, to improve cooperation. The objective is to expand areas of trade, improve trade structures, explore new areas of growth and promote balanced trade. New trading channels, such as cross-border e-commerce, will consolidate and expand conventional business.

- For businesses and governments, whether directly or indirectly on the routes, there is an opportunity to use Belt & Road as a catalyst to encourage trade and promote growth, and to restructure their economy.

**Gwenn Sonck**, Executive Director, EU-China Business Association

- The EU-China Business Association has a major focus on the BRI. This initiative is the largest infrastructure and connectivity plan in the world. The BRI cannot be ignored – it will increase trade and investment and create many commercial and trade opportunities in different sectors.
- Global boards need to think what the BRI means for their business. Growing opportunities for European and international companies lie in a range of areas. Strong Partnerships with Chinese companies will be key to be able to take part in projects.
- The BRI is a driver for long-term growth, therefore companies investing in China should consider the BRI in their long-term strategies. It is crucial that European companies have a better insight in the BRI so they can identify opportunities early.
- Partnership with Chinese companies will be key in order to take part in the project. There are also many challenges regarding the BRI. All the involved countries have different economic and political systems. The solution is careful planning and due diligence. To identify a suitable Chinese partner and taking reliable advice and support.
- It is important that companies are aware of the projects and find the right partners.
- The EUCBA has partnerships with Chinese institutions focussed on the BRI and is able to help companies with their challenges when getting involved with the BRI projects.
- In order to seize the BRI opportunities, it is very important for European companies to create partnerships with Chinese companies. European companies can share their expertise and project management experience. Chinese government encourages projects for the BRI – companies need to keep that in mind. If they don't, opportunities can be missed.

**Dilek Aydin**, TÜSİAD & TÜRKONFED Representative to the EU - Brussels

- We are living in the age of fourth industrial revolution, triggered by new inventions in the fields of artificial intelligence, biotechnologies and nanotechnologies, etc... On the other hand, global poverty, climate change, social and digital divide are still very acute and complex issues. We are facing highly difficult challenges but have achieved an impressive technological progress at the same time.
- Promoting Turkey’s role and responsibility within the BRI framework is a priority for Turkish business. Turkey’s strong integration in the transatlantic economy and its institutions, its strong economic and technological cooperation ties, NATO membership, EU process, advanced integration in the European Single Market, including regulatory alignment, as well as the customs union – are the core of Turkey’s competitive advantage and create strategic value in Asia.
- On the other hand, the Asian dynamism, communication skills, entrepreneurial capacity, flexibility, together with European standards, gives Turkey the opportunity to cherish the best of two worlds.
- Turkey engages with Chinese stakeholders from the early stages of the BRI. One of the main tools is the TÜSİAD-China Network. TÜSİAD represents over 80% of
Turkey’s trade and has members not only of Turkish origin, but also from Europe, Asia and the US.

- In 2017 its presence was transformed into a network in Shanghai. In 2015 a China Network within TÜSİAD in Istanbul was established. TÜSİAD membership in BusinessEurope and TÜRKONFED’s membership in UEAPME provide the tools for contribution to the European business action on Asia as well.

- TÜSİAD has also become a founding member of BRICA - the Belt & Road Industrial and Commercial Alliance. It aims to promote the business dimension of the BRI and currently has 29 industrial and commercial organisations from 26 countries. This year TÜSİAD will host BRICA summit in Istanbul on 18-19 October, bringing together the business communities and policy makers.

- One of the crucial criteria that will define the ultimate success of the BRI, will be the ability of the stakeholders to encourage SMEs to participate in the projects, especially if the success will be measures on the sustainable development goals.

- Creating the right synergies between the BRI goals and national/local priorities is key. There is a new Eurasian railroad project from South-East Turkey towards Kazakhstan that focusses exactly on that.

- Turkey is also very active in the digital field of the BRI. An important issue is updating legislative framework with the EU legislation. Online freedoms are also a big challenge.

**Maurice Fermont**, Adviser, BusinessEurope

- BusinessEurope has engaged in the discussion on the BRI and tried to understand its aims, benefits and potential problems.

- In terms of the BRI opportunities, this is a more that 1 trillion euro infrastructure plan. The sheer size of the figure indicates that there is an economic opportunity.

- The focus on infrastructure is an important angle in the BRI. European companies are well-known globally and recognised for their expertise. European companies, including SMEs, have experience in developing environmentally-friendly resource-efficient and sustainable products.

- Infrastructure also means new logistics solutions for transporting goods. There are plenty of opportunities in the logistics sector.

- BusinessEurope has identified other sectors that could benefit from the BRI: construction, engineering; also a number of services: legal, consulting, insurance and banking. These sectors and services could be defined as most immediately concerned with the BRI.

- Europe is well-positioned and competitive in the area of supplying raw materials.

- One the infrastructure is built and the connectivity is in place, there are also other opportunities for consumer goods, houses etc.

- We are not yet realising all of these opportunities. There are a number of problems and risks. The Chinese Government clearly sets the strategy and focus on this initiative and there can be problems in its implementation. There are also a lot of government subsidies; the rates are not stable and the future development of operations is highly dependent on China’s subsidy policy which does create uncertainty for European logistics operators.

- There are several issues around the deals-based model of the BRI and the rules-based model which the European companies are used to and operate on. Europe has very transparent public procurement regulations and the allocation of contracts of the BRI projects happens by large in non-transparent ways which is a problem for European companies.

- There is also a strong lack of information and transparency. Some larger European companies even set up internal BRI task forces and they too struggle to obtain information on how to get involved in certain projects.
Financing is also an issue as China now seeks to obtain private sector financing for the BRI implementation. As for now it has been largely done by Chinese funds. If European companies and countries would like to participate, things would need to change.

The website opentender.eu that allows visitors to search and analyse tender data from 35 jurisdictions. This is a very good initiative in terms of transparency. There is also European Funds for Strategic Investments which is a very good example of how to find out about commercially viable infrastructure projects with a great degree of clarity, information and transparency.

Europe should engage at the European level. It is important that policy makers follow up on these issues and develop a vision on how to engage with the Eurasia from the European perspective.

China cannot implement the BRI alone. It should embrace a more cooperative strategy in implementing the BRI. It has reference in the Communist Party Constitution but there needs to be a clearer dialogue on the implementation. The concept and implementation need to be separate: the concept is clear and the implementation is another area where we need more dialogue.

More information and greater transparency is needed for businesses. Data issues also need to be addressed.

Companies need to be more involved in earlier stages of the BRI.

We should not compromise on our key market principles such as rules on public procurement.

Many companies don’t know where to go when it comes to engagement with the BRI. A portal could be designed where companies could find ways to get involved and tenders. This would especially be useful for SMEs that often don’t have the resources. Balance and fair competition is fundamental.

The e-commerce dimension is very interesting and much trickier at the same time. The definition of digital trade is very wide – it can be IT goods, services, digital products, transfer of data. There is a real opportunity here to make progress but the existing barriers are also less visible.

Liqin HE, General Manager, Bank of China (Luxembourg) S.A. Brussels Branch

- The Belt and Road vision an action covers connectivity in five areas: infrastructure, trade, capital, policy and people-to-people.
- Infrastructure connectivity is the priority area of the Belt and Road construction. Investment and trade cooperation is the focus of Belt and Road construction. Capital connectivity is an important support for Belt and Road construction. Policy coordination is an important guarantee for the Belt and Road construction. People-to-people exchange is the social foundation for Belt and Road construction.
- It is expected that by 2025, the annual trade volume between China and countries along the Belt and Road will exceed USD2.5 trillion. The Bank of China goal in the BRI is to promote financial innovation along the Belt and Road. This is divided into six main sections: Integrating financial resources creatively and improving financial support systems; Creating new financial products and providing suitable financial instruments; Designing innovative financing framework and arranging financing models flexibly; Pushing RMB to “go global” in innovative ways and giving full play to its function; Creating new ways of risk sharing and improve risk response mechanisms; Connecting the domestic and foreign markets and gathering international financial resources.
- Consistent with the philosophy of building a proper service network for worldwide operation of the global enterprises, the Bank of China regards the BRI regions as the strategic focus of its overseas distribution.
Currently, the Bank of China has overseas institutions in 53 countries and regions, over 20 of which are countries along the Belt and Road, taking the lead in terms of global and BRI regional operation among all the Chinese-funded banks.

It is important for countries and companies to better understand China, its culture and policies. If you want to do business, you first need to become friends.

Both China and Europe are incorporating digitalisation into their strategic development plans. According to statistics, just in the first half of 2017, China’s online retail increased by 35%. In terms of the scale of the retail market, China has been number one in the world for many years. One third of e-commerce transactions are performed in China. This presents huge opportunities for many companies.

As of today, BOC has held 37 matchmaking events, attracting about 20,000 SMEs at home and abroad and reaching more than 5,000 cooperation intentions. BOC used to do the online SME matchmaking which achieved good effect.

By the end of October 2017, CHINA RAILWAY express had launched 57 new operating lines to 34 cities in 12 European countries with a total number of more than 6000 trips. Compared to shipping and air transportation, CHINA RAILWAY express is much quicker and cheaper, which provides more convenient and efficient service for trade between China and Europe.

The RMB was officially included in SDR currency basket in 2016, which strengthened the status of the RMB as a global reserve currency. In the process of internalization of the RMB, more and more enterprises began using the RMB in cross-border business in order to avoid the risks of exchange rates and promote profits.

Alain Baron, Team leader, EU-China Connectivity platform, DG MOVE, European Commission

At this stage it is very difficult to evaluate the success of the EU-China Connectivity initiative. Hopefully it will be a success in order to increase the attractiveness of the BRI. There is a lot of communication but still very little result in terms of concrete projects to be delivered.

It is surprising that no one is questioning the need to build the new infrastructure that has a cost. The majority of new infrastructure will be in the areas outside China.

It is important to point out that the BRI mainly benefits China and less other countries.

Most of the investments are loans. They are not investment in the sense that the country lending the money is also taking the risk of the project. All operational risk is taken by the country where the project is located. Sometimes there are situations where the outcome of the project is not as good as expected. We need to care about the risk of the projects.

It is necessary to create better rather than increased connectivity. We shouldn’t have a race on the number of new projects. We should look at what is useful for countries involved. Maybe it will mean downscaling the initiative but it will also mean having more useful projects which are more compatible with countries’ economies.

If we want the BRI to be successful that can be shared by all parties, we need to focus on: inclusiveness; economic, social and environmental sustainability of projects; reciprocity and level playing field; transparency.

Environment, especially the CO2 emissions, is key for an initiative of such big scale. China needs to understand that we need to have a decarbonized and innovative connectivity where we put more money into new innovative systems. This is the only way to address the issues of the XXI century.

Setting a regulatory framework and compliance with the legal framework is a key issue. We cannot envisage this scale of infrastructure if we are not at the same time creating conditions to make transport efficient. The construction of infrastructure is one part of the job but we need to be able to use it and to have an appropriate legal framework in order to ensure that we are using the appropriate standards and setting up measures for cross-border cooperation.
We need to ensure that services that we are going to provide are business-oriented services otherwise the risk is that in a couple of years the most of the new infrastructure will not be used for transport.

EU has a lot to offer to China – not only the other way around. Our connectivity channels and frameworks are stable and work properly for many years. The way to go forward is to find better synergies between EU and China approaches.

Progress is possible if the legal framework and rules are respected, especially the rules in procurement, environmental, social. The European Commission has the way of monitoring that and take action if needed.

**Concluding remarks by Jo Leinen**, MEP, Head of the EP EU-China Delegation, Honorary President of European Movement international

- The BRI is one of the most visionary projects for development and infrastructure in the XXI century. There is no other project at the moment that could be compared to the BRI and the idea of connecting continents.
- The BRI is a unilateral idea from Beijing and now we have to come to multilateralism otherwise this project will not succeed. Many partners need to come to terms and define the conditions of participation in the BRI.
- There are international standards that need to be respected in the process. Projects like the BRI must be transparent, fair, open and sustainable. There are still many concerns and questions regarding the BRI.
- This initiative pushed the EU to look beyond its closes neighbours and come up with its Central Asia strategy. This is a positive development.
- The EU hasn’t yet come up an official standpoint and some member states are developing their positions on the BRI. The European Parliament welcomes the initiative. The EU hopes for a fair partner in going forward with the BRI.
- Connectivity isn’t just about roads; it is also about digital cooperation. 50% of services today are in the digital world. That raises many other issues, such as cybersecurity and data protection.
- There also should be cooperation between China and the EU towards developing the African continent. We should not compete rather create synergy.