THE SECOND BELT AND ROAD FORUM FOR INTERNATIONAL COOPERATION: WHAT IS NEW?

YU Hong

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Executive Summary

1. China’s Belt and Road Initiative (BRI) has evolved from a regional development project to a global initiative since its launch in 2013.

2. For developing countries along the Silk Road with stretched traditional financing sources and infrastructure investment needs, the BRI is an option.

3. As at end March 2019, 125 countries and 29 international organisations had endorsed the BRI with the signing of Belt and Road cooperation agreements with China.

4. The BRI could facilitate cross-border trade and investment through infrastructure connectivity improvement. It provides the foundation for promoting regional economic integration within Silk Road countries.

5. The Second Belt and Road Forum for International Cooperation (BRF) convened in Beijing from 25 to 27 April 2019. For China, the BRF is to date the most important diplomatic event in 2019. A Joint Communique of the Leaders’ Roundtable of the BRF was released immediately after the second BRF.

6. The Joint Communique, signed by all 37 attending leaders, emphasised the need for quality infrastructure projects, debt sustainability, project transparency and environmental sustainability, and respect for internationally accepted practices, norms and standards.

7. China signed the “Guiding Principles on Financing the Development of the Belt and Road” with 26 countries in May 2017 during the first BRF. In November 2018, Singapore was the 27th country to ratify the Principles during Li Keqiang’s visit to Singapore.

8. Facing an international backlash against the BRI, China is gradually resetting the initiative and readjusting its broad outreach approach. The Chinese government
seeks to address the mounting concerns triggered by the BRI, including debt sustainability, project transparency and responsible infrastructure financing.

9. China’s Ministry of Finance published the “Debt Sustainability Framework for the Participating Countries of the Belt and Road Initiative” in April 2019, which is a framework for banks and enterprises in their investment and lending decisions; it remains to be seen how this Framework can be applied to the BRI.

10. To further increase transparency and efficiency of BRI, Chinese authorities could consider releasing more detailed information on BRI-related projects supported by official finance, seeking co-financing with multilateral financial institutions and private investors, and opening up procurement for Chinese-financed BRI projects.