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2nd Belt & Road Summit

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HOST: We start in Beijing, which has seen a host of world leaders arriving to participate in China's Belt and Road summit this weekend. They're there to talk about the Belt and Road Initiative, which has funded trains, roads and ports in many countries. It's aimed at expanding global trade links. Up to \$1 trillion in investments is expected through the project. But there's been criticism that a number of countries have been saddled with debt to China through the partnership. Let's speak with Robert Lawrence Kuhn, who is a long-term adviser to China's leaders and received the China Reform Friendship Medal, China's highest award, given by President Xi Jinping. Robert, welcome to Newsday. First of all, what evidence is there that the region is benefiting from the Belt and Road Initiative?

RLK: Certainly, if we look at the developing world, the greatest need they have is indeed infrastructure — railways, roads, ports, pipelines, telecommunications. These are the things that enable countries to build their own economy, as opposed to getting charitable or humanitarian contributions. So, there's no doubt that Belt and Road projects are really important for the world. China's effort in Belt and Road has been very



controversial. Notwithstanding that there has been something like 175 different cooperation agreements with 125 countries and multiple institutions. Something like 1800 projects. The governor of the People's Bank of China just announced, to be more transparent, that \$440 billion has been allocated over this period of time by China, which is a huge amount. But it is only a drop in the bucket of what's needed.

RLK: Yet the problems are our real, as you mentioned — excessive debt, lack of transparency, lack of involvement with the local community, corruption in many cases, the feeling that China is exploiting these countries by taking resources and sending manufactured products. And when we look at the Second Belt and Road Forum for International Cooperation occurring in Beijing right now — President Xi Jinping just gave his speech literally an hour ago — and if you listen to the words, his words, they are taking these criticisms seriously. And I'm impressed by that. Look at the words: the call for an “open, green and clean” approach, which is a direct commentary on the need for transparency, environmentally friendly projects that are not corrupt — a recognition that there are problems. The principal of “extensive consultation, joint contribution, shared benefits” signals that there is recognition that there has been excessive debt, perhaps projects have been done perhaps more quickly than proper, that local issues need to be considered more seriously. China is very serious about making Belt and Road work in the long run.

RLK: One thing China needs to do is to show how it itself benefits. China talks about shared benefits, but Chinese officials aren't comfortable to mention what they are, they're afraid maybe the world will say, “Ah, see, China is doing Belt and Road for its own benefit.” But Xi Jinping talks about win-win and shared benefits. So, it is important to realize what is China get out of this, and China gets a lot. And that makes Belt & Road sustainable.

HOST: Well, yeah. And there's also a shift of power, isn't there, towards China, because these countries are in debt to China. China is building this stuff, it's lending the money to pay for it, and then the countries are indebted to China. So there's a shift. There's a power shift towards China.

RLK: I think that's absolutely true, but I think it's much broader than even that. If you really analyze it from China's point of view, they've had overcapacity problems, their economy is slowing, and they're able to use their overcapacity — which is largely in construction, cement, steel, making of roads — they're able to shift these to other countries. They're able to get a great deal of work for Chinese companies, tens of thousands of Chinese workers building railways and all these ports. But perhaps even more significant than that, China gets natural resources from these places. But the biggest benefit to China is long term, is two, three decades in the future, because China wants to diversify its economy away from dependence, large dependence, on the US and Eurozone. So as China helps these poorer countries in Africa and Asia develop and grow, China, as the largest international trader, will naturally benefit from this development and growth because China will have trade with multiple countries and this will protect China long term. So, it's long-term thinking. Obviously, there are some political benefits China would expect as well. Countries that are in debt to China, countries that China is building stuff for, will support them on the international stage, there's no question about it. But there's a bigger vision here in terms of what will benefit the world. Developed countries should help China steer clear of some of the errors that have been in the past. China is making mid-course corrections — we see evidence of that right now — so that Belt and Road can benefit the world.

HOST: Really good to talk to you, Robert. Thanks for that analysis. Robert Lawrence Kuhn there, who's a long -term advisor to the Chinese, received the China Reform Friendship Medal, China's highest award.