


**Jorge-Tuto Quiroga**

## Time for a 'Belt and Sea Lane' for Latin America

President Xi Jinping will host dozens of world leaders on Sunday and Monday at the Belt and Road Forum for International Cooperation, as China's Belt and Road Initiative has seized worldwide attention. Right after this important event, the Chinese government should take advantage of the major shifts in the Americas, look across the Pacific and launch a parallel effort: the "Belt and Sea Lane" initiative for China and Latin America (Mexico, the Caribbean, and Central and South America).

Three recent seismic changes have dramatically affected Latin America. First, the economic links that China has developed over the past 13 years with South America. Second, the end of populism in this region. Third, the election of Donald Trump as president of the United States, which will severely damage economic integration in the Americas, as shown by the recent demise of the US-led Trans-Pacific-Partnership agreement. Let us broadly review these three waves to understand the opportunity for China.

South America swayed from the "lost half decade" of 1998-2003, to the "golden decade" of 2004-14, and this change happened mainly because of China. South American nations are rich in minerals, energy and food, which China started buying at growing prices and in ever increasing volumes. China is the main purchaser and price driver for commodities; whether it is copper from Chile, soybeans from Argentina or Paraguay, iron ore and grains from Brazil, gold from Peru, beef from Uruguay, tin from Bolivia, oil from Venezuela and Ecuador, or coal from Colombia.

This economic link became crystal clear in the US financial crisis of 2008 that slowed down the economies of Mexico, Central America and the Caribbean (CAC), which all depend heavily on exports to the US market and remittances from there, but South America kept growing so long as China kept growing. The dividing line became clear: in Latin America, south of the Panama Canal the economic driver is China, north of the Panama Canal it still is the US.

China has become the main buyer of South American commodities, a more important lender and an active investor. The challenge remains to have China become a full blown, long-term development partner for South America.

The Chinese influence in Mexico-CAC is different. Here China is viewed as a competitor for access to the US market with manufactured goods (Mexico) and textiles (CAC), as well as a price hiker for food products, and fuel that CAC needs to import. So the Chinese economic influence is dominant in South America. The US has been the prevailing influence in Mexico and CAC, until Trump was elected. The future for Mexico and CAC is now uncertain.

With sky-high commodity prices, South America was governed according to the Hugo Chavez project in Venezuela, the Workers Party (PT) in Brazil, the Kirchner power couple in Argentina, and other like-minded projects in the region. South American coffers were filled by Chinese purchases of oil, grains and minerals, as populist regimes reigned over South America. There was a tendency to nationalize companies, spend freely, set low unsustainable consumer prices, close off free trade and not be very friendly to foreign investment in general.

With the commodity price decline since 2014 (especially oil prices) and voters fed up with and tired of corruption and abuses of populist regimes, the tide turned. More countries now have market-friendly governments. The end of populism in South America bodes well for China, as the current governments are more open to Chinese investment, more open to trade and can assure a better structural framework to collaborate with China.

For the first time in its history, the US has elected a president who combines a protectionist trade position with an anti-migration policy. Trump has particularly targeted Mexico, promising to deport 11 million people, to build a wall by seizing remittances sent from the US, to hike duties for manufactured goods and abrogate the North American Free Trade Agreement. This is very worrisome for Mexico, but it also affects many countries in Latin America that have citizens sending remittances from the US. The trade disruption will eventually affect all CAC countries, as well as Chile, Colombia and Peru, that all have similar free trade treaties with the US.

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Taking into account the economic interdependence between China and South America, the end of populism in South America, and the dramatic threats that the Trump administration poses to Mexico and CAC, it is clear that time, circumstances and events are providing a significant opening for China to propose a full-blown partnership with Latin America.

The proposal should seize the opportunity of the "demise" of the Trans-Pacific Partnership agreement. Mexico now needs reliable partners, unlike the US; so will CAC very soon; and South America needs to deepen its strong trade ties with China.

President Xi Jinping can take advantage of his strengthened position as the core leader of China, his commitment to address climate change and his stance as the world's free trade leader, which will help China to extend its Belt and Road Initiative toward Latin America, across the Pacific, with a "Belt and Sea Lane" proposal. The basic elements of it should be trade, loans, investment and respect for human dignity (No deportations. No discrimination). A new trade framework, the active presence of the China-led Asian Infrastructure Investment Bank in Latin America and the expansion of Confucian Institutes should be part of this initiative. Latin America is ready and ripe for such a proposal.

This is the right time to show that while some want to build walls to divide and separate, China wants to build a bridge across the Pacific to integrate and link Asia and Latin America.

Just one opportunity illustrates the potential of a deeper China-Latin America partnership. China is the world's leading manufacturer of lithium batteries, close to 90 percent of the world's lithium reserves are in South America. Our new, deeper partnership can easily prevail in the race to lead the new wave of lithium batteries for cleaner, more efficient development in the 21st century.

The window of opportunity is now the Belt and Sea Lane Initiative for a stronger China-Latin America partnership.

*The author is former president of Bolivia.*

**Robert Lawrence Kuhn**

## Xi's philosophy for engaging with the world embodied in initiative

The Belt and Road Forum for International Cooperation will be held on Sunday and Monday. How does the initiative express President Xi Jinping's political philosophy with respect to China's foreign and domestic policy?

Xi's foreign policy is to engage the world, safeguard China's core interests, encourage mutual economic development, and facilitate China's emergence as a great power. Xi's domestic policy stresses reform, rule of law, and the realization of an all-round moderately prosperous society, which requires the alleviation of extreme poverty.

Here's how the Belt and Road Initiative enhances the four pillars of China's foreign policy.

A multi-polar world has long been a cornerstone of China's foreign policy, which opposes domination by one or two superpowers. The Belt and Road Initiative engages more than 60 countries along multiple land and maritime routes and exemplifies a multi-polar world.

Peaceful development is China's watchword. It has vowed that no matter how powerful the country becomes, it will never seek domination. The Belt and Road projects are founded on mutual cooperation, shared development and joint construction irrespective of the size or power of the host country.

People-to-people communications are an integral part of the Belt and Road Initiative: multi-channel, multi-level exchanges between peoples to

promote mutual understanding. Examples include sister cities, cultural activities, non-governmental organizations, and public diplomacy.

A "community of shared future" is how Xi epitomizes the dreams of diverse peoples in common pursuit of peace and development. In this context, the 2,000-year history of exchanges along the ancient Silk Road provides precedence that different countries, races, religions, beliefs, political systems and cultural backgrounds can achieve peace and share the fruits of their interactions — provided they persist in seeking common goals and mutual trust, equality and mutual benefit, and tolerance and mutual learning.

The Belt and Road Initiative will be successful to the extent that China's principles of domestic development can be adopted and adapted by other developing countries according to their own conditions. Xi's overarching principles for guiding China's domestic transformation are innovation, coordination, greenness, openness and sharing.

How does each relate to the Belt and Road Initiative?

Large-scale infrastructure projects require structural innovation, especially in their financing and investment robustness. (The Belt and Road projects must be financially viable; they are not foreign aid.) The Asian Infrastructure Investment Bank, initiated by China to facilitate projects, is itself a major innovation.

For each Belt and Road project,

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diverse components, such as the local government, project management, international financing, and foreign and domestic constructing companies must be coordinated so they work together.

As developing countries are more concerned about economic development than environmental protection, the short-sighted move of shipping off polluting industries to them should be guarded against. If Belt and Road projects pollute host countries, local populations will come to resent China. Environmental protection and green development are essential.

China's spirit of openness, as well as its opening-up policy catalyzed the country's economic development. This same spirit and policy can energize countries along the Belt and Road while respecting local cultures and conditions. But what worked in China, if transplanted wholesale, will

likely not work elsewhere. The challenge for developing countries is to adapt what makes sense for their own conditions.

Sharing is the essence of the Belt and Road Initiative. It is the proper spirit for all human beings and it is essential for maintaining global stability. Inequalities are a primary cause of instability. Shared development is as much a matter of transferring experience as it is of transferring money.

Just as these five major development concepts are transforming China's society and rebalancing China's economy, the Belt and Road Initiative can transform the developing world's infrastructure and rebalance the entire global economy.

China cannot aspire to global leadership by means of power alone. Economic and military strength, while necessary, are not sufficient. There must also be a moral or ethical arc to China's rise, and this includes Belt and Road projects. China, as Xi asserts, should "balance justice and benefits, stress faithfulness, value friendship, carry forward righteousness, and foster ethics."

There will be challenges: unforeseen events that China will have to handle with sensitivity. But can China demonstrate moral as well as economic leadership?

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**Erik Solheim**

## ESTABLISHING GREEN ROUTES FOR GROWTH

There was a time not long ago when most big social and economic challenges were domestic. With good policies and good implementation of those policies, many countries could tackle these problems alone. China's recent success in lifting millions of people out of poverty is a perfect example of this.

But today, our challenges are not only domestic, and they are not only social and economic.

Climate change, pollution, and the loss of biodiversity are environmental issues that spill over borders.

And today, issues such as poverty, inequality, peace and security are not only problems facing individual countries.

These are global challenges. They must be tackled collectively.

A number of countries are leading the way in fostering international cooperation. China, with its Belt and Road Initiative, is one of them.

Evidence of this can be seen in Ethiopia, where China has helped to build a metro system in Addis Ababa, and in Kenya, where a standard gauge railway is being built to link the port of Mombasa first with Nairobi, and ultimately with neighboring Uganda, Rwanda, and South Sudan. In recent years, Chinese companies have also led renewable energy projects in places such as Pakistan, Thailand and the Philippines.

Such massive investment in development is on a scale never before seen. And there is great progress to be made on security, economic and social challenges.

But we cannot forget the other global challenge that we must face together: protecting the environment.

UN Environment also recognizes the potential of the Belt and Road initiative to improve people's lives. We also know how important it is to do this sustainably.

If we do not make Belt and Road projects climate friendly, we put the world at risk from worsening pollution and severe climate change. If

done right, millions will see the benefits of green growth.

Now is the time to do it right and make Belt and Road as green as possible.

That is why UN Environment signed an agreement with the Chinese Ministry of Environmental Protection in December to promote the sustainable development of the Belt and Road.

There are many ways we will support this. Our environmental expertise runs from sustainable finance and clean technologies to ecosystems and sustainable consumption and production. UN Environment can support technology transfer and the creating of green economy policies. Through our Finance Initiative, we can work with private investors to promote sustainable investment practices along the Belt and Road.

But we cannot do it alone. Many other stakeholder groups, investors, and businesses have valuable expertise to bring to the table. And many Belt and Road countries have asked specifically for such support to make sure that the Belt and Road Initiative helps them meet their sustainable development needs.

And so, at the Belt and Road Forum for International Cooperation in Beijing this week, UN Environment and China's Ministry of Environmental Protection will announce the International Coalition for Green Development on the Belt and Road.

UN Environment and China will bring together dozens of partner organizations in this coalition. We want to draw knowledge from the largest body of environmental expertise possible to ensure that Belt and Road brings long-term, planet-friendly growth.

The forum this week will bring together a significant portion of that expertise. I see it as the beginning of a close collaboration and hope to grow our coalition. We all want the Belt and Road Initiative to fulfil its promise as a positive force for development. We must work together to ensure that development is sustainable.

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