

## **Remarks at the Paasikivi Society by Chinese Ambassador**

**H.E.Mr. Chen Li**

18:00, 7th May 2019, Ball Room of Hilton Strand Hotel

Ladies and Gentlemen,

Good evening! It's an honor to be here, and share with you some of my knowledge about the Belt and Road Initiative.

You may know that, at the end of last month the second Belt and Road Forum for International Cooperation (BRF) was held in Beijing. With 38 countries' heads of state and government attended, the Forum has attracted close attention from the international community.

In recent years, Belt and Road has become a frequently used word and a hot topic. I noticed, in EU when people talk about China, about economy, investment or connectivity, they often talk about Belt and Road. But I also noticed that, not everyone fully understand the concept. Therefore, I'd like to take today's opportunity to answer some of the common questions.

The very first question would be "what on earth is Belt and Road?", or "how does Belt and Road come into being?" Let's go back to September 2013. When visiting Kazakhstan, Chinese President Xi

Jinping made a speech in local University, where he raised the “Silk Road Economic Belt initiative”. And one month later, during a speech in the parliament of Indonesia, President Xi put forward the idea of jointly building “the 21st Century Maritime Silk Road”. With these two initiatives combined, the Belt and Road Initiative came alive.

As the name revealed, Belt and Road is inherited from the Ancient Silk Road. In Han Dynasty, 2100 years ago, a man named Zhang Qian, a pioneer diplomat, visited Central Asia twice, paving for the Ancient Silk Road. Later on through the silk road, China’s tea, silk, chinaware and other products with culture went all the way west to Rome, and products and culture from the west vice versa. People say it’s the very beginning of globalization. Through thousands of years, the Ancient Silk Road evolved its own spirit, featuring peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit.

The reason why China raised Belt and Road Initiative, is to seek solutions to development issues of today’s world from the Ancient Silk Road spirit. And by boosting connectivity between Asia and Europe, more countries will benefit from globalization. More land-locked countries will become land-linked.

We often say there are five priorities, or five pillars in the Belt and Road Initiative, namely policy coordination, facilities connectivity, free trade, financial integration and people-to-people bonds.

About policy coordination, countries may fully coordinate their economic development strategies and policies, work out plans and measures for regional cooperation, negotiate to solve cooperation-related issues, and jointly provide policy support for the implementation of practical cooperation and big projects.

About facilities connectivity, on the basis of respecting each other's sovereignty and security concerns, countries may improve the connectivity of their infrastructure plans and technical standards, jointly push forward the construction of international passages, and form an infrastructure network connecting all sub-regions in Asia, and between Asia, Europe and Africa step by step. At the same time, efforts should be made to promote green and low-carbon infrastructure construction and operation management, taking into full account the impact of climate change on the construction.

Thirdly, about free trade. Countries shall improve investment and trade facilitation, and remove investment and trade barriers for the creation of a sound business environment within the region and in all related countries. China will discuss with countries and regions on opening free trade areas. And to promote trade balance, expand mutual investment areas, push forward cooperation in emerging industries.

Fourthly, about financial integration. With joint efforts, all parties shall promote to build a stable and sustainable financial system with

diversified sources, and make sure the risks are under control. So as to provide enough funds for the building of the Belt and Road.

Last but not least, about people-to-people bond. We should carry forward the spirit of friendly cooperation of the Silk Road by promoting extensive cultural and academic exchanges, personnel exchanges and cooperation, etc. This will win public support for deepening bilateral and multilateral cooperation.

For China, the Belt and Road Initiative will further promote its reform and opening-up. Last year marks the 40th anniversary of China's reform and opening-up policy. Thanks to the policy, China has become the world's second largest economy and the biggest trading partner of more than 130 countries. It is expected to become the world's biggest consumer market. Meanwhile, China is still confronted with development imbalance among different regions. The less developed western region, with 72 percent of China's landmass and 27 percent of its total population, accounts for only 20 percent of the GDP and 7 percent of foreign trade and outbound investment. The Chinese government hopes that joint efforts to develop the BRI will push a new round of its high-standard opening-up, and generate more opportunities for investment, market and cooperation to the world. We hope that such efforts will also create new opportunities for China's development. And the western region of China, a latecomer in opening-up, will catch up and even take the lead, shaping a

prospect of interconnected and mutually beneficial development between the western and the eastern parts. To use a metaphor in football pitch, China's western region may be a back now, but it can be a forward soon.

For the world, the BRI could be a new solution to a better global economic governance. The world is facing changes unseen in a century and growing uncertainties and destabilizing factors. In such a context, China hopes the BRI could provide support for multi-lateralism, help building an open world economy and contribute to the global development. The BRI upholds the rules of consultation and cooperation for shared benefits, and is open to all interested countries around the world. It's in line with the current international rules and standards rather than forming an exclusive club. The BRI is advanced by all participating countries through extensive consultation rather than playing any geopolitical game or the winner-takes-all, zero-sum game. With concrete action, China will actively participate in and contributes to the global economic governance.

So, what's the result of the Belt and Road so far?

It has been nearly six years since the BRI was put forward. And it has become one of the most promising international public product and one of the most popular international cooperative platform. Following are some numbers and examples:

First of all, there is a growing support and participation of the

international community. Statistics show that, so far, a total of 127 countries and 29 international organizations have signed BRI cooperation documents. Meanwhile, the BRI vision has been included in documents of major international institutions including the United Nations, the G20, the Asia-Pacific Economic Cooperation and the Shanghai Cooperation Organization. During President Xi's visit to Europe this March, Italy became the first G7 country to join the BRI. The Joint Communique of the 21st China-EU Summit clearly states that, the two sides will continue to forge synergies between China's Belt and Road Initiative and the EU strategy on Connecting Europe and Asia as well as the EU Trans-European Transport Networks. Last month, besides heads of state and government, 5,000 representatives from 150 countries attended the second Belt and Road Forum for International Cooperation, including the Permanent Secretary of the Finnish Ministry of Environment, Mdm. Hannele Pokka.

Secondly, the BRI has boosted global connectivity and provided strong impetus for economic growth. Under the framework of BRI, physical connectivity of "six economic corridors, six connectivity networks, and multiple countries and ports in different parts of the world" is basically formed. One of the major projects, China-Europe Railway Express, has already reached over 12,000 trips, connecting China with 49 cities in 15 European countries. Over the past six years since the BRI was

put forward, the trade volume between China and relevant countries has surpassed 6 trillion USdollars, with more than 80 billion US dollars of Chinese investment in those countries. The latest studies by the World Bank and other international institutions suggest that the BRI cooperation will cut the costs of global trade by 1.1 to 2.2 percent and those of trade along the China-Central Asia-West Asia Economic Corridor by 10.2 percent. In 2019, the BRI cooperation will contribute at least 0.1 percent of global growth.

Thirdly, the BRI has delivered fruitful outcomes in boosting economic growth and improving people's lives in relevant countries. Like Kazakhstan, the world's largest land-locked country and where the BRI was put forward, has gained access to the Pacific Ocean through the Lianyungang port in China; Thanks to regular China-Europe Railway Express freight services, in Duisburg of Germany, the first destination of China-Europe Railway Express, the number of Chinese companies operating in the city has grown from 40 in 2014 to more than 100 now. Statistics from the Duisburg City Council show that, in the city's logistics sector alone, such freight services have created more than 6,000 jobs. In central Asian country Uzbekistan, a 19-kilometer-long tunnel in the Andijan region was built in just 900 days. Now the locals can reach the capital in just four hours and it takes merely 900 seconds for the train to go through the tunnel. The 900-second miracle created in 900 days is

warmly applauded by the local community. In African country Kenya, the railway connecting Kenya's biggest port city Mombasa to its capital Nairobi built by China is the first railway constructed in the country in the last 100 years. More than 300 Kenyan companies were involved in the construction and over 90 percent of the workers were locals. The railway, now in operation, has cut the travel time between Mombasa and Nairobi from more than ten hours to just over four, lowered logistics costs by at least 40 percent and contributed 1.5 percent of Kenya's GDP growth. The list of BRI successful stories can go on and on. In total, the 82 cooperation parks jointly built by China and other participating countries have created more than 2 billion US dollars in tax revenue and about 300,000 jobs for host countries. In April, Chinese Premier Li Keqiang visited the Peljesac Bridge project in Croatia. This project is mainly covered by funds from EU. It is acquired by Chinese enterprises through open bidding, following market principles and abiding by rules of the EU. It can be seen as a good example of third-party cooperation.

Fourthly, the BRI is keeping itself up-to-date, to meet the needs of green development. I am aware that Finns pay a lot of attention to climate change and environmental protection. Upholding the Paris Agreement, China actively advocates and encourages the integration of green development into the joint efforts to build the Belt and Road. China has signed a MoU on building green Belt and Road with the United Nations

Environment Program, and agreements on cooperation in ecological conservation with over 30 countries along the routes. Since building green Belt and Road has become an important means to implement the United Nations 2030 Agenda for Sustainable Development, more than 100 partners from the relevant countries and regions have established the International Coalition for Green Development on the Belt and Road Initiative. In 2016, under China's presidency of the G20 summit, green finance became a key agenda item for the first time. A Green Finance Study Group was set up. And it released the "G20 Green Finance Synthesis Report". China has issued documents such as "Guidance on Promoting Green Belt and Road" and the "Belt and Road Ecological and Environmental Cooperation Plan", with the aim of fulfilling its responsibilities and standards in building green Belt and Road.

Of course, just as there are 1,000 interpretations of Hamlets, it is only natural that people have different views about the BRI. China places great importance to opinions and views of all parties on the BRI. We believe that they can help us have a better view of possible risks and challenges, so we are able to improve our work.

Some concerns the so-called "debt trap". In my opinion, it's quite complicated how debts are formed in a country. It has only been less than six years since China put forth the BRI. But the debt problem of developing countries has a much longer history. So it would be unfair to

blame the BRI or China for their debt problem. The loans China offers normally have lower interest than average loan in the market. They could play crucial roles for the development of the relevant countries. About the so-called debt problems reported by the media, let's see whether they are reasonable. In Sri Lanka, according to their central bank, only 10% of their foreign debt in 2017 was from China. Of the Chinese loans, 61.5% were concessional loans below the international market interest rate. Loans from China was still less than those from the Asian Development Bank's 14%, Japan's 12% and the World Bank's 11%. So it's clear to see that China's loans are not the main burden of Sri Lanka's foreign debt. In Pakistan, according to the government's statistics, 42% of their longtime debt comes from multilateral financial institutions. Debts from China only accounts for 10%. And the interest rate of China's concessional loan to Pakistan is about 2%, far lower than loans from Western countries. In Africa, from 2000 to 2016, China's loans merely take up 1.8% of their foreign debts in total, and most of China's loans are used in infrastructure. So far, not a single African country attributes their debt risk to China. On the contrary, many African leaders speak highly of their financial cooperation with China, and they expect to enlarge the cooperation. From China's perspective, the Chinese side has strengthened risk control on the finance arrangement of the Belt and Road initiative. Not long ago, Mr. Liu Kun, Financial Minister of China, briefed a document named *Debt*

*Sustainability Framework for Participating Countries of the Belt and Road Initiative.* This document, based on similar standards of the World Bank and IMF, mainly aims to prevent and solve the possible debt risk related to Belt and Road projects.

Some people think BRI as a geopolitical tool of China, compared it to China's Marshall Plan. It may appear that the two initiatives have something in common, as they are both about investment in infrastructure in peacetime. But other than that, they are quite different. First, the Marshall Plan was dominated by the US to serve its political purpose, and it was a one-way investment. The BRI, on the contrary, is on a voluntary basis. There are no pre-conditions or forced attempts. Second, the Marshall Plan had clear geopolitical and ideological goals. It was targeted to the Western Europe. The Soviet Union and Eastern Europe were excluded. The BRI, on the other hand, focuses on economic cooperation and connectivity. It is open and inclusive. There are no boundaries. And we do not play zero-sum games. Countries are welcome to join as long as they are interested. In fact, the BRI is highly recognized by the international community as a public product. As UN Secretary-General said in the second BRF, the world will benefit from a Belt and Road Initiative that accelerates efforts to achieve the Sustainable Development Goals.

Also, some people claimed that the BRI is China's attempt to transfer overcapacity. As we know, the BRI is more than cooperation on production capacity. Most participating countries are mutually complementary in economy with China. Technically speaking, some capacities are relatively excessive in China, but they are of good quality and were formed through competition in international markets. Those capacities can meet the requirement in developed countries, and are needed in countries participating the BRI. Let me share with you one more example. In Morocco, China participated in the second and third phase of a solar power station named Noor. It is estimated that over 1 million households get access to clean energy because of it. Apart from capacity cooperation, China also shares advanced scientific innovations with related parties in the meantime. According to a newly published report, China has signed 46 scientific cooperation agreements with participating countries and co-built five regional platforms for technological transfer with ASEAN, South Asia, Arabic countries, Central Asia, Central and Eastern Europe. And China also makes its BeiDou Navigation Satellite System, satellite communication systems and satellite meteorological remote sensing technologies available to them.

So, what about Finland?

Finland is one of the most important trading partners of China in the Nordic region. According to Finnish customs, the trading volume

between China and Finland in 2018 reached 8.2 billion Euros, a 2.7% increase from the previous year. It's a new high since the global financial crisis. China is Finland's fourth largest trading partner in the world, and has been the largest in Asia in a consecutive 16 years. There are many things to be done and can be done from China and Finland under the framework of BRI:

First, political mutual trust is an important base for cooperation. Finland is one of the first western countries to recognize new China. In recent years, China-Finland relations enjoyed steady development. In April 2017, President Xi paid a state visit to Finland. And at the beginning of this year, President Niinistö paid back a state visit to China, as the first head of state to visit China in 2019. In two years, the two heads of state exchanged visits, marking a new record in the bilateral relations. The two countries also maintain frequent exchanges in areas of legislative bodies, government, judiciary, political parties, army, and local government of all levels. Every year, there are about 40 ministerial level delegations visit each other. And we have seen many Finnish politicians and officials showing keen interest in the BRI cooperation.

Second, multi-dimensional transport networks are emerging, and there are even broader spaces for connectivity. Being a Nordic country, Finland lies in the shortest paths between China and Europe and can be regarded as a gateway. So far, Finnair has seven flight destinations in

China. In this April, China's Tibet Airlines launched Jinan-Helsinki route, making itself the first Chinese airline operating flights to Finland. Soon after, China's Juneyao Airlines will operate another Shanghai-Helsinki route in June. Thousands of kilometers' distance can be passed in hours' time. Speaking of China-Europe Railway Express again, in November 2017, Xi'an-Kouvola link was launched, as the first ever railway link to join China and Nordic countries. And one year later, Hefei city and Helsinki was connected, too. On many occasions, I heard from Finnish friends that Finland wanted to be a central point of transport networks connecting Europe and Asia. And some talk about the visions of Ice Silk Road and Digital Silk Road. As it goes, some related projects, for example the Northeast Passage cable, the Arctic sea routes, the Arctic railway, the tunnel between Helsinki and Tallinn have been discussed. All these ideas provide broad space for the cooperation of the two countries.

Third, economic and commercial cooperation and investment are growing in both quantity and quality. In addition to trade volume, China's investment in Finland witnessed a rapid growth in recent years. The investment to each other now are basically on the same level. As a natural result, the Chinese Enterprises Association in Finland was established last year. And some major investment, like Tencent's purchase of the Finnish game company Supercell and Anta's purchase of the Finnish sports company Amer Sports became hits in the media. As for Finnish

enterprises, many of them have already made success in China. Many Chinese people, including me, had Nokia as the first mobile phone. Kone, Wärtsilä, Stora Enso, Metso are well-known brands in China. Finnish products of meat, milk and fish are now served on Chinese people's tables. The China International Import Expo (CIIE) has been an excellent platform for Finnish enterprises to enter China's market. The first CIIE last year was warmly embraced by Finland. Finland sent a high-level delegation from the Government and enterprises to the event, and signed the biggest sum of agreements among the Nordic countries. And the very first exhibit was a biofuel car from Finland. Not long ago, the road show of the second CIIE was held in our Embassy. Five Finnish enterprises registered on the spot, and one of them even registered for next year's CIIE in advance.

Fourth, financial integration is an important support for Belt and Road cooperation. Under the framework of BRI, especially Asian and Pacific areas have a huge demand for infrastructure construction and connectivity. According to some institutes, the area requires 1.7 trillion US dollars for infrastructure. Of course it cannot be handled by one single country. It calls for all parties to get involved. The Asian Infrastructure Investment Bank (AIIB) was established under such a background. And Finland is one of the founding members of AIIB. Recently, China has been working with a dozen of countries on third-party cooperation. And

the participation of financial institutions like the World Bank, Asian Development Bank and European Bank for Reconstruction and Development are also welcomed. The German firm Siemens has worked with more than 100 Chinese companies in exploring markets, providing gas turbines, steam turbines, generators and other equipment to BRI projects. The US company GE won equipment orders worth 2.3 billion US dollars from BRI projects. The British bank Standard Chartered will provide at least 20 billion US dollars of financing for BRI projects by the end of 2020. We would like to see more Finnish involvements in this regard, too.

Fifth, the emotional distance between the two peoples is getting closer, and we have enjoyed sound cultural and people-to-people exchanges. Finland is the first Nordic country to have giant pandas. At the beginning of 2018, I was present at the airport arrival ceremony to greet the panda pair, Lumi and Pyry. And I also attended the opening ceremony of the Panda House in Ähtäri Zoo. I often say that Finland is one of the few countries that has three Chinese Ambassadors. Now, it has been over a year since the pandas came. I was told that the number of tourists to Ähtäri increased from 200,000 to 300,000 in a year. We are happy to see how much Finns love the pandas. This year is China-Finland year of Winter Sports. During President Niinistö's visit to China in January, the two Presidents attended the inaugural ceremony of the theme year. About

70 events of all kinds are expected to be held through the whole year. And the two sides will continue good cooperation on training, facilities and venues, events planning and other areas in winter sports. We believe this will help to realize our aim of having 300 million people to do winter sports. And it will also contribute to the 2022 Beijing Winter Olympics. The nights Chinese tourists stayed in Finland grew rapidly in the past years. Meanwhile in China, Finnish ideas of education and the way of life are embraced by Chinese citizens, especially young people. The comic book *Finnish Nightmare* is so popular in China. And we have a buzzword *Jingfen*. It literally means “spiritual Finnish”.

Finally, what about Europe?

Dating back to 2,000 years ago, China and Europe gained friendship and was connected because of the Ancient Silk Road. In a world today with increasing instability and uncertainties, China and Europe are supposed to defend multi-lateralism and economic globalization. In the first half of this year, Chinese President Xi and Premier Li both visited Europe. The first state visit we received this year is from a EU country - Finland. It showcases how China values Europe. The EU institutions and member states actively respond to and participate in the Belt and Road Initiative. State leaders of Austria, Cyprus, Czech, Greece, Hungary, Italy, Portugal attended the second Belt and Road Forum for International Cooperation. The two sides have been discussing the synergy of BRI and

the EU strategy on Connecting Europe and Asia as well as the EU Trans-European Transport Networks. Also, a China-EU Investment Agreement is on the agenda. Finland is a member of the EU, and will be the rotating chair from this July. As a Chinese saying goes, well begun is half done. We hope that Finland will do a good job as EU's Chair and also lay solid foundations for the EU-China cooperation, including BRI cooperation. We also firmly believe that the BRI will take the spirit of the Ancient Silk Road and benefit countries and peoples in Asia and Europe and other parts of the world. The Belt and Road will be a road of peace, a road of prosperity, a road of openness, a road of green development, a road of innovation and a road bringing together different civilizations.

Thank you!