



**BFA Energy, Resources and Sustainable Development Conference
& AEF Silk Road Countries Forum
Session Summary (No. 1)**

Boao Forum for Asia Institute

May 25, 2016

Opening

Time: 9:00-9:30 a.m., May 25, 2016

Venue: Congress Hall 2, 1st floor, Palace of Independence

Moderator: ZHOU Wenzhong, Secretary General, Boao Forum for Asia

Speakers:

- Karim MASSIMOV, Prime Minister, the Republic of Kazakhstan
- ZENG Peiyan, Vice Chairman, Boao Forum for Asia and former Vice Premier, China

Key points:

- The “Belt and Road” Initiative will promote the economic development of Central Asian countries, including Kazakhstan.
- Energy and resources are the new “silk” in the construction of the Silk Road Economic Belt.
- Asian countries should build energy and resource partnership at a faster pace.



Synopsis:

On May 25, BFA Energy, Resources and Sustainable Development Conference & AEF Silk Road Countries Forum on the theme of “Connecting ‘One Belt, One Road’ with the Eurasian Economic Union” was held in Astana, capital of Kazakhstan. Karim Massimov, Prime Minister of the Republic of Kazakhstan and Zeng Peiyan, Vice Chairman of Boao Forum for Asia and Former Vice Premier of China, addressed the opening ceremony.

The “Belt and Road” Initiative Will Promote Economic Development of Central Asian Countries Including Kazakhstan

Massimov welcomed BFA to hold a meeting during the period when the Astana Economic Forum was being held. The ancient Silk Road in China promoted the exchanges of trade, experience and knowledge along the Silk Road and facilitated peace and development in Eurasian continent. The economic take-off of European and Asian economies illustrates once again the importance of vigorous cooperation between Asia and Europe. In September 2015, President Xi Jinping of China put forward the concept of the “Silk Road Economic Belt”, which pointed out a new thinking for the development of economy and finance of countries along the Silk Road. Nazarbayev, the then President of Kazakhstan, vigorously supported this initiative and would promote its substantive progress.

Massimov pointed out that the “Belt and Road” Initiative is one of the most important projects in the 21st century, closely connects three major regions in



the world, and will surely promote the development of cross-country communication and investment, including that of Kazakhstan. It is noteworthy that the new economic policies of Kazakhstan fit in with the “Belt and Road” Initiative with a high degree. It was also deemed in a summit meeting of the Eurasian Economic Union that the “Belt and Road” Initiative is very suitable for the development of Central Asian countries and will inject vitality to the economic development of countries along the Belt and the Road. It is of great significance to reconstruct the Silk Road.

Energy and Resources Are the New “Silk” in the Construction of the Silk Road Economic Belt

Zeng Peiyan noted that the “Silk Road Economic Belt” will serve as a bridge between Asia and Europe connecting the dynamic East Asian economic circle at one end and the developed European economic circle at the other. Central Asia is the Midway on the Silk Belt, which will provide rare opportunities for regional development. With rich natural resources, ample labour force and a stable economic and social environment, the Central Asian countries have been on an upward curve in economic development and are in every good position to become another economic “highland” on the Eurasian continent. If East Asia and Europe are the two pearls at the ends of the Belt, we can only turn the Silk Belt into a shining pearl necklace when all the Central Asian and other countries along the route achieve economic prosperity.

Zeng Peiyan pointed out that the ancient Silk Road thrived from sophisticated trade in silk. Likewise, we need an anchor point, or the silk of the new era, for building the “Silk Road Economic Belt”. He believed that bulk stocks like



energy and resources can serve that purpose, and can be regarded as “silk” in the new era.

Zeng Peiyan suggested that in the development of energy and resources, countries in the region need to extend their industrial chains by increasing the added value and technology content of industries and exploring diversified markets. To be more specific, they need to, first, strengthen deep-processing of energy and resources products and develop heavy chemical industries like petrochemical, coal chemical and metallurgical industries; second, develop more derivative industries, such as energy-related industries and energy-intensive industries as appropriate to the local water and environment, and other conditions; foster energy prospecting, development and services industries and energy equipment processing and manufacturing industries; third, develop new energies and improve energy mix to ensure green and sustainable development, and tap into Central Asia’s potentials in wind, solar and other renewable energies and expand cooperation on nuclear energy; fourth, increase energy infrastructure connectivity, improve cross-border oil and gas pipeline networks and build a major regional power grid.

Asian Countries Should Build Energy and Resource Partnership at a Faster Pace.

Zeng Peiyan noted that the world economy is have a slow recovery. There is a lack of growth drivers for major economies, structural adjustment has been facing great difficulties. Trade protectionism is on the rise. In particular, in the past year, the prices of crude oil and iron ore have been fluctuating at a low level, posing a huge economic challenge to energy exporters. In fact, big fluctuations of energy and resources’ prices are not good for either the supply



or demand side. What people want to see is a reasonable, stable and predictable price trajectory and equilibrium between energy supply and demand.

Zeng Peiyan pointed out that Asia is home to both major suppliers and consumers of energy and resources in the world. As the global economic gravity shifts eastward, the internal trend of energy and resources flow of Asia has gradually become the international trend. Against the backdrop of energy and resource price fluctuation and the adjustment of world energy allocation pattern, it is highly necessary to take the opportunity to explore a new model of cooperation in Asia. For that end, he suggested that Asian countries need to build an Asian energy and resources partnership in the spirit of win-win cooperation and joint development of suppliers and consumers in the hope of establishing a stable supply-demand relationship and fostering a stable price and market expectation, so as to promote the stable development of both supplying and consuming economies and contribute to the stability of world energy and resources markets.

Zeng Peiyan proposed that the SCO be the lead organization in launching the Asian energy and resources partnership, and establish ministerial-level inter-governmental dialogue mechanism between major energy producers and consumers in Asia to exchange views on relevant issues.

Zeng Peiyan noted that we may also use cooperation on energy and resources to promote international cooperation on policy, finance, trade and investment. Better communication on energy and resources policies can lead to better coordination on macroeconomic policies and economic development plans. We need to scale up local currency swap and local currency denominated settlement, and encourage AIIB, ADB and other multilateral development



institutions to increase input in the region. We also need to speed up negotiations on economic and trade cooperation agreements to facilitate mutual investment and trade, and deepen cooperation between supplying and consuming businesses both upstream and downstream to lower costs and share the risks.

Note: In June 2015, BFA held the Energy, Resources and Sustainable Development Conference in Kuala Lumpur of Malaysia, during which Zeng Peiyan advocated that Asian countries should establish energy and resource partnership in the spirit of “cooperation on supply and demand, and development for mutual benefits”.