



**BFA Energy, Resources and Sustainable Development Conference  
& AEF Silk Road Countries Forum  
(Session Summary No. 2)**

Boao Forum for Asia Institute

May 25, 2016

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*Session 1*

**Connecting “One Belt, One Road” with the Eurasian Economic Union**

**Time:** 9:30-11:00 a.m., May 25<sup>th</sup>, 2016

**Venue:** Congress Hall 2,1 floor, Palace of Independence, Astana

**Moderator:** Veronika NIKISHINA, Minister of Trade of the Eurasian Economic Commission

**Panelists:**

- Uldis AUGULIS, Vice Minister of Transport, Latvia
- Nematullo HIKMATULLOZODA, Minister of Economic Development and Trade, Republic of Tajikistan
- KOH Poh Koon, Minister of State for Trade and Industry of the Republic of Singapore
- Dmitry PANKIN, Chairman of the Management Board, Eurasian Development Bank
- Sven SESTER, Minister of Finance, Estonia



- ZHANG Yansheng, Secretary-General, Academic Committee of the National Development and Reform Commission (NDRC)  
Timur ZHAKSYLYKOV, Vice Minister of National Economy,  
Kazakhstan

### **Key points:**

- The two initiatives of Belt and Road and Eurasian Economic Union are related to each other in many ways. Hopefully the two initiatives can boost the economy of its members and promote trade and interconnectivity between European and Asian countries.
- The new Silk Road brings new opportunities. The Central Asian countries underscore the spirit of the Silk Road Economic Belt initiative. Meanwhile these countries are a very unique country group that will play an indispensable role in the Silk Road Economic Belt.
- Countries along the Silk Road countries should establish a highly coordinated mechanism for multilateral cooperation to promote economic development, cooperation and exploitation of their advantages. The Belt and Road project also needs the support of development banks.

### **Synopsis:**

On May 25th, the BFA Energy, Resources and Sustainable Development Conference and the Silk Road National Forum themed Connecting “One Belt, One Road” with the Eurasian Economic Union was held in Astana, Capital of Kazakhstan. At the session, participants discussed and explored the



wide-ranging significance of connecting the two major initiatives, the opportunities generated by it and the effective connection mechanisms.

### **Significance: the Belt and Road Creates New Connections**

Timur ZHAKSYLYKOV expressed his points as follows: Both the Belt and Road and the Eurasian Economic Union initiatives aim at achieving two-way trade, eliminating tariff barriers, and ensuring cooperation in areas such as infrastructure and transportation. He emphasized that the Belt and Road and Eurasian Economic Union bear multiple similarities, both hoping to achieve the economic development of all countries through these two initiatives while promoting trade exchange between European and Asian countries.

Sven SESTER said that the development of the Silk Road Economic Belt is of great significance not only to Central Asian countries including Kazakhstan but also to Europe. The northern European countries, including Finland and Denmark, can be seen as an extension of the Silk Road Economic Belt. The initiative not only generates a new opportunity for countries along it to become a transportation hub; it also opens up a new businesses window and fosters economic growth.

XU Baokun said that the greatest significance of the Silk Road Economic Belt lies in connectedness. The ancient Silk Road consisted of the land one and the maritime one. The modern Silk Road will achieve a higher level of connectivity, covering sea, air and land connectivity and also interpersonal communication, financial connectivity and data connectivity and exchange. KOH Poh Koon remarked that Central Asia in the past provided a bridge between countries along the Silk Road and now these countries should take



actions to attract more investment and to promote economic and trade exchanges.

Uldis AUGULIS said that building the Eurasia transport corridor is a prerequisite for the development of the region and countries on the Eurasia continent can benefit hugely from the construction of this transportation corridor. However, currently the construction faces some bottlenecks; the Belt and Road will facilitate the development efforts.

Nematullo HIKMATULLOZODA said that the new Silk Road brings new opportunities. Central Asian countries endorse the spirit of the Silk Road Economic Belt initiative. Meanwhile these countries are a very special country group, and will play an indispensable role in the development of the Silk Road Economic Belt. Central Asian countries abound in mining, energy, and manpower, so they can contribute to the development of trade and movement of people in the region.

Zhang Yansheng interpreted the connections the Belt and Road strategy brings to the world from four perspectives. First, the Belt and Road brings a concept of cooperation based on equality, tolerance and sharing and promotes connection and cooperation featuring openness, marketization and innovation. Second, the Belt and Road can link up with the “Eurasian Economic Union”. The Eurasian Economic Union launched its four-step strategy and will build a unified greater market by 2025; at the same time, China launched a three-step FTA strategy and will establish a high-standard FTA network that covers its surrounding areas, influences the Belt and Road areas and reaches out to the world. Integration of the two strategies will bring the globalization process to a new level. Third, the Belt and Road promotes the connection with Kazakhstan’s new economic plan. Kazakhstan’s Bright Road (Nurly Zhol)



new economic plan and China's strategy for international production capacity cooperation align with each other. In the areas of iron and steel, mining, chemistry and so on, Kazakhstan's demands can be in line with China's advantages in production capacity, capital and operating capabilities. Through this, the two countries can complement each other and secure mutual benefits. Fourth, the Belt and Road associates China's big transformation with the world. In the next phase of development, China will achieve two major transformations: one is expanding domestic demand and consumption and thus boosting demand for imports; the other is building a higher-level open economy. These transformations will create millions of jobs and engender interconnectivity and cooperation among industrial parks, cross-border trade zones and integrated logistics area along the Belt and the Road. In addition, young people, women and small and micro enterprises should have the opportunity to participate in this all-round cooperation, share the fruits and enjoy the opportunities for cooperation.

### **Opportunities: Countries along the Belt and Road Embrace New Opportunities Brought by the Initiative**

The panelists expounded on the opportunities the Belt and Road initiative brought to their own countries.

Timur ZHAKSYLYKOV said that Kazakhstan's integration with the Belt and Road will be mainly manifested in two aspects: one is participating in the construction of oil and gas pipelines in the energy sector and strengthening its cooperation with China and Russia; the other is cooperation in the transport sector; Kazakhstan hopes that the high-speed railways between China and Europe can be connected together, which can greatly improve the



transportation efficiency between China and Europe. He also revealed that Kazakhstan will build 2000-km-long railways to connect the port in western Kazakhstan, a joint venture with countries along the Silk Road Economic Belt.

Sven SESTER promoted his country, Estonia, in his speech,. He said that as an EU country, Estonia can play an important role in the strategic development of the Belt and Road as well as the trade between Europe and Asia. Estonia has a unique geographical position: it is the new passage leading to Europe, especially the Nordic countries. Sven SESTER stressed that Estonia boasts incomparable advantages in transportation network, talent reserve, price competitiveness as well as its close ties with European countries.

XU Baokun argued that the ten ASEAN countries including Singapore have become an economy with a quite high level of integration so it can play an important role in the Belt and Road strategy. KOH Poh Koon said that although Singapore is small, it holds the key to success: openness and connectivity. Over the years Singapore has committed itself to entering into bilateral and multilateral free trade agreements, which has led to dramatic regional economic developments. The ten ASEAN countries including Singapore have also made significant achievements in promoting regional economic integration in the region. KOH Poh Koon held that in implementing the Belt and Road strategy, ASEAN countries can play an important role both as a receiving market and as an initiating market. ASEAN can establish free trade relations with the economies along the Belt and Road to connect Southeast Asia and Central Asia, a link that encompasses transportation, finance and information.



Nematullo HIKMATUL OZODA said that among the opportunities brought by the Silk Road Economic Belt, Tajikistan places particular emphasis on new business opportunities in the service sector.

### **Opportunities: How to Boost New Connections of the Belt and Road Framework Agreement.**

XU Baokun said that for countries along the Silk Road to become attractive, elimination of their trade barriers is required. FTAs can create a market with free flow of capital, goods and personnel. Singapore and Chongqing in China have promoted cooperation projects by signing a framework agreement for China-Singapore (Chongqing) Demonstration Project on Strategic Connectivity, releasing the overall planning for transportation, communications and infrastructure, improving interoperability in the domain of sea, air and land, and pushing the integration of the financial system, thus driving bilateral cooperation through policy innovation.

**Political mutual trust.** Nematullo HIKMATULLOZODA stressed that the Belt and Road brings major opportunities and concepts. Central Asian countries should take on more responsibilities to ensure national security, strengthen their cooperation and jointly seek business opportunities. He said that Central Asian countries are different from the European Union countries in that they have distinctive local features and different advantage industries. However, bound by the tie of a common culture, they will find the right path of development.

**The “16 + 1” mechanism.** Uldis AUGULIS said that countries along the Silk Road countries should establish a highly coordinated mechanism to



promote multilateral cooperation. The “16 + 1” platform for multilateral dialogue, jointly set up by China and Eastern Europe to deepen their cooperation, will be an important multilateral dialogue mechanism for promotion of economic development, cooperation and exploitation of their advantages. The “16 + 1” Summit was held last fall. It issued the “Riga Declaration” that sets out the visions of interoperability and interconnectivity in transportation and information and of multilateral cooperation. Particularly, it covers a range of issues such as container transportation rules, logistics cooperation, simplification of customs clearance procedures and law supervision and coordination. It is intended to make transportation in the Eurasia continent more smooth and efficient. With this important instrument, countries along the Silk Road Economic Belt will raise their cooperation and development to a new height.

**The “Three-track” mechanism.** Zhang Yansheng suggested that people-to-people bond and policy communication should be an important part of the Belt and Road initiative. In the next phase, we should promote the three-track mechanism to achieve the following goals: promoting bilateral and multilateral dialogue on the first “track” with the government as the major player; promoting the dialogue on the second track with business leaders, former officials and think tanks as the major players; promoting the dialogue on the third track with folk culture, tourism and non-governmental organizations as the major players. In this way, we can build an all-round dialogue mechanism for communication and cooperation and connect the Belt and Road with the countries along it by means of people-to-people bond and policy communication so as to achieve efficient and fruitful cooperation.





**Financial support.** Dmitry PANKIN said that to implement the Belt and Road initiative , we need the support of development banks. Currently, global capital is flowing back to developed countries; emerging markets have problems of capital outflow. In the process of implementing the collaborative projects, development banks can fill the vacuum left by capital outflows. Moreover, development banks such as the Eurasian Development Bank, the European Bank for Reconstruction and Development Asian Investment Bank and BRICS Development Bank can utilize financial instruments to promote local economic development. For example, at the incipient stage of the project, development banks can push them to establish high standards and transparency and develop appropriate standards on ecological protection while ensuring that funds can be used efficiently. Dmitry PANKIN said that the Eurasian Development Bank has rich experience in Central Asia as well as close ties with other major development banks. Therefore, it has a large role to play in implementing the Belt and Road initiative and building the Eurasia Land Bridge.