

# China insight

Special Issue on a Community With a Shared Future for Humanity

**KOREAN PENINSULA  
SITUATION**

**QUAKES, TSUNAMI  
DEVASTATE INDONESIA**

**THE BELT AND ROAD INITIATIVE**

**XI JINPING THOUGHT ON DIPLOMACY**

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# 2018's Top 10 World News Stories



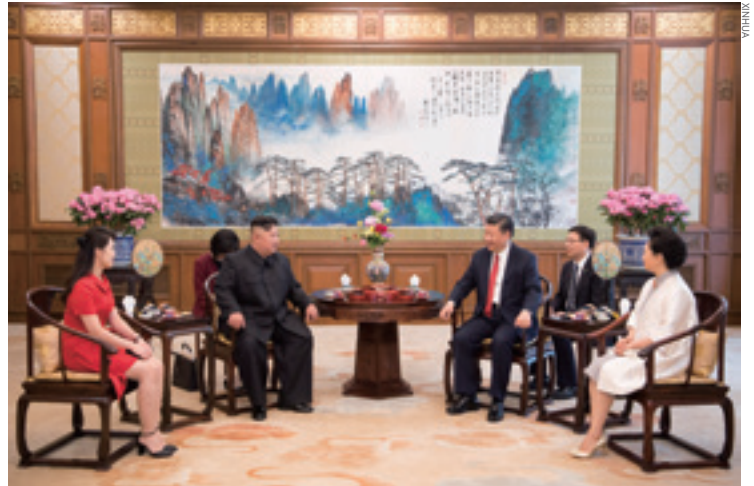
A container ship berths at a port in Tangshan, north China's Hebei Province, on November 19

## China-U.S. Trade Friction

On March 22, U.S. President Donald Trump signed a memorandum imposing punitive tariffs on Chinese products, with the threat of imposing additional tariffs. For its part, China announced countermeasures. Despite several rounds of consultations and negotiations, the two sides could not reach consensus.

The trade dispute between the world's top two economies has not only hurt their economic development, but has also undermined the recovery of the global economy.

At the 2018 G20 Buenos Aires Summit, Chinese President Xi Jinping and Trump reached an agreement on December 1. The two sides agreed to step up negotiations to remove all additional tariffs and reach a win-win deal.



Chinese President Xi Jinping meets with Kim Jong Un, Chairman of the Workers' Party of Korea and leader of the Democratic People's Republic of Korea, in Beijing on June 20. Xi's wife Peng Liyuan and Kim's wife Ri Sol Ju also attended the meeting

## The Korean Peninsula Situation

A big step was taken in improving the situation on the Korean Peninsula. With efforts from the international community, particularly from China, the United States, the Democratic People's Republic of Korea (DPRK) and the Republic of Korea (ROK), the security crisis on the peninsula eased.

Xi had three meetings with DPRK leader Kim Jong Un. Kim also held historic meetings with Trump and ROK President Moon Jae-in on peace and denuclearization of the Korean Peninsula in the border village of Panmunjom. A joint Panmunjom Declaration was issued after the Kim-Moon meeting, confirming their common goal of complete denuclearization of the peninsula.

## Unilateral U.S. Pullouts

In May, the Trump administration officially announced it would withdraw from the Iran nuclear deal, pressuring Iran to revise the pact and make more concessions. The U.S. move was denounced by the international community and Iran refused to make further concessions.

Five months later, the United States made another unilateral pullout, announcing it was quitting the Intermediate-Range Nuclear Forces (INF) treaty it had signed with the Soviet Union 30 years ago, alleging Russia had violated the treaty. The INF is an important bilateral treaty and its absence will have far-reaching effects on U.S.-Russia relations, regional security and the development of global nuclear power. Without the curbs the treaty imposes, the United States may strengthen its military presence in the Middle East and the Asia-Pacific region, which would affect the equilibrium in these areas. The unilateral pullouts have contributed to destabilizing the global security situation.



U.S. President Donald Trump signs a presidential memorandum to withdraw from the Iran nuclear deal, a landmark agreement signed in 2015, on May 8



The roundtable meeting of the FOCAC Beijing Summit is held in the Great Hall of the People on September 4

## FOCAC Summit in Beijing

The 2018 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) was held in September. The summit, attended by Xi and state leaders from 53 African countries, was the largest of its kind since FOCAC was established in 2000.

FOCAC has been an important engine for China-Africa collaboration, promoting cooperation in trade, investment, project contracting, cultural exchanges, finance and security. It has also become an important platform for China and Africa to enhance cooperation under the framework of the Belt and Road Initiative in the new era. The summit adopted the Beijing Action Plan (2019-21), drawing a roadmap for China-Africa cooperation in the coming years.



People windowshop during the summer sales season in Athens, Greece, on August 22. The retail sector welcomed Greece's exit from international bailout programs

## Greece Exits Bailout

On August 20, Greece formally exited the international financial rescue programs introduced by the European Union (EU) after eight years, demonstrating that it does not need to rely on foreign aid to support its own sustainable development. It was an important signal that the country, with the heaviest public debt and the first to be bailed out, was nearing the end of its debt crisis.

During the eight years, European fiscal and financial governance structures have improved and a risk control network for eurozone countries has been set up. However, the conclusion of Greece's bailout does not mean the losses and scars sustained during the European debt crisis have been totally wiped out.

## Quakes, Tsunami Devastate Indonesia

Powerful earthquakes and an ensuing tsunami struck Indonesia's Central Sulawesi Province on September 28. The toll was put at 2,090, while more than 87,000 people were forced to flee their homes.

The disasters destroyed infrastructure, including over 68,000 houses, religious buildings and bridges. Roads were badly damaged in many places. The loss was estimated to be about \$1 billion.



Survivors look for salvageable items among the debris of a house in Donggala, Central Sulawesi, after multiple earthquakes on October 5

## France's Yellow Vest Protests

On November 17, protests erupted in France against the government's plan to increase the fuel tax in 2019 in the name of combating climate change. The protests developed into the Yellow Vest movement, getting its name from the fluorescent roadside security jackets worn by the demonstrators.

The movement has since snowballed, protesting the high living costs blamed on President Emmanuel Macron's fiscal and economic reforms. Clashes with police in Paris led to a few casualties. The movement also spread to neighboring countries including Belgium and the Netherlands.

Responding to the Yellow Vests on December 10, Macron announced an economic and social emergency plan to increase minimum monthly wages, scrap a tax on overtime hours, cut taxes for pensioners and pay end-of-year bonuses to workers.



Yellow Vest protesters near the Arc de Triomphe in Paris on December 8



## Russia-Ukraine Standoff

The tension between Ukraine and Russia escalated after the Russian Coast Guard seized three Ukrainian vessels in the Black Sea near the Crimean Peninsula on November 25. Ukraine declared martial law for 30 days along the border with Russia and in Black Sea coastal areas on November 28. Russia accused Ukraine of playing with fire and Ukrainian vessels of violating the Russian border despite warnings from Russian ships.

Though the international community urged both sides to restore peace, Ukrainian President Petro Poroshenko submitted a draft law to parliament on December 3, which provides for the termination of the 1997 Treaty on Friendship, Cooperation and Partnership between Ukraine and Russia that is set to expire in March 2019.



Three Ukrainian ships are seized by Russian forces near the Black Sea on November 25



A man checks the exchange rate at a money exchange shop in Istanbul on May 24, after the Turkish lira's fluctuations

## Turkish Lira Crisis

In August, the Turkish lira dropped sharply by 18 percent, the biggest in a single day since the Turkish financial crisis in 2001. The fall of the lira came after Trump's announcement that the tariffs on steel and aluminum imports from Turkey would be doubled. Turkey is the eighth largest steel producer in the world and the sixth largest source of U.S. steel imports.

In total, the lira lost more than 35 percent of its value against the U.S. dollar this year, prompting concerns that Turkey's economy, which is heavily reliant on foreign currency loans, could affect other emerging markets.

## The Incident of Saudi Journalist

Saudi journalist Jamal Khashoggi, who was a columnist for *The Washington Post*, went missing on October 2 after he entered the Saudi consulate in Istanbul to obtain documents for his marriage.

Days later, news leaked by Turkish authorities said that Khashoggi had been killed inside the consulate, hinting that the Saudi royal family was behind the murder. The news attracted world concern. Saudi authorities admitted the involvement of officials in the killing but denied a connection to the royal family.

The Turkish Government shared the so-called evidence—audio recordings of the killing—with Saudi Arabia, the United States, Germany, France and the UK, but the whole truth is still not known.



Journalists gather outside the Saudi consulate in Istanbul, waiting for details about missing journalist Jamal Khashoggi on October 10



Chinese President Xi Jinping and his wife Peng Liyuan, together with Argentine President Mauricio Macri and his wife Juliana Awada, attend the welcome ceremony in Buenos Aires, Argentina, on December 2, 2018

# Challenging Times, Creative Efforts

The key themes of Chinese diplomacy in 2018 By Wang Huiyao

As the curtain comes down on 2018, it is a good moment to look back at the highlights and central themes of China's diplomacy during another eventful year.

For China, 2018 has been a year to continue building a new type of international relations based on three core tenets—mutual respect, fairness and justice, as well as win-win cooperation, with the long-term vision of building a community with a shared future for humanity.

This 21st-century world is shaped by increasing multipolarity and cross-border flows of people, goods, capital and information. It is a world of greater openness, where the cast

of characters is more populous, complex and interconnected than ever before. It is also a world where technological progress and globalization are blurring boundaries and overturning traditional assumptions. The rise of emerging markets and developing countries is reconfiguring balances of power, while the international order of the last half-century increasingly struggles to accommodate to the new reality.

Against this evolving backdrop, the rest of the world is learning and adapting to the growing stage presence of China and other emerging powers. China is also defining its role in the world and refining how it interacts with fellow nations.



The author is president of the Center for China and Globalization





In this role, China will forge its own approach to international relations. In 2018, China has continued to expand its diplomatic repertoire, leveraging conventional channels but also developing new mechanisms to build mutual understanding.

Throughout the year, China's diplomatic toolkit highlighted six key themes which start with the central role of summit diplomacy and include Sino-U.S. relations, breakthroughs with neighboring countries, cooperation along the Belt and Road, protecting growing overseas interests, and finally, efforts to reform and innovate the global governance system.

## Summit diplomacy

Summit diplomacy has been the core pillar of China's international engagement in recent years. President Xi Jinping has been more active in global affairs than any previous Chinese leader and 2018 saw top-level summits become more important than ever.

The role of summit diplomacy was evident at the recent G20 Buenos Aires Summit. As well as exploring joint solutions to global challenges, this gathering became an important chance to prevent the Sino-U.S. trade dispute from spiraling out of control. To the world's relief, Xi and U.S. President Donald Trump were able to reach a preliminary "ceasefire" agreement to start working to resolve differences over economic relations.

While supporting existing mechanisms such as the G20, China has also led the creation and strengthening of new platforms to promote free trade and international cooperation. In 2018, China hosted four such international events: the Boao Forum

for Asia Annual Conference, the Shanghai Cooperation Organization (SCO) Summit, the Forum on China-Africa Cooperation (FOCAC) Summit and the China International Import Expo (CIIE).

At the Boao Forum event in April, Xi sent a clear signal: China will continue to open up its economy and promote globalization with pledges to expand market access and improve the business environment for foreign investors. He also pledged to promote import growth. This gave firm support to globalization amid the protectionist wave that has swept the world.

This theme was reinforced at the inaugural CIIE in November. Much more than a trade fair, the CIIE served as a landmark in the evolution of China's development and its economic interaction with the rest of the world. Once renowned as the "factory of the world" for its role as an export powerhouse, today it is China's consumer market and imports that serve as an engine for global growth. As Xi said in his opening speech, over the next 15 years, China is set to import \$30 trillion worth of goods and \$10 trillion in services.

In June, the coastal city of Qingdao played host to the 2018 SCO Summit. Formed 17 years ago with regional security objectives in mind, the agenda of the SCO has broadened to include other areas of cooperation such as the economy and the environment. This year's summit was significant as India and Pakistan attended as new full members. The eight-member SCO now accounts for nearly half of the world's population and over a fifth of the global GDP.

These events reflect China's efforts to build platforms and engage a broad range of partners across the world.

## Sino-U.S. relations

China and the U.S. are the world's most significant economic and political actors. In 2018, the twists and turns in their relations have formed the central storyline, not just of China's external relations, but of global affairs at large. As the trade dispute intensified, the goal of stabilizing the relations with the U.S. has been a key objective for Chinese diplomacy.

The meeting between the two presidents following the G20 Summit averted further escalation of tariffs and brought both sides back to the negotiating table. But despite this reprieve, it is clear that a fundamental shift has occurred in the relationship. A bipartisan view of China as an antagonist and biggest strategic competitor has coalesced in Washington. The U.S. approach of engagement in previous years is gradually being replaced by a mindset of containment.

In this regard, it was encouraging that the second annual U.S.-China Diplomatic and Security Dialogue was held in Beijing in November. This gave top diplomats and military officials from both sides a chance to talk and share perspectives of contentious issues.

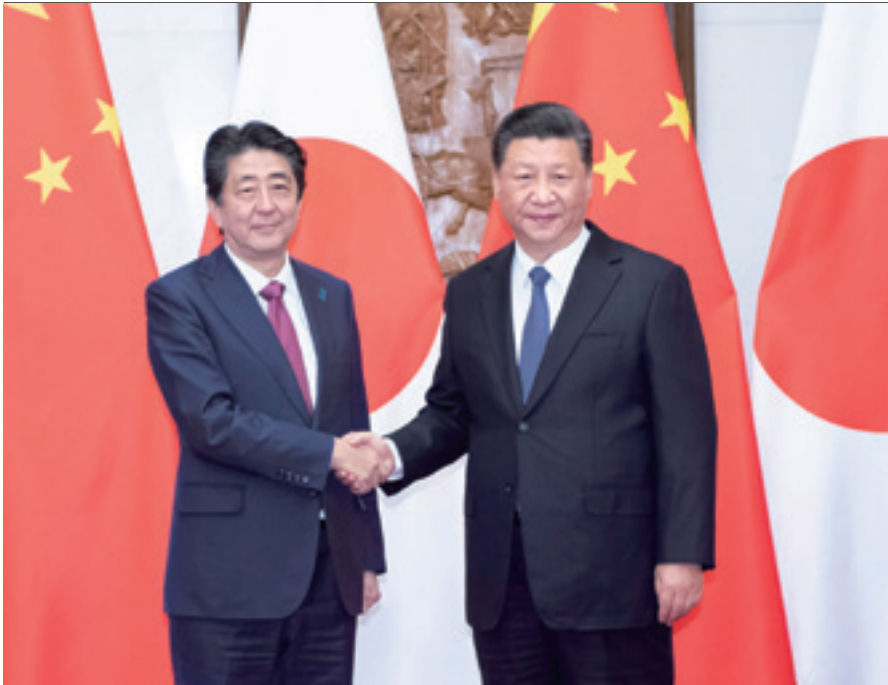
Despite frictions, the two countries still have enormous potential synergies to exploit through closer cooperation, particularly with respect to transnational challenges such as climate change. China's participation in California's Global Climate Action Summit in September showed that there are many channels for the two to work together. Deepening cooperation at the local level may offer an effective way to do this.



A Salvadoran exhibitor introduces juice products from his country to Chinese customers at the first China International Import Expo in Shanghai, on November 7, 2018



The 9999th Boeing 737-800 aircraft prepares to take off from the company's Seattle airfield in the U.S. state of Washington on March 24, for delivery to China's air carrier Okay Airways



President Xi Jinping meets with Japanese Prime Minister Shinzo Abe in Beijing on October 26

## Breakthroughs with neighbors

Efforts to strengthen relations in the region to create a benign environment for the growth of economic and cultural links within Asia have contributed to breakthroughs with three fellow nations over the year.

First, 2018 saw a notable warming of ties between China and Japan. The premiers of both countries made reciprocal visits. Premier Li Keqiang's visit to Japan in May was followed by Japanese Prime Minister Shinzo Abe's visit to Beijing in October, the first stand-alone journey to China by a Japanese leader in nearly seven years. During this visit, the premiers of Asia's two biggest economies reached a series of agreements to deepen economic and trade ties.

Sino-Indian relations also experienced a positive turnaround following a period of heightened tensions caused by their border friction in 2017. Indian Prime Minister Narendra Modi visited China in April, holding talks with Xi to build mutual trust and deepen cooperation. China and India, the world's two most populous nations, share strong cultural ties and economic complementarities. It is encouraging to see that Sino-Indian relations are now on a track to closer collaboration.

Third, with China's support, there has also been progress on the Korean Peninsula nuclear issue. This has seen the Democratic People's Republic of Korea hold breakthrough summits with China, the U.S. and the Republic of Korea. These are initial but important steps toward defusing tension on

the peninsula and opening a channel for lasting peace in the region.

## Belt and Road cooperation

In the five years since its launch, the Belt and Road Initiative, drawing on China's capital resources and infrastructure development capabilities, offers a new model of diplomacy by helping partner countries to improve connectivity and open new paths to growth and prosperity.

The initiative has been supported by growing numbers of Chinese enterprises that

are going global. According to the Chinese Ministry of Commerce, in the first half of 2018, investment in 55 countries along the Belt and Road was up 12 percent year on year.

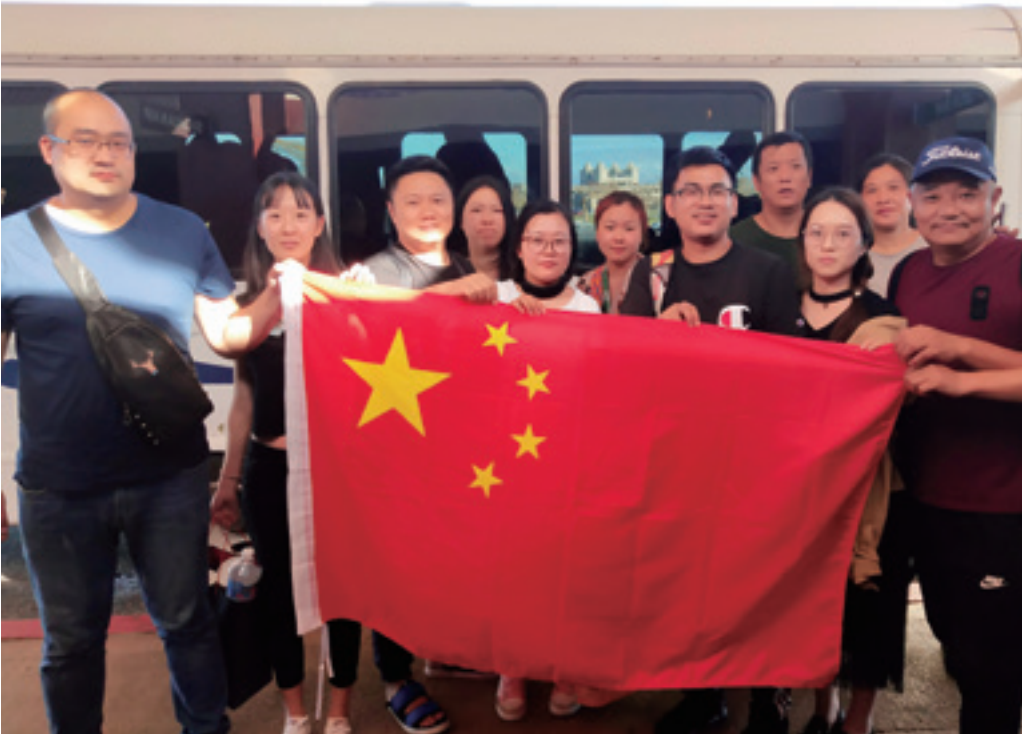
Alongside, China has directed diplomatic efforts to promote the initiative. Following the inaugural Belt and Road Forum for International Cooperation last year, as of 2018, more than 100 countries and regions as well as international organizations had signed cooperation agreements with China, extending the initiative's scope from Eurasia to Africa, Latin America and the Caribbean, and the South Pacific region.

The FOCAC Summit held in Beijing in September brought together leaders from China and African countries to explore new forms of collaboration. Xi announced \$60 billion of financing for Africa in the form of government assistance as well as from financial institutions and companies. The summit built on Xi's trip to Senegal, Rwanda, South Africa and Mauritius earlier in the year, the fourth African trip during his presidency.

Countries that previously held misgivings about the initiative such as Japan and the U.S. are gradually beginning to warm to it. During Abe's visit to Beijing, China and Japan launched a mechanism to discuss economic cooperation projects in third countries related to the initiative. The number of foreign companies and financial institutions taking part in Belt and Road projects is increasing, helping to strengthen links between China and its partners around the world by sharing experience and mutual benefits. ▶▶



A young visitor takes part in the Chinese handicraft of carving and painting on wood at the China Cultural Center in Moscow, Russia on November 22



Chinese tourists take a group photo before leaving Saipan in the Northern Mariana Islands commonwealth after it was struck by a typhoon on October 28 in a chartered flight provided by the Chinese Government

## Protecting overseas interests

Driven by China's opening up and the Belt and Road Initiative, the number of Chinese citizens and companies overseas is growing. According to the National Bureau of Statistics, China has been the country with the most outbound tourists in annual terms since 2013. The number of outbound tourists is expected to grow to 157 million in 2020, compared to 135 million in 2016.

China's accumulated outbound direct investment (ODI) reached over \$1.8 trillion by the end of 2017, moving up to the second place in the world ranking. Chinese investment in both Europe and Africa saw an over 70-percent increase, while investment in countries along the Belt and Road accounted for over 12 percent of ODI, up 31.5 percent year on year.

These trends mean protecting the interests of Chinese citizens working, traveling and studying overseas has become an increasingly important task for Chinese diplomatic and consular services. The evolving risk map includes security threats and natural dangers. In 2017, the Chinese

Foreign Ministry handled over 70,000 cases of consular protection. This year, Chinese nationals have been supported in a range of situations, from evacuating them from natural disasters to protecting them from terrorist threats.

To support this vital aspect of China's overseas work, in 2018 the Ministry of Foreign Affairs released draft legislation on consular protection to help safeguard Chinese citizens overseas.

## Global governance reform

Recent years have seen multilateralism under increasing strain. There has been a rise in anti-globalization sentiment around the world, and countries that helped to build the international order are now undermining the very institutions that support it.

In part, the current global governance deficit is a result of multilateral institutions failing to reform and adapt to new challenges. Therefore, as well as supporting existing mechanisms, part of China's new role is to promote reform of the global governance system according to concepts of fairness and justice.

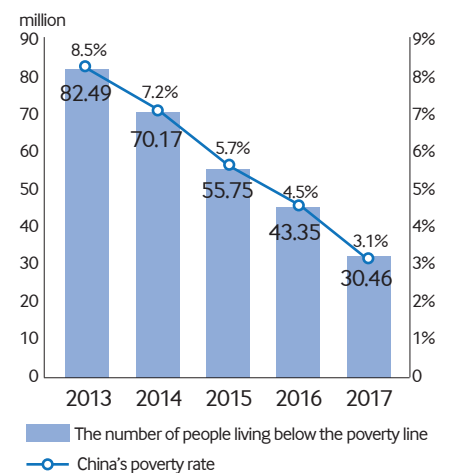
It is not only official agencies that are engaged in this task. A growing cast of social actors is also contributing ideas and impetus to reform global governance. This includes non-governmental think tanks that can help to generate and disseminate ideas at home and abroad. Many of the challenges require fresh approaches and cross-border collaboration between different types of organizations. Think tanks are well placed to support China in building a new type of international relations.

Through the ages, many have seen relations between actors on the stage of world history as antagonistic, driven by fear and self-interest. Proponents of this view often see modern states as playing out predetermined roles, destined to clash and come into conflict as balances of power shift.

To build a new type of international relations, China has determined to craft its own role as the supporter of a more open, fairer world. It is likely that 2019

will bring more twists and turns in world affairs. However, it is hoped that the coming year will also provide more chances to build relationships, work together, and script a shared future for humanity. **CI**

## China's Poverty Alleviation Achievements from 2013 to 2017



Source: People's Daily



# Creating New Miracles in Asia

By Zan Jifang



**A**head of the Boao Forum for Asia (BFA) Annual Conference, held on April 8-11, 2018, *Beijing Review* interviewed **Zhou Wenzhong**, Secretary General of the BFA, about his views on Asian development and the world's prosperity.

Founded in 2001, the BFA is a non-governmental, nonprofit international organization committed to promoting regional economic integration. Its annual conferences take place in the resort town of Boao, in south China's Hainan Province.

**Beijing Review: The theme of the 2018 BFA Annual Conference is An Open and Innovative Asia for a World of Greater Prosperity. How was this theme formulated? What is the BFA expecting to achieve at this year's conference?**

**Zhou Wenzhong:** In May 2017, the BFA started to solicit advice from its 29 founding countries, its board of directors, council of advisors, members, partners, think tanks and media on the theme of the annual conference and topics of discussion. We also held three seminars and a special meeting of the board of directors to discuss the theme.

During the process of consultation, we had a common understanding that—given the fact that anti-globalization sentiment and trade and investment protectionism are

on the rise, and that globalization is partially facing setbacks—Asia, as well as the whole world, needs to be more open and connected than ever before, rather than being isolated and closed. The world needs to be more inclusive and balanced, rather than being divided between the rich and poor.

Currently, world economic growth is still fragile; there are many uncertainties and complicated situations in the world economy. Asia and the world need to change their ideas of development to economic growth driven by innovation instead of simply by factor input. Under the current situation, peace and development remain the call of our day. It should be the common mission of Asia and all the countries of the world to build a community with a shared future for mankind, and to advance the common development and prosperity of the world.

To push forward Asia's adaptation to the new situation, the BFA invited officials, industry and business professionals and academics from around the world, especially from the Asia-Pacific region, to gather at this year's annual conference to review the past and discuss prospects for openness and innovation in Asia. The discussions at sub-forums will focus on a variety of aspects, including sustainable development, macro-

economic policy, corporate responsibilities, social and cultural advancement, scientific and technological innovation, promotion of the Belt and Road Initiative and the strengthening of regional cooperation. We hope that the 2018 conference will become a multilateral event of exchanges that will build greater consensus within Asia, let its voice be better heard and boost internal cooperation in the region and collaboration between Asia and the rest of the world.

**How would you evaluate the development of Asia?**

In the past decades, Asia has played an increasingly important role in world economic development and has created "Asian miracles" one after another. It has not only transformed itself following a long period of poverty and underdevelopment, but has also injected energy into the world economy.

However, the 2008 global financial crisis gave a heavy blow to Asia's economy, posing an unprecedented challenge to the economic growth of the continent. On the one hand, the previous development mode could hardly continue, while on the other, a new way of development that fits the new situation has not yet been found. At the same time, a technological revolution led by mobile Internet and artificial intelligence ►►

has been booming and gaining momentum, changing conventional ways of production, living, economic operation and even global governance.

Against such a backdrop, with so many changing factors overlapping, it is impossible for Asia to continue its success in the traditional way. To sustain prosperity in the post-financial crisis period, Asia needs a new round of opening up and innovation. Asian economies need to strengthen bilateral and multilateral cooperation and promote regional and sub-regional trade and investment liberalization. Asia needs to create an environment with a fully open market that is suitable for sustainable economic development.

With a new round of technological innovation, Asia needs to boost innovation in basic scientific research and applied technology. Meanwhile, Asian economies need to adjust development thinking and explore innovative ways of implementing institutional, business-model and structural reforms. In this way, they can deepen structural adjustment while maintaining stable growth; resolve the structural problems that restrict the sustainable development of the continent; and ultimately realize innovative, coordinated, green and open development for everyone.

#### How would you rate Asia's status in global economic development?

The growth of Asia has been higher than the average growth of the world economy in the past decades. Currently, Asia's economic aggregate accounts for more than 33 percent of the world's total, exceeding

North America's 28 percent and Europe's 22 percent. In particular, in the process of globalization, Asia has become the largest market of trade in goods and services and an important source and destination for foreign direct investment, thus making it the region with the most emerging economies since the start of the 21st century.

The rapid development of Asia's economy has benefited from two elements: the openness and innovation of Asia, and the lasting wave of globalization.

While following the trend of globalization and regional integration, Asian economies have become more and more mutually dependent, with trade volume between them far exceeding the total volume between Asia and external economies. The phenomenon is more prominent in East Asia, where before the 1980s, the trade volume between East Asia and North America was much higher than that within the region itself, which is no longer the case. Now, the trade volume within the region has exceeded the region's trade volume with North America and the euro-zone combined.

At the same time, Asian economies have not confined themselves to the region, but have been active in pursuing economic integration with other areas of the world. The increasingly close interdependence among economies in Asia and the closer connection between Asia and the rest of the world show that Asia cannot realize prosperity and development all by itself.

The wider and deeper openness and innovation in Asia are based on the founda-

tion that interdependence within Asia has been unprecedentedly high, which means Asian economies must cooperate in order to realize their common goals. Because of the diversity in the history, culture, religions, politics and economic development levels of Asian economies, Asia does not have a continent-wide organization, which is different from other continents such as the Americas, Africa and Europe. But given the deepening regional economic integration, Asian economies have become close partners, creating a good environment for them to further strengthen regional cooperation through policy and mechanism connectivity.

Although the anti-globalization trend has been on the rise in recent years, globalization is irreversible. Asian economies must further embrace the global tide of opening up and innovation and try to lead the current. Technological advancement, which is the major driving force for the development of productivity, will result in innovation in a wide range of areas including institutions, policies and business models. Such innovation will go beyond the limits of national boundaries and will need to be carried out through coordination and cooperation among different countries and regions. We have reasons to believe that Asia, led by a new round of opening up and innovation, will become the most important source of dynamism for the world's economic prosperity.

#### This year is the fifth anniversary of the Belt and Road Initiative. What kind of role will it play in promoting regional cooperation in Asia?

The Belt and Road Initiative, proposed by Chinese President Xi Jinping, is based on the principle of achieving shared growth through discussion and collaboration. It provides a convenient and wide cooperation platform for opening up and innovation in the new era. It includes not only construction of "hardware" such as infrastructure and industrial parks, but also development of "software" such as institutional arrangements and mechanisms.

The Belt and Road Initiative is aimed at promoting policy coordination, infrastructure connectivity, unimpeded trade, financial integration and mutual understanding among people in countries along and beyond the ancient Silk Road routes. It could be a solution to realizing sustainable prosperity for the entire world economy.

Thus, themes such as the Belt and Road Initiative, openness, innovation and cooperation will become the keywords for many of the activities at the 2018 BFA Annual Conference. **CI**



Zhou Wenzhong, Secretary General of the Boao Forum for Asia (BFA), speaks at a press briefing on the 2018 BFA Annual Conference in Beijing on January 25, 2018





The first Shanghai Cooperation Organization Political Parties Forum is held in Shenzhen, Guangdong Province, on May 26, 2018

# Pearls of Wisdom

Political party dialogue facilitates the exchanges necessary for a cooperative world By Deng Yaqing

**W**ith the aim of further promoting regional peace and development, the First Shanghai Cooperation Organization (SCO) Political Parties Forum was held in Shenzhen, Guangdong Province, on May 26, 2018, marking the establishment of a brand new mechanism.

Under the theme of Pooling Wisdom of Political Parties, Promoting the Shanghai Spirit and Building a Global Community with a Shared Future, the forum was hosted by the International Department of the Central Committee of the Communist Party of China (CPC) and attended by around 200 representatives from more than 30 political parties in 18 SCO member states, observers and dialogue partners.

"As the forerunners and guides of na-

tional development, political parties play a leading role in building a global community with a shared future and making the world a better place. Promoting exchanges between SCO political parties is sure to boost its future development," said Song Tao, Minister of the International Department of the CPC Central Committee, in a keynote speech at the opening ceremony.

According to Song, the CPC is willing to make every effort to advance the construction of an SCO community with a shared future featuring equality, mutual support and solidarity together with other SCO members.

## Learning together

"As a regional organization whose member states account for approximately half of

the world's population, the SCO has become a model for peaceful development and cultural exchange," said Sergey Zheleznyak, Deputy Secretary of the General Council of the United Russia Party, during the forum.

"Political parties are the most active forces in political life. When we get together under the framework of the SCO for dialogue, we can exchange our experience of managing parties and nations, which could open a new chapter in SCO cooperation," Zheleznyak said.

"The forum is productive and pragmatic, and under the framework of SCO cooperation, it is necessary for all political parties to conduct exchanges and promote partnerships in security, economic and cultural development, education, and tourism," ▶▶

said Nariman Umarov, President of the Adolat (Justice) Social Democratic Party of Uzbekistan.

Anirban Ganguly, special representative of the president of the Bharatiya Janata Party of India, noted that the successful conclusion of the forum signifies the efficient partnerships among member countries under the SCO framework, and that endeavors should be made to further exchange experience of governance and promote mutual learning.

"It is the shared desire of all attendees to learn from each other's experience of governance at the party and national level, and bilateral and multilateral relations will inevitably benefit from the sharing of ideas on development and party construction and governance," Ganguly said.

Following the discussion, consensus was reached on maintaining the Shanghai Spirit, striving to build an SCO community with a shared future, strengthening coordination on action plans and promoting the institutionalization of the forum, according to Guo Yezhou, Vice Minister of the International Department of the CPC Central Committee, at a news conference held after the conclu-

sion of the forum.

As the philosophical underpinning of the SCO, the Shanghai Spirit espouses reciprocal trust, mutual benefit, equality, two-way consultation, respect for cultural diversity and the pursuit of common development.

Extremist, separatist and protectionist behaviors are in violation of these principles, and cooperative multilateral initiatives such as the Belt and Road and the Eurasian Economic Union should be further strengthened according to Zheleznyak, who believes the key to pushing forward these initiatives lies in the Shanghai Spirit.

Representatives were in agreement that the Shanghai Spirit is a dynamic set of practical values applicable at any time and in any region, and that it is the source of strength and the foundation of cooperation within the SCO, fundamental for all political parties to build consensus.

## A shared future

Attendees agreed that exchanges between political parties under the framework of the SCO not only facilitate cooperation

and communication, but also contribute wisdom and effective approaches toward the building of a community with a shared future for humanity.

"The SCO has developed into a unique regional organization and an important guarantee for security and stable development in the Eurasian region," said Muratbek Imanaliev, former Secretary General of the SCO.

"Under the SCO framework, guided by the Shanghai Spirit, the platform for dialogue and communication between political parties will press ahead with the establishment of a new type of international relations and propel the building of a community with a shared future for humanity," Imanaliev said.

Representatives noted that the Belt and Road Initiative is the most practical approach to achieving this goal.

"The Belt and Road Initiative has brought about hope and well-being for people in the developing world, and it is the only road which can lead the people of Asia and the world to common prosperity," Pakistani Senator Mushahid Hussein said. **CI**



An aerial view of the China-Maldives Friendship Bridge connecting the islands of Malé and Hulhumalé in the Maldives. The 1.39 km-long bridge, opened in August, 2018, is an important cooperation project between China and the Maldives under the Belt and Road Initiative



# Ties That Bind

An exclusive interview with Uzbek Ambassador to China  
Bakhtiyor Saidov on the development of the SCO



Ambassador Bakhtiyor Saidov

The 18th Shanghai Cooperation Organization (SCO) Summit is set for June 9-10 in Qingdao, east China's Shandong Province. Before the summit, *Beijing Review* conducted an exclusive interview with **Uzbek Ambassador** to China Bakhtiyor Saidov, who shared his views on the development of the SCO and the future prospects for the regional cooperation organization. An edited excerpt of the interview follows:

**Beijing Review: As a founding member of the SCO, how does Uzbekistan see the SCO's development and contribution to regional peace and prosperity over the past 20 years?**

**Bakhtiyor Saidov:** Since its founding almost 20 years ago, the SCO has developed into an authoritative regional organization and an effective and open multilateral cooperation platform. One of the key factors for the success of the organization is that it has adapted to the complicated and continually changing world situation, and has skillfully integrated the overall interests of member states in the fields of both security and economic development.

Since its establishment, the SCO has firmly adhered to the Shanghai Spirit, placing great emphasis on amity and unity among member states and effectively coping with challenges that threaten regional security.

As a founding member of the SCO, Uzbekistan has actively participated in all forms of the organization's activities and has made important contributions to its development. Uzbekistan will further expand trade and investment cooperation with other member states and make efforts to facilitate trade cooperation within the SCO.

We firmly support conduct-

ing open, equal and mutually beneficial cooperative dialogue with all our partners. On the principle of common interests, we are willing to show our sincerity in reaching effective cooperation by making reasonable concessions.

At present, all parties of the SCO are actively preparing for the Qingdao Summit. The action on preventing youth from being influenced by terrorism and other radical ideologies proposed by Uzbek President Shavkat Mirziyoyev during the Astana Summit in 2017 is on the agenda of the upcoming summit. It is set to be approved by the SCO Heads of State Council Meeting this year.

**From the perspective of Uzbekistan, what is the SCO's greatest achievement to date? What does Uzbekistan anticipate for the future of the SCO?**

As I mentioned above, the role and influence of the SCO have been on the rise year after year, both regionally and globally. It has already become an important force that can exert great influence on international relations. The continually increasing number of SCO member states, observer states and dialogue partners all attests to that fact.

Following the existing tradi-

tion, Uzbekistan firmly supports and strictly observes the cooperation principle that conforms to the interests of all member states, helping to continually raise the SCO's profile on the world stage.

As everyone knows, Uzbekistan has strictly followed the targets, missions and principles stipulated in the SCO Charter which are all aimed at safeguarding regional security and stability. Their purpose is also to raise the social and economic development level of member states as well as the international profile of the SCO. What's more, my country attaches particular importance to the principles of non-confrontation, non-blockade and openness of the SCO.

We will continue to strengthen economic and trade cooperation with other member states and carry out a variety of large-scale projects together. This is of great significance under the cooperation framework of the Belt and Road Initiative proposed by China. Thus, the prime task for pragmatic cooperation is to further strengthen economic cooperation with more confidence. Firstly, we should jointly draw up plans and carry out large-scale investment cooperation projects in the fields of transportation infrastructure, hi-tech manufacturing, the service industry and tourism.

What should be stressed is that to safeguard regional development, it is of great importance to establish a multilateral financial mechanism. Thus, in my opinion, it is the right time to establish an SCO development bank.

In expanding regional cooperation, Uzbekistan believes that ►►



A train stops at the entrance to the 19.2-km long Qamchiq Tunnel in Uzbekistan, which is completed on February 27, 2016, as part of the China-Kyrgyzstan-Uzbekistan Railway

it is necessary to jointly develop transportation corridors, which can help connect Central Asian countries with international markets. In this respect, it is important for the SCO to establish an integrated transnational transportation management system among member states. We need to formulate a legal framework, simplify customs procedures, set a unified one-stop transport expense rate and modernize and standardize cargo and passenger security checks.

In addition, SCO member states should pay more attention to cooperation in transportation and communication projects. Tapping into the full potential of the existing trans-border transportation capacity should be a top priority. We believe speeding up the construction of the China-Kyrgyzstan-Uzbekistan Railway is a shortcut for connecting Central Asian member states to international markets.

**In 2017, the SCO welcomed two new members, India and Pakistan. What are your views on the expansion of SCO membership and how will these new members**

#### **shape the future of the organization?**

The SCO is rapidly and steadily becoming one of the most influential organizations worldwide. Against the backdrop of the intensification of regional conflicts, the SCO, which represents the harmonious and peaceful coexistence of about half of the world's population, is of special social value.

The year 2016 was a milestone for the SCO as heads of state made the historic decision to enlarge the organization at the Tashkent Summit by passing related memoranda. As we all know, after the approval of these documents, India and Pakistan formally joined the group in 2017. We believe the addition of India and Pakistan will further promote the development of the organization and garner more attention from the SCO on problems in Central Asia.

#### **In your opinion, how can the Belt and Road Initiative and the SCO's framework for cooperation complement each other?**

Since the moment President Xi Jinping proposed the Belt and Road Initiative in 2013,

Uzbekistan has been showing support for this initiative which aims to promote common development. The initiative has both a clear roadmap and concrete development plans.

What should be pointed out is that the friendly relationship between the Uzbek and Chinese people is closely connected by the ancient Silk Road. This route links China's ancient capital of Xi'an with the Uzbek city of Samarkand, eventually reaching Damascus and Rome, through which goods from different countries were traded worldwide.

We believe the construction of the Belt and Road together with the Uzbekistan-Turkmenistan-Iran-Oman International Transport Corridor is conducive to the building of the shortest and safest transportation route among China, Central Asia and the Middle East. Thus, we hope to resolve the related problems over the construction of the China-Kyrgyzstan-Uzbekistan Railway as soon as possible.

We also believe the advancement of the Belt and Road Initiative will create opportunities for the implementation of effec-

tive domestic transportation and cross-border transportation corridor projects to increase freight volume, expand railway and highway networks, and upgrade aviation and telecommunication cooperation. This will create a good foundation for our region to build a global transnational transportation and logistics center.

During our president's official visit to China in May 2017, the two governments signed a motor carrier transportation agreement. It is not only a concrete step in the implementation of the Belt and Road Initiative, but also provides a good opportunity to achieve the shortest highway transport route between the two countries. In the meantime, it also helps maximize the transport and trade potential within the SCO.

We firmly believe the outcome of the upcoming SCO Qingdao Summit, the first since its expansion, will be of great significance for further strengthening mutually beneficial multilateral cooperation.

I want to take the opportunity to wish the Qingdao Summit great success. **CI**





Kenyans work in a transformer factory in Nairobi invested by China. Chinese investment can help increase employment opportunities for local youth

# Moving in the Same Direction

By Benard Ayieko

The African Union (AU), established in 2001 to replace the defunct Organization of African Unity, which was founded in 1963, was formed to hasten the regional integration process in Africa to enable it to play its rightful role in the global economy. The AU has created an effective forum for its member states to adopt coordinated positions on matters of common concern to the continent in international fora and defend the interests of Africa effectively. It is this unity of purpose that gave birth to the celebrated Agenda 2063—a 50-year continental people-driven plan outlining the “Africa We Want.” Agenda 2063 is a strategic framework for the socioeconomic transformation of Africa.

But what does Agenda 2063 aspire to achieve? Its main objective is to create a prosperous Africa based on inclusive growth and sustainable people-driven development. It also aims to create a continent that is strong, united, resilient and influential—this has opened up Africa to numerous growth opportunities and challeng-

es. World economic powers like China, India, the United States and Japan have upped the ante by hosting African heads of state to various development summits. Japan hosts the Tokyo International Conference on African Development; the United States hosts the U.S.-Africa Business Summit; India hosts the India-Africa Forum; and China hosts the Forum on China–Africa Cooperation (FOCAC). China’s successful cooperation with Africa in economic sphere has brought FOCAC’s role in pushing China-Africa cooperation into sharp focus. Since FOCAC’s inauguration in 2000, the forum has focused on trade, investment and technical cooperation, resulting in multi-sectoral growth of the Sino-African cooperation.

## Continental development blueprint

FOCAC has emerged as an engagement channel of interest for most African nations because of its favorable agenda that ▶▶

resonates well with the development needs of the continent. With the established diplomatic relations between China and 53 African countries, cooperation has been furthered through creation of sub-forums within the framework of FOCAC.

Besides ministerial conferences, FOCAC also holds summits. The Third FOCAC Summit, held in Beijing in September 2018, offered African countries a great opportunity to strengthen cooperation with China aimed at realizing aspirations of the Agenda 2063 in light of the evolving geopolitical dynamics. The implementation of a continental development blueprint was periodic, with the first phase taking 10 years and a focus on flagship projects that include an integrated high-speed railway network, an African virtual and e-university, African commodity strategy, Continental Free Trade Area, Grand Inga Dam in the Democratic Republic of the Congo, continental financial institutions and a single air transport network. These were areas where the Chinese shared valuable lessons and experiences with their African counterparts at the FOCAC Beijing Summit. With a combined population of 2.6 billion people and a GDP of \$16.282 trillion, China and African countries have a solid foundation for heightened cooperation. At the FOCAC Beijing Summit, African countries not only broadened the scope and benefits of Agenda 2063, but also proposed new measures to deal with issues of industrialization, trade imbalance, employment creation for the youth, food security, energy, security, public health and disease prevention.

The benefits of the FOCAC Beijing Summit to Africa cannot be opposed and it will remain pivotal in catapulting Africa to meaningful partnerships to grow their exports not only to China, but also to the other parts of the world. This can be done through tapping the Chinese experience and practices on trade competitiveness. African countries depend heavily on primary products for exports and foreign earnings which have minimal value additions. It's imperative for Africa to learn from the Chinese on the need to process primary products so that they can gain competitiveness in the international markets and earn higher margins. This will expand international markets for African exports that will help reduce trade deficits, and increase balance of payments and foreign exchange earnings.

African countries participating in the FOCAC Beijing Summit discussed with China on how to adopt appropriate modern and affordable Chinese technology that will promote efficiency in the production of goods and services for both domestic and international use. Information and communications technology is an



## 1.5%

The share of tourists from China to Africa from total outbound tourists

## 2.6 billion

The combined population of China and Africa

## \$16.28 trillion

The combined GDP of China and Africa

enabler of growth and development and will be instrumental in creating jobs for the youth.

## Variety of cooperative projects

Most of China's infrastructure projects in Africa are located in urban areas and so the FOCAC Beijing Summit was a good forum to engage China on more infrastructure projects targeting rural areas to reduce rural-urban migration, alleviate poverty and spur rural development.

The FOCAC Beijing Summit was also useful in engaging China on the need to have more Chinese visit Africa as tourists. Despite the growing Sino-African relations, there is disquiet on the current number of visitor arrivals from China. In fact, the share of tourists from China to Africa is a paltry 1.5 percent of the total outbound Chinese tourists, with only Kenya, South Africa, Mauritius, Morocco, Egypt, Namibia, Cape Verde, Botswana, Tunisia and Tanzania emerging as the most competitive tourist destinations for the Chinese.

For the continent to be stronger as a trading bloc, it's important to adopt competitive global currencies away from the traditional reverence of the U.S. dollar, British pound and the euro. The FOCAC Beijing Summit discussed not just the possibility but also the pros and cons of adopting the renminbi as a reserve currency. This will safeguard Africa's currencies from unprecedented local currency volatilities, thus leading to economic stability.

Some have termed the increased Chinese infrastructure loans as a new face of neocolonialism, but Professor Ching Kwan Lee of the University of California argues that China-Africa cooperation has helped Africa stand on its own, rather than making her dependent on China. Lee adds that the more than 10,000 Chinese enterprises operating in Africa have promoted Africa's independence and autonomy rather than the usual dependence commonly associated with colonialism. It's a two-way relationship with mutual benefits. For Africa to move toward a peaceful, prosperous and integrated continent based on inclusive growth and

sustainable development, in line with the Agenda 2063 mission statement, collaboration with China must be given unconditional room to grow beyond expectation. **C**

# An Equal Footing

China's import promotion efforts boost trade cooperation with Europe

By Liu Ting



A staff member from the Voith Group, a German company in the mechanical engineering field, takes a photo with the company's product at the first China International Import Expo in Shanghai on November 7, 2018

Stepping into the Mediterranean Village at the first China International Import Expo (CIIE) in Shanghai, exhibitors—mostly from Corsica, an island located southeast of the French mainland—exclaimed, “Wow, this place looks exactly like a market on Corsica!”

What made them feel at home in the 500-square-meter area was not only Mediterranean-style interior design and decor, but a variety of products such as olive oil, chestnut beer and ham, which are typical to Corsica. Sixteen companies from the island set up exhibition booths, marking their debut in China.

“The pure natural food from Corsica arrived in Shanghai on November 1,” Bertrand Mulot, who represents the Regional Chamber of Commerce and Industry of Corsica, told *Beijing Review*.

At the first CIIE on November 5-10, 2018, more than 800 exhibitor companies from a total of 15 EU member states were in attendance. Since China's launch of reform and opening up, China-Europe trade in goods surged from \$3.14 billion in 1978 to \$616.9 billion in 2017, up nearly 200 fold. China has been the second largest trading partner of the EU for 13 consecutive years. It is also the second largest automobile export market for the EU and the world's largest Airbus market.

It is estimated that in the coming 15 years, China's imported goods and services will exceed \$30 trillion and \$10 trillion, respectively. This will provide a huge opportunity for European companies.

## A trade opening

Located in the center of the Mediterranean Sea, Corsica, the largest island in France, enjoys extraordinary natural conditions. Its latitude, sunshine and soil quality endow the island with a unique variety of products. On their first visit to China, 16 small and medium-sized enterprises brought wine, cookies, beer, meat products and mineral water to the first CIIE.

Pietra is one of the most distinctive Corsican beer brands. Established in 1996, the company is named after a small village. The water it uses to distill its beer is from a valley spring, while the use of ground chestnut in the brewing process makes the beer savory and mellow.

“I hope we can show and market our traditional brewing technique and convey our passion for the product to Chinese customers. The CIIE is the key step into the domestic market,” Dylan Sanchez Santacruz, from the export department of Pietra, told *Beijing Review*.

Also a brand from Corsica, Canistrelli produces traditional cookies with family recipes that have been passed down for generations. Alfred Fenech, the company's founder, said the Chinese market used to be inaccessible to small and medium-sized enterprises like his, but the expo served as a direct, convenient and efficient platform for trade, facilitating face-to-face exchanges with Chinese buyers. ▶▶



"For a long time, our products were restricted to France and other European countries. We now expect new trade partnerships to develop from the expo," said Michel Masson, Marketing Director of Orezza, a mineral water brand.

Orezza's source of water is near a biosphere reserve established by UNESCO, one of the world's purest water sources free of pollution and nitrate.

"Enterprises from Corsica came to China as a group, introducing our regional characteristics and product features together. The expo opened a window for mutual understanding and cultural exchanges between China and the Mediterranean region," Mulot said. Pure natural products from the French island attracted a number of purchasers at the expo, and many reached a primary intent of cooperation.

## Exploring various fields

Many well-known European companies participated in the first CIIE, including Danone, France Power, Lego, L'Oréal, Mercedes-Benz and Schneider. They took the opportunity to showcase their upgraded products and technologies encompassing civil aviation, pharmaceuticals, agricultural products and food, nuclear power, industrial manufacturing and cosmetics to Chinese customers for further development and potential cooperation in the future.

On the second day of the first CIIE, a number of European exhibitors signed purchase contracts or purchase intention agreements with Chinese trading groups and purchasers. On November 6, at the company cooperation forum, the joint venture FAW-Volkswagen and Germany's Volkswagen Group signed a memorandum of cooperation. It is expected that in 2019, FAW-Volkswagen will purchase imported CKD auto parts and whole Audi vehicles from the Volkswagen Group to meet production demand and the requirement for high-quality cars from Chinese consumers.

At L'Oréal's Sharing Beauty With All forum on November 6, 2018, a ceremony was held to officially launch a long-term project to recycle empty bottles in China between Terracycle, an innovative recycling company, and Kieh'l's, a sub-brand of L'Oréal. During the project, recycling bins will be placed at Kieh'l's stores to encourage people to join in protecting the environment.

Laure Lemarquis, L'Oréal China Sustainability Director, spoke about the company's first low-carbon factory in the Asia-Pacific region in Yichang, central China's Hubei Province, at the forum, and introduced ways that L'Oréal can realize a green business with its employees. More eco-friendly materials have been applied in the phase of raw material selection and product packaging, which will be promoted in retail stores, she said.

"Ecological conservation and sustainable development are emphasized in China, and an increasing number of consumers are paying attention to the environmental impact imposed by the products and the concepts of a brand in addition to the product itself. Hence, a series of measures for sustainable development are carried out by L'Oréal China. Through this, we hope to lead a new trend of green living and contribute to building a Beautiful China," Lemarquis told *Beijing Review*.

She said China's e-commerce market is very huge. In June, L'Oréal China signed a letter of intent for green retail with China's e-commerce giant Alibaba, to reduce the environmental influence caused by the delivery process and promote degradable materials for packaging.

Thirty-six Fortune 500 companies and industry leading companies have already confirmed their attendance at the next CIIE in 2019. An enterprise alliance established on November 6, 2018 will serve as a platform for exchanges and cooperation among exhibitors and collect their suggestions for China's economic, trade and business development. **CI**

(Reporting from Shanghai)



Visitors explore the Mediterranean Village area at the first China International Import Expo in Shanghai on November 6, 2018

# From Africa to China

African companies showcase their products at import expo for Chinese consumers By Xia Yuanyuan

Colorful roses from Kenya, fragrant coffee from Ethiopia and succulent oysters from Namibia. These were just some of the eclectic range of products from Africa on display at the first China International Import Expo (CIIE) held in Shanghai on November 5-10, 2018.

Among the more than 3,000 companies from over 130 countries and regions showcasing their products and services at the expo, 200 were from over 40 African countries, including South Africa, Kenya, Ethiopia, Nigeria and Egypt.

African countries were given special treatment at the CIIE. "We support African countries in participating in the CIIE," said Chinese President Xi Jinping at the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) in September, adding that the least developed African countries participating in the 2018 expo would be exempted from paying exhibition stand fees.

"The expo shows China is open for business, and it promotes trade partnerships and helps close trading gaps between China and Africa," said Kenyan President Uhuru Kenyatta who led a delegation of horticultural farmers and traders to China for the event.

## Closer to the market

Elisabeth E. Pali-Tchalla's booth was one of the busiest at the expo, constantly surrounded by crowds of buyers interested in her products. As General Manager of the Togolese Shea company STK, she never imagined her shea butter products could be so popular among Chinese customers.

"Few Chinese customers know about shea butter. We've come just at the right moment. The expo provides us with a platform to let them know what our products are all about," Pali-Tchalla told ▶▶



Skincare products from Ghana are displayed at the China International Import Expo in Shanghai on November 6, 2018



### Beijing Review.

Extracted from the nuts of the karité tree that grow in the Sahel region extending from West to East Africa, Shea butter products can be used cosmetically to block UV radiation, as skin moisturizing cream and to heal minor injuries and scars. It is also traditionally used in food preparation.

Pali-Tchalla said that with the rise in demand for natural and organic products in China, she expected a significant growth of the shea butter market in China.

In Ethiopia, enjoying a cup of coffee with friends is a longstanding tradition. "Ethiopia is the birthplace of coffee. We have high-quality hand-made coffee. The CIIE is the start of Ethiopia coffee investigating entry into the Chinese market," Mirafe Gebriel Marcos, Senior Director of Agricultural Transformation Agency of Ethiopia, told *Beijing Review*.

Thanks to intensified promotional campaigns, more Chinese customers will have the chance to taste Ethiopian coffee for themselves. According to Marcos, Garden of Coffee, a leading coffee company in Ethiopia, has announced a major expansion strategy into China, in partnership with a Chinese trading company. Chinese coffee lovers could expect to see 100 stores of this chain soon.

As a South African integrated energy and chemical company that has been in China since 1992, SASOL is experienced at doing business with Chinese partners.

"To open the Chinese market, it is vital to understand the local market and consumption preferences," Fleetwood Grobier, Executive Vice President of Chemicals Business at SASOL, told *Beijing Review* at the CIIE. "You need to supply customer-focused products designed to meet the ordinary consumer needs in the Chinese market."

Bearing this in mind, SASOL came to the CIIE to source the latest market information in its field and to understand the latest distribution channels to broaden its market.

## Increase in value

Although many African countries such as Nigeria, Ethiopia and Rwanda rank among the fastest growing economies in the world, most African countries have limited processing and manufacturing capabilities, which is exacerbated by a slow industrialization process. Exports are still dominated by raw materials and primary agricultural products.

To improve the added value of African products, Timothée Bamana Baroma Magolemièna, Secretary General of Ministry of Commerce and Private Promotion Sector of Togo, suggested it is necessary to further expand China's investment in Africa, especially in the manufacturing sector, to diversify the continent's economic structure with industrial capacity cooperation and industrialization support programs."

Ghana is the second largest cocoa exporter in the world, behind Cote d'Ivoire. In the country, there are currently some 800,000 cocoa farmers. Each year, cocoa exports bring about \$2 billion in foreign exchange earnings, which is an important source of Ghana's fiscal revenue, according to Edward Boateng, Ambassador of Ghana to China.

However, only 20 percent of Ghana's cocoa beans are processed locally. Most of the cocoa is exported to European and American



A staff member prepares coffee for visitors at the Ethiopian Pavilion at the first China International Import Expo in Shanghai on November 6, 2018

markets in the form of raw material. The added value and economic benefits of the industry are low.

The CIIE offered a good opportunity for Ghanaian cocoa exporters to improve the value of their products. "With the help of the expo, apart from the market, Ghana is also looking to expand its manufacturing capabilities. I hope Ghana's businesses can learn from China's industrialization and industrial upgrading process, and take advantage of new opportunities for improving industrial added value," Edward said.

## Narrowing trade gap

Agak Achuil Lual, Undersecretary of Ministry of Trade, Industry and East African Community Affairs of South Sudan, was optimistic that the CIIE would help balance the trade between China and African countries.

African countries were betting on the CIIE to increase and diversify their exports to the lucrative Chinese market, none more so than South Africa. South African Minister of Trade and Industry, Rob Davies, said, "We look forward to exporting more products to China, especially the ones with high added value, to narrow the trade imbalance between China and Africa."

According to the Chinese Ministry of Commerce, China's exports to Africa reached \$94.7 billion in 2017, up 2.7 percent year on year; its imports from Africa hit \$75.3 billion, up 32.8 percent. China had a trade surplus of \$19.5 billion, down 45.2 percent year on year.

The Chinese Government has made a lot of effort to narrow the bilateral trade gap and began to promote the entry of African products into China by implementing a tariff-free policy in 2005. At the FOCAC Beijing Summit in 2018, China made the decision to allow 33 least developed African countries to benefit from the zero-tariff policy for 97 percent of their products exported to China. This is also helpful for Chinese enterprises to reduce their own costs and expand options for imports. **CI**