

2016 IMPERIAL SPRINGS INTERNATIONAL FORUM

INCLUSIVE, SUSTAINABLE
AND RESILIENT CITIES
IN THE BELT AND ROAD
INITIATIVE

Final Report



从都国际论坛
IMPERIAL SPRINGS
INTERNATIONAL FORUM



澳中友好交流协会
AUSTRALIA CHINA FRIENDSHIP
AND EXCHANGE ASSOCIATION



中国人民对外友好协会
Chinese People's Association for
Friendship with Foreign Countries



WORLD LEADERSHIP ALLIANCE
CLUB DE MADRID







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FOREWORD



Dr Vaira Vike-Freiberga

**President of the World Leadership Alliance –
Club de Madrid and former President of Latvia**

Madame Li Xiaolin

**President of the Chinese People's Association
for Friendship with Foreign Countries**

Dr Chau Chak Wing

**President of the Australia China Friendship
and Exchange Association**

DR VAIRA VIKE-FREIBERGA

President of the [World Leadership Alliance – Club de Madrid](#)
and former President of Latvia



Last May, together with the Australia China Friendship and Exchange Association and the Chinese People's Association for Friendship with Foreign Countries, the World Leadership Alliance–Club de Madrid had the honor of co-organizing the 2016 Imperial Springs International Forum at Imperial Springs in Guangzhou, China. Ten Club de Madrid Members, all of them former Presidents and Prime Ministers from different corners of the world, and over 100 international experts, gathered to consider and share ideas on a crucial aspect of the *Belt and Road Initiative*: how to contribute to more Inclusive, Sustainable and Resilient Cities.

We can safely say this first collaboration between our three institutions has been a resounding success. Three years ago **President Xi Jinping** announced the launch of the *Belt and Road Initiative*. Today, it is clear that the win-win cooperation that inspires this strategy and that it is itself capable of generating will engender opportunities not just for China but also, and we could even say mainly, for a vast number of countries and cities along its route.

During our most interesting and thought-provoking discussions we used inclusive, sustainable and resilient cities as the focus and the goal but this is just one aspect of what

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the *Belt and Road Initiative* can foster. The *Belt and Road Initiative* will also be an important instrument of culture and friendship between China and more than 60 countries. A couple of facts came up during the sessions which illustrate the very broad, potential scope of socio-economic opportunities and benefits this Initiative will be able to spur – in 2007, for the first time in world history, more than 50 % of the world's population lived in cities and that number is expected to increase up to 70% by 2050. Ninety per cent of this increase will be taking place in the developing world. This means that cities will need up to four trillion dollars a year in infrastructure investment, and an extra trillion dollars to make these resilient – nearly five trillion dollars a year to keep up with the astonishingly rapid pace of urbanization over the next couple of decades. It is, indeed, a daunting task.

Cities are of course the development centers for the world of the future, but the equilibrium they need to maintain with the land and agricultural areas around them remains a major concern. When President Xi Jinping talked about the two 'wings' of the *Belt and Road initiative*, land routes and maritime routes of connectivity, he emphasized how important it is not just to have a road that starts in one place and ends in another, but to have a road that links all the points in between and that is more than just a road, it is a concept encompassing cooperation, peace and mutual benefit. In this sense, the establishment of an Alliance of *Belt and Road* cities would offer a platform for better cooperation and understanding. This could be one of the most important outcomes of this Forum in the pursuit of a prosperous future for humankind.

As President of the **World Leadership Alliance – Club de Madrid**, I want to express my sincere

thanks to the world-class experts who have enriched the discussions with their knowledge and understanding of the *B&R* Initiative. We have also been honoured with the participation of very high level representatives from the Chinese Central Government, the province of Guangdong and the city of Guangzhou. Our especial appreciation goes to **Madame Li Xiaolin** as her advice has been critical for the success of the meeting by securing the support of the Chinese officials at such a high rank.

And of course, we are particularly grateful to **Dr Chau Chak Wing** for being the engine behind the collaboration of our three institutions. Dr Chau has a deep understanding of the implications of the *Belt and Road* concept, not just for China or the Asia Pacific Region, but for a new globalized world with a human face. That is one of the many reasons why we are honored and delighted to designate him as Chair of the Asia-Pacific Region World Leadership Alliance-Club de Madrid President's Circle as a way to express our gratitude and recognition of his outstanding contribution not just for the Imperial Springs International Forum but for all our future common endeavours.

World Leadership Alliance – Club de Madrid stands ready to continue the cooperation with the Australia China Friendship and Exchange Association and the Chinese People's Association for Friendship with Foreign Countries and to devote our time, our experience and our ideas, to enrich this collaboration whenever the opportunity arises. We are sure the extraordinary success of this Forum will lead to further possibilities of collaboration that will also help the objective of making the incredible setting of Imperial Springs a place to inspire and foster leadership and positive change. ■

MADAM LI XIAOLIN

President of the [Chinese People's Association for Friendship with Foreign Countries](#)



The Chinese People's Association for Friendship with Foreign Countries (CPAFFC) had the privilege to co-host the 2016 Imperial Springs International Forum, with joint commitments from the World Leadership Alliance – Club de Madrid and the Australia China Friendship and Exchange Association. "Inclusive, Sustainable and Resilient Cities in the Belt and Road Initiative" combined the consideration of the B&R Initiative with city development, opening a pioneering chapter for everyone to think, explore and discover.

Out of the collective wisdom of the three parties concerned and especially ideas from former heads of governments and states, the Imperial Springs Final Statement was launched as the conclusion of the deliberations. Please allow me to reinforce the points of consensus reached, which are green development, poverty alleviation, regional cooperation, connectivity and last but not least, people-to-people exchanges. More significantly, the *B&R Initiative*, featuring win-win cooperation, in line with indispensable respect to the sovereignty and territorial integrity of all countries, as well as to their right to choose social systems and development paths, will surely serve as a concrete and constructive platform to promote the great ideas shared on the Forum.

The Forum was indeed rewarding and educational, making itself an unforgettable part of my memory, especially the conversations and exchange of ideas with Club de Madrid Members. The Forum has deepened our understanding of the *B&R* Initiative in connection with city development as well, which I prefer to convey as follows:

First, with the backdrop of globalization, the *B&R* Initiative, a path featuring win-win cooperation undertaken by China, provides solutions for development issues worldwide. It is a wish for all countries around, including China that the world can grasp the opportunity brought by the *B&R* Initiative to embrace the resurgence of the world economy and common prosperity. Nine out of the 17 sub-goals of the 2030 Sustainable Development Goals of the United Nations can find a similar connotation in the *B&R* Initiative. In this case, we firmly believe the great potential of the *B&R* Initiative will be released and finally prove its applicability and pertinence.

Second, the *B&R* Initiative, developed from the concept of reform and opening up, which plays a decisive role in China's rising, will certainly expand those achievements and integrate them to the stakes of all countries on the international arena. In this sense, we can regard *B&R* Initiative as one more step and a new stage of China's opening up almost 40 years ago. Moreover, China's five thousand year history also showcases the importance

of opening up. Nowadays, globalization is largely threatened by Populism and Protectionism in trade, a battle faced by us all. The *B&R* Initiative provides a way-out in this regard. As President Vaira Vike-Freiberga expressed during the Forum, with varied forms of cooperation the *B&R* Initiative narrowed the gap among those countries and cities concerned, which significantly facilitates mutual understanding and trust.

Third, the *B&R* Initiative represents an important opportunity for the development of cities, economic and cultural centers of humankind. We shall never neglect the fact that more than half of the world population resides in cities and that percentage will keep on rising in the near future. Cities epitomize the world and so do the problems faced by diversified cities. The idea of win-win cooperation within the *B&R* Initiative follows the trend of our times, which will boost social inclusiveness in the spirit of seeking common ground while shelving differences. Therefore, we should bring cities' role into full play, including the channel of sister-city relations, to promote the *B&R* Initiative and enjoy the resulting benefits. Finally, I would like to make a brief presentation of the Chinese People's Association for Friendship with Foreign Countries for individuals and organizations who may wish to establish or further relations with us. We are one of the earliest national people's organizations of the PRC engaged in people-to-people diplomacy. With the

The B&R Initiative, a path featuring win-win cooperation undertaken by China, provides solutions for development issues worldwide

purpose of enhancing people's friendship, furthering international cooperation, safeguarding world peace and promoting common development, and on behalf of the Chinese people, we make friends with foreign countries widely and closely on the international arena. Apart from our work in sister-city relations, a major commitment for us, we work as a member of *United Cities and Local Governments*, participating in international cooperation on behalf of Chinese local governments. Also, as a nongovernmental organization with general consultative status with the U.N. Economic and Social Council, we intensively take part in U.N. Affairs.

Again, on behalf of CPAFFC, I wish to express our appreciation to our partners and all participants for their contributions during the Forum. We sincerely look forward to more opportunities for the exchange of ideas with friends worldwide. ■

DR CHAU CHAK WING

President of the Australia China Friendship and Exchange Association

Foreword



The 2016 Imperial Springs International Forum held at the Imperial Springs Convention Centre in Guangzhou was a resounding success. Focusing on the development of the world's cities against the backdrop of China's 'Belt & Road' Initiative, the discussions at the forum were pragmatic, practical and productive.

A number of cities in the 60 countries and regions touched by the Belt & Road Initiative are world renowned economic and cultural centres. While they each have their own characteristics, these cities are complementary to each other and there is great potential for cooperation. The 2016 Imperial Springs International Forum called on all parties to work together in order to

coordinate regional economic cooperation and to promote local governance cooperation for better city development and better lives for the people.

The forum hosted leaders from the Chinese central government and ministries, Guangdong provincial government, Guangzhou and Shenzhen municipal governments, together with 11 former heads of state and government, many of whose countries are touched by the Belt & Road Initiative, and over 100 experts and scholars from home and abroad. Comprehensive, frank and friendly exchanges took place during the two day forum and a multi-annual agreement was reached with the World Leadership Alliance – Club de Madrid as result of the forum. The forum was widely reported on and received a positive social response.

The Imperial Springs International Forum is increasingly being recognised by international leaders and has received great attention and support from Chinese government leaders. In order to take action based on common understandings generated by the forum, there is plenty of work that remains to be done through joint efforts.

The Imperial Springs International Forum has established a good foundation as a mature platform for international communication. I believe that with such a platform we can further promote high-level, pragmatic international dialogues and exchanges in the future. ■

The 2016 Imperial Springs International Forum called on all parties to work together in order to coordinate regional economic cooperation and to promote local governance cooperation for better city development and better lives for the people.





IMPERIAL SPRINGS FINAL STATEMENT

IMPERIAL SPRINGS FINAL STATEMENT

On 29–30 May 2016, the Australia China Friendship and Exchange Association, the Chinese People's Association for Friendship with Foreign Countries and the World Leadership Alliance – Club de Madrid jointly held the 2016 Imperial Springs Forum at Imperial Springs in Guangzhou, China under the theme *The Belt and Road Initiative: Inclusive, Sustainable and Resilient Cities*.



The *Belt and Road Initiative* (B&R) undertaken by the Chinese government has significant historical and cultural roots. It is certain to bring win-win cooperation and a broad scope of socio-economic opportunities and benefits to a large number of countries and cities across the world, always in line with the indispensable respect to the sovereignty and territorial integrity of all countries, as well as to their right to choose social systems and development paths.

Given the import and potential global impact of the *Belt and Road Initiative* and mindful of the principles of 'negotiation, joint development and sharing', the Australia China Friendship and Exchange Association, the Chinese People's Association for Friendship with Foreign Countries and the World Leadership Alliance/Club de Madrid agree to foster:



1. Protection of ecosystems and the environment and the need to tackle climate change to achieve green development;
2. Poverty alleviation;
3. Regional cooperation in trade and economic growth;
4. The enhancement of and collaboration in the design and implementation of and local governance policies for the better development of inclusive, harmonious and tolerant shared societies;
5. People-to-people exchanges in all fields for greater and improved understanding among all civilizations;
6. Exchanges among cities touched by the *B&R* Initiative, including the establishment of a platform to better facilitate negotiation, communication and cooperation among these cities.

Based on the above, the three parties will actively seek to organize regular high-level, focused Imperial Springs International Fora to address

issues of mutual interest and better serve the local economy.

There is only one earth for humanity to thrive. The *Belt & Road* Initiative covers a string of cities along its way, among them famed cities of great historical importance and mega cities with tremendous potential to evolve into inclusive, central cities. Let us collaborate and make a concerted and forceful effort to champion and advance home cities and a healthy and prosperous future for mankind. ■

Australia China Friendship and Exchange Association

Chinese People's Association for Friendship with Foreign Countries

World Leadership Alliance – Club de Madrid

30th, May 2016
Imperial Springs Convention Center



KEY FINDINGS

**Cities and the Inclusiveness,
Sustainability and Resiliency Challenge
– Perilous Convergence or Opportunity
for Innovation and Efficiency**

B&R, Cities and Agenda 2030

**Cities in the Making: Cooperation
Challenge in The Belt and Road Initiative**

**Infrastructure and Resource
Efficiency Investment in The Belt and
Road Initiative**

Conclusions and Moving Forward

SESSION 1

CITIES AND THE INCLUSIVENESS, SUSTAINABILITY AND RESILIENCY CHALLENGE - PERILOUS CONVERGENCE OR OPPORTUNITY FOR INNOVATION AND EFFICIENCY



OVERVIEW

This session focused on the growing, overarching and simultaneous challenges of inclusiveness, sustainability and resiliency at the local or city level and their import. Do these represent an uncertain and possibly risky convergence or an opportunity for innovation, efficiency and increased wellbeing for all? The principal aim of the session was to identify and share best practices and feasible strategies to advance the development of more efficient, inclusive and sustainable urbanization models and to consider these in the particular context of China's *Belt and Road Initiative*. The magnitude and scope of *B&R* investments and projects, together with the interest the Initiative has generated, can become a major driver for a more inclusive and sustainable future and an instrument for the development of low-carbon, resource efficient and resilient cities with greater capacity to mitigate and adapt to a variety of shocks and stresses, making them powerful agents of change in terms of inclusion and sustainable growth. The session covered policy recommendations and proposals advocating more participatory and inclusive urban planning and design processes which could help make this vision a reality.

KEY CHALLENGES AND OPPORTUNITIES

After years of intense negotiations, the Sustainable Development Goals and Paris Climate Change Agreement were finally adopted in 2015, providing governments worldwide with a concrete long-term path and a set of objectives for growth, within a generally accepted context of inclusiveness, sustainability and resiliency. The path points to growth de-coupled from emissions, resilient to impacts and broadly inclusive, and the objective is sustainable and inclusive growth with climate neutrality – the balance between emissions and the planet's capacity to absorb greenhouse gases – as both an objective and a driver.

Pointing growth in this direction and arriving at that destination will require unprecedented levels of investment and cooperation, between and across

nations, thus enabling the participation and inclusion of all parts. The *Belt and Road Initiative* holds great potential as a catalyst to act and deliver on the benefits of sustainable, resilient growth – green growth – to its partners. More than half of the world's population is now living in cities and this share is expected to continue growing and reach 70% by 2050. Ninety per cent of this growing trend will take place in the developing world, generating enormous opportunities for worldwide growth.

Cities are major contributors to national economies thus playing a significant role in today's globalized world. They consume over two-thirds of the world's energy and create more than 70% of global CO2 emissions. Seventy per cent of cities, particularly urban areas in coastal zones, are already dealing with the impacts of climate change. More than 90% of these are subject to rising seas and intense storms. In this context, climate change poses a serious challenge to cities but cities and investments in cities are also very much a part of the solution.

City action lies at the heart of the fight against climate change with enormous potential in reducing emissions through clean energy investments and greater resource efficiency, as well as in increasing resiliency with investments in the right infrastructure. It is estimated that cities worldwide will need four trillion dollars in infrastructure investment and an extra trillion to make these green and resilient projects for all.

City leaders, closer to the citizen and freer from the constraints of national politics, can be more innovative in responding to short and long-term needs. They are freer to take risks to ensure swift delivery and **resource efficiency** in dealing with local and global challenges such as climate change, but also growing populations, congestion, social inclusion and the integration of migrants – rural-to-urban or from other countries.

For all of these reasons, cities play an essential role in **improving not only national governance but also the global governance architecture**, particularly in terms of sustainable development. This has been amply recognized by the United Nations, as well as



by national governments and civil society, as evidenced in UN **Agenda 2030** and its **Sustainable Development Goals** which provide an important opportunity for aligning targets for sustainable and resilient cities.

City leaders must strike a balance between short-term solutions with immediate impact, and decisions aimed at ensuring the sustainability of cities in the long-term. It is crucial to reflect on previous experiences thoroughly in order to avoid repeating previous mistakes.

Cities, and consequently urbanization policies, will be key elements of the *B&R Initiative*. As the global investment strategy that it is, the *B&R Initiative* will constantly change, expanding and increasing its impact, as well as reflecting new trends in **globalization**. The pressing challenges of inclusiveness, sustainability and resiliency, however, will remain as globalization carries with it the risk (and benefit) of interconnectivity and interdependence, also at the local level, for a disaster in one city has an immediate impact on many others around the globe. **Resiliency** is related to the city's ability to survive any disaster. These include those that develop slowly over the long-term, such as food and energy shortages, pollution and crime, but also natural disasters. Other essential elements for such resilience include good

infrastructure, technology, public services, social cohesion, good governance and strong institutions that allow cities to survive shocks and stresses.

The *B&R Initiative* will allow countries and cities involved to seize, develop, share and effectively use **organizational knowledge** and **collective wisdom** to implement innovative ways of dealing with these challenges. A framework allowing the **sharing of good practices and comparable experiences** among city leaders and local authorities, as is already being done through networks such as ICLEI, C40, and 100 Resilient Cities, could be an interesting undertaking. The Chinese context offers a series of good practices in the field of sustainability: such as the **Sister-City Partnerships** between Guangzhou, Shanghai, or Beijing with other major cities in the world, promoting cooperation in order to increase energy efficiency, meet renewable energy targets, and reduce congestion problems at the local level.

The *B&R Initiative* will also provide a great opportunity to use **new technologies** in the pursuit of inclusiveness, sustainability and resiliency. These can come in the form of alternative sources of energy, ways of organizing transportation systems, transportation systems themselves, smart grids and others.

Proposed lines of action

- Creating **sustainable and environmentally friendly infrastructures** along the *B&R* route in order to build more sustainable, resilient and inclusive cities.
- Meeting **sustainability requirements, digitalization and demographic change** as key contextual factors for the development of cities.
- Greater understanding of the necessary link between urbanization and the demands of cities and citizens. In the long run the **new urban agenda** is necessary in ensuring that cities not only become resource-efficient and low carbon-emitting, but go beyond these goals to positively enhance the ecosystems which provide cities with goods, services and a respectable livelihood.
- Incorporation of **science, technology and innovation** as key drivers of change in the development of cities, particularly allowing investments in infrastructure to integrate digital technologies.
- **Risk-taking and innovation mindset.** City governments must take on bigger risks not only financially but also conceptually. As noted by one of the participants, “You’ll never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete”. As Mayor of Shenzhen Xu Qin mentioned, the city of Shenzhen took many risks about thirty years ago, by investing in infrastructure but also with the idea of becoming one of the top cities in terms of trade, commerce, and globalization. Today, Shenzhen boasts an airport that can hold 40 million people and 10% of China’s Foreign Direct Investment. The city, however, continues to address the challenge of innovation and the creation of an environment conducive to new ideas and further development.
- Innovation not only in technologies but also in different kinds of **collaboration**. Private and public institutions must work together and share in the ‘workload’ to develop faster and better.
- Creating the **B&R City Alliance**, as a platform designed to bring cities together and share good practices and ways to address common challenges and risks. Such a partnership could speed up and deepen inclusive, sustainable and resilient development.
- Developing **mechanisms to strengthen partnerships and collaboration** between a possible future *B&R* City Alliance and existing regional and global city networks.
- City-to-city cooperation offers an economic, cultural, environmental and social benefit that can lead to the promotion of inclusive partnerships of the kind the World Leadership Alliance/Club de Madrid has been promoting through its Shared Societies Project. The new OCDE network of cities focusing on inclusive growth policies is a good example of this positive dynamic. ■

SESSION 2

THE BELT AND ROAD, CITIES AND AGENDA 2030

Key Findings



OVERVIEW

On September 2015, after a long process of negotiations, the United Nations adopted a new sustainable development agenda, a set of goals which aim to end poverty, protect the planet and ensure prosperity for all. This new Agenda 2030, the commitments included in the Paris Climate Agreements and the agreements reached in the Addis Ababa Conference on Financing for Development constitute the current framework for the

advancement of sustainable development and curbing climate change. They lay out a vision with goals and targets, which have been accepted by the global community, thus providing a unique opportunity to move towards a more just, more inclusive and a more sustainable world.

Session 2 focused on the links between the *Belt and Road* Initiative, cities, and Agenda 2030, particularly in the ways in which this relationship could help address the challenges and support the effective implementation of the Agenda. Partnership potentials at the city level along the Belt and the Road route were discussed in the context of the Agenda 2030, as well as how the *B&R* can support the shift in paradigm underlying Agenda 2030, and vice versa, i.e., how Agenda 2030 goals and targets can contribute to the development of *B&R* projects and partnerships. Participants highlighted synergies between these two main frameworks for sustainable development and discussed the role of cities, national governments, and the private sector in the implementation of both agendas.

KEY CHALLENGES AND OPPORTUNITIES

2016 is critical to the implementation of the **2030 Agenda for Sustainable Development**, the outcomes of the **Paris Agreements** and those resulting from UN **HABITAT III** which will seek to enthuse world leaders and reinvigorate global commitment to a New Urban Agenda, capable of integrating all facets of sustainable development to promote equity, welfare and shared prosperity.

China, the world's second largest economy, has a prominent role in supporting the implementation of the Sustainable Development Goals (SDGs) of the 2030 Agenda. In its efforts to promote its own development strategy, China has signed *B&R* cooperation agreements with 34 countries and international organizations.

China's G20 presidency priorities highlight the need to move "towards an innovative, invigorated, interconnected and inclusive world economy". G20 leaders should seize the **historical opportunity and momentum** to effectively and collectively boost the world economy with robust, sustainable and balanced growth, and move forward with the implementation of the Agenda 2030 and the Sustainable Development Goals, which includes the fight against global warming and environmental degradation.

Over 60 countries along the *B&R* route make up 60% of the world's population and a collective GDP equivalent to 33% of the world's wealth. These states are expected to work together to explore mutually beneficial cooperation, advance innovation, integrate development strategies, and promote sustainable development.





G20 leaders should seize the historical opportunity to boost the world economy with robust, sustainable and balanced growth

Such objectives are perfectly in line with the 17 SDGs of the Agenda 2030.

It was noted that China and other parties involved will have to deal with the fact that the *B&R* will actually be developed in many disaster-prone regions. This will pose important risks. According to the World Economic Forum's *Global Risks Report 2016*, the **biggest global risk** in terms of potential damage is a failure to mitigate and adapt to climate change. However, "the risk most likely to materialize is large-scale involuntary migration, followed by extreme weather events, failure of climate change mitigation and adaptation, interstate conflict with regional consequences and major natural

catastrophes". These **global threats** demand great attention when promoting and carrying out the *Belt and Road* initiative.

Cities have become the main **driving force** for an innovative, interconnected and inclusive global economy as well as vital **platforms** to translate the idea of the *B&R* strategy into reality. When formulating the development strategy of **inclusive, sustainable and resilient cities** along the line of the *B&R* strategy, it will be essential to consider new processes for delivering effective urban management. City leaders will need to integrate new **sustainability approaches, knowledge management and communications strategies** in order to enhance management and decision-making effectiveness.

China is facing the challenge of establishing a **coherent and effective governance architecture** involving all potential partners in the *B&R* Initiative. This will be crucial in maximizing the full potential of the *B&R*, and bringing development and economic prosperity to as many countries and people as possible.



Proposed lines of action

- In the 2030 Agenda, while prosperity is rooted in the spirit as well as the principle of self-reliance, it is widely recognized that its sustainability will have to be **driven by effective multi-stakeholder partnerships** – including governments, communities, NGOs, private sector and the general public – which reflects a clear area of necessary **collaboration and synergies** with the B&R initiative.
- The B&R should strengthen the **role of developing countries and of South-South Cooperation** in fostering investments and bringing lasting, inclusive and sustainable economic growth from the national to the local levels.
- Innovative and refined tools to complement existing policy making methodologies are required to deliver on a bold and transformative sustainable development agenda. Using **big data and advancing technological capabilities** will be critical in moving towards more horizontal and participatory processes. In this sense, the **use of communications, social media and access and exchange of information** between cities will open up important opportunities in the framework of the B&R Initiative.
- Strengthening **public communication efforts** by Chinese authorities, as the main promoters of the Initiative, will be needed to overcome misconceptions about the B&R, and China's open and inclusive cooperation. Failure to make this distinction will have a harmful effect: investment projects objectives will not be achieved and may turn other countries against the initiative.
- Closer examination of **spheres of cooperation and interconnection** along the five routes. This would strengthen **intercontinental cooperation, market integration** and would also narrow the gaps and promote a more **inclusive globalization**.
- Concurrence between **Agenda 2030 SDGs and the African Union's Agenda 2063** in terms of shared desire, shared prosperity and wellbeing, unity and integration of communities, with special focus on integration of youth, women and children needs to be factored into all collaboration schemes.
- While implementing the B&R initiative it will be important to take the **mechanism of international seminars and conferences** into account as a means of promoting the opportunities and benefits that the Initiative can bring and of mitigating its potential negative effects. Cities along the B&R route can provide the logistical support to launch and coordinate such mechanisms as engines of the initiative.
- The outcomes of the World Leadership Alliance – Club de Madrid *Working Group on Shared Societies and Environmental Sustainability* can be integrated into these discussions as a means of bringing good practices and innovative solutions to address the above mentioned inter-related and multi-dimensional challenges. ■

BREAKOUT SESSION A

CITIES IN THE MAKING: COOPERATION CHALLENGE IN THE BELT AND ROAD INITIATIVE

OVERVIEW

This session brought together different city models and examples, presented by the local authorities and their respective experts. Panelists and speakers discussed innovative projects/good practices and their value to the respective cities in terms of inclusiveness, sustainability and resilience. The projects presented were developed or being developed in the fields of transport infrastructure, communications, energy, water, sanitation and clearly evidenced the value of information sharing between globally connected networks of cities. Private sector representatives addressed the opportunities and challenges for investment while international city networks' representatives highlighted the important role of local governance for sustainable and resilient cities and the capacity to maximize synergies across city networks.



KEY CHALLENGES AND OPPORTUNITIES

One of the major challenges addressed in this session concerned **global migration**. Rapid population growth together with rural-urban and international migration is presenting growing pressure on infrastructure, the environment and the social fabric of cities. In developing countries, robust economic growth results in a rapid and in most cases unforeseen migration



from the countryside into cities and settlements. Solutions should be framed by an international plan for cities and states, supported by relevant data collection and decisions based on hard evidence rather than intuition. Urban-rural migration, however, can also bring opportunities. Urbanization evidently brings benefits, as it is difficult to find sustained economic growth without it. Cities can also turn the diversity brought by migration into a social and cultural advantage.

Another major challenge identified was the **achievement of resource- and energy-efficient cities** and the creation of sustainable and resilient cities along the *B&R route*. In a world of finite resources, the challenge lies in finding mechanisms for delivering greater value and more services with fewer inputs and preventing the fragmentation of resources.

This relates to the development of a **concept of a city**, conceiving a city as a project, a citizen's project: a medium and long-term shared vision based on **city agreements** between relevant stakeholders.

Cities are also increasingly encountering the challenges of sustainability and environment. While there is an opportunity to learn from past mistakes and move forward avoiding these, new endeavors must factor them in at the planning stage. In the particular case of the *B&R Initiative*, there are a number of lessons to be learned from the Silk Road Fund, due to the close relationship between both Initiatives. The use of a platform, such as a **B&R City Alliance** (proposed by Club de Madrid), could be useful in sharing good practices between cities and at different levels.

Proposed lines of action

Take into account the concept **'home' cities**, which are human, attractive, and unified. This unity can be attained through jubilant (art, culture, education), concrete (economic) and random (political) means with special attention paid to the fact that these cities will all be under the impact and influence of globalization, technology, and climate change.

- **Culture**, art, spirit, and high quality education are fundamental to transform a city into a 'home' city. Culture is the software of human beings, the power behind the evolution of mental skills. We need to improve market forces in the **economy** and make them work in favor of the improved quality of life. Quality of life is not and should not be a consumer good. Quality of life encompasses solidarity, love, and bonding – all elements that are not and should not be controlled by the market. This being said, however, all of these elements are related and influenced by market. Urban development and city planning could better relate and connect quality of life and market forces, in spite of inequality, and other negative elements in reality of city life.
- When the **government** is problematic, something can always be done to improve the relationship with the citizens and its capacity to deliver. In Ancient Greece, the *agora* was a place where citizens came to talk, share and reason together and where they found agreement for the common good. When the government is problematic it is not being efficient, effective and simple for citizens to engage.

Until now, green infrastructure has been costly with minimal return on investment thus creating little interest among investors. Incentives should be **long-term** for returns to be worthwhile. Furthermore, the strategies taken through the *B&R* Initiative regarding sustainability and the environment should be inclusive and not limited to trade and cooperation.

Integration of local economies into the world economy, through tourism, commerce, trade, education, and a multiethnic community should be an objective for the global element should be the basis of cities.

A **city model for the Belt and Road initiative** should encourage transition and change towards **sustainable identities**. Cities may share the challenges, the struggles and the solutions but every city's project should aim at creating its unique identity. The Sustainable Wuhan Project (SWP) in central China, for example, aims to promote environmentally sustainable development by enhancing the efficient use and re-use of environmental resources and by reducing environmental degradation. In this way, Wuhan is seeking to represent a model city for sustainable development in China.

Elaborating a **long-term city project** involves investment in green infrastructure, including airports as well as ports for trade and tourism. An example of this is Barcelona, which focused its development in making itself more accessible and attractive to tourists.

To better develop future cities, it is important to determine what is attractive, avoid fragmentation of resources, and consolidate resources to better utilize them. All of this will be crucial to the *Belt and Road Initiative* and one of the reasons the initiatives synergetic interaction with cities can be both efficient and effective.

Given the continued breadth and depth of **globalization**, the future of China and of other nations and cities must be planned and carried out with an international scope. Every city must play an active role, and this can be achieved through two proposed models:

- Proactively developing and cultivating proximity as, for example, with Euro-Asia conferences or Sino-Arabic nation exhibitions.
- In a more demand oriented model, like that of Hui (small city), which has no major natural resources of its own and must follow demand.

City models could be identified and presented for the *B&R City Alliance* to use as inspiration. One of these could be Uah, a city established in the 1950's with a strong connection to the coal mining industry. By 1990 the city started suffering the negative effects of this economic model and the basis of its identity and turned to developing calligraphy as their new identity. Whatever the reference, cities must aim to be people centered, addressing the needs of citizens, especially their spiritual needs. ■



BREAKOUT SESSION B

INFRASTRUCTURE AND RESOURCE EFFICIENCY INVESTMENT IN THE BELT AND ROAD INITIATIVE

OVERVIEW

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This breakout session aimed at discussing the different types of investments for infrastructure development and resource efficiency within the *Belt and Road* initiative from a local governance perspective, looking especially at the different financial/ investment instruments that have been established to foster and bolster the initiative. Participants discussed the importance of institutional capacity in planning and managing such infrastructure projects

in concerned countries while ensuring financial and environmental sustainability.

KEY CHALLENGES AND OPPORTUNITIES

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The *Belt and Road* initiative offers a unique framework to **improve connectivity** as a means of promoting mutually beneficial economic exchange **both globally and regionally** by creating a road between China and Europe through Central Asia and through maritime links to South East Asia and South Asia and then to the Middle East and Europe.

There is increasingly relevant financial architecture put in place under the *B&R* framework but it still lacks an **integrated strategic thinking** mechanism able to effectively roll out infrastructure across these areas in a sustainable manner.

Funding – Accounting – Currency and Trade (F.A.C.T.) were raised as **four critical points** to look at in regards to infrastructure and the *Belt and Road* Initiative's institutional configuration in the long-term:

- **The F of funding.** The Asian Infrastructure Investment Bank (AIIB) and other financial institutions under the *B&R* umbrella need to ensure mechanisms and voting structures that allow for a better representation of developing countries. The objective is to avoid replicating some of the errors and mistakes made in setting up similar financial institutions, such as the World Bank and other regional financial institutions, in the past, assigning the shareholding vote ¹, for example.
 - **The A of the accounting.** While revising the method of accounting for investments, in fiscal accounts, it is important to take into consideration the European Accounting Model, in contrast to the one used in Latin America and Africa. This way, if you are investing, you are increasing assets, not spending. This will easily allow governments to fund infrastructure projects regardless of government expenditures in education, social care, etc.
 - **The C of the currency.** There is an important benefit in agreeing on currency exchange arrangements that avoid unfortunate measures such as printing money or raising interest rates for purely domestic reasons. In addition, the convertibility of currency is very important as economies can obtain substantial discounts on the cost, simply because the costs of manufacturer are in the local currency ².
 - **The T for the trade arrangements.** The idea of developing a *Belt and Road* integration strategy led by China in order to have trade arrangements that increase developing countries' trading opportunities.
- Ensuring sustainable development.** Achieving *B&R* goals requires the promotion of sustainable development that will ultimately reduce poverty. Existing sovereign wealth funds, such as the Silk Fund in China, the Eurasian Development Bank (EDB), and the AIIB, together with a variety of development banks are expected to create particular opportunities for specific categories of investment by the commercial banks and the private sector. In this context, sustainability will ultimately depend on the way in which these emerging financial mechanisms are used and their potential to support developing economies to overcome the commodities dependence cycles.
- Leadership and the concept of independence.** There are high expectations over President Xi's promises in regards to AIIB structure beyond the Breton Woods system, voting power and the concept of independence. The WLA-Club de Madrid reiterated its commitment to continue promoting and accompanying conversations with the right people at the right time over the *Belt and Road* initiative. Its success requires informed decisions and the WLA-Club de Madrid can help the very important and promising *B&R* framework accomplish this.





In 2013–14, China put in place new legislation and set of policies aimed at promoting **public-private partnerships (PPP)**. PPP has proved to be a successful instrument in the delivery of various types of public infrastructure projects, particularly those that handle a large volume of transactions.

The *B&R* will work better if it is capable of integrating highly experienced, international players who can help secure an effective and sustainable **collaborative approach** in the initiative. It is also important to identify preferred suppliers and companies, committed to the *B&R* ethos, and thus strengthen **collective ownership of the process**. Some additional points for consideration in building successful PPPs were highlighted:

- **Equity in partnerships** and the capacity that needs to be built in the countries that are going to be collaborating, including the private and public sector.
- **Coordination mechanisms and integrative analysis** must be set up

across the different countries in order to increase project efficiency and share the risks and responsibilities involved in the partnership.

- A specific mechanism must be designed and implemented to overcome differences related to debt and financial capacity, risk management and national legislations. Developing standard forms and validated assessment criteria, dispute resolution mechanisms and long-term engagement partnerships instead of short-term investments is also desirable.
- In the coming 5 years, it is expected that additional PPP projects on sewage disposal facilities, garbage disposal and treatment will be funded in China. Considering governmental and affiliated banks support to PPP projects, there is a great momentum for rapid development of PPP. In Guangdong, for instance, that is one of the top priorities for funding development in the coming 5 years.



Proposed lines of action

- A **plurilateral approach** involving institutions such as the Asian Development Bank or the New Development Bank, and particularly the AIIB, can play a very productive role.
- **Effective collaboration and interdependence** within the *Belt and Road* framework as an energizing element in terms of its capacity to efficiently boost infrastructure development.
- From a developing country perspective, the *Belt and Road* can be seen as a potential **comprehensive development strategy** led by a country that understands the challenges that developing countries face. Therefore, *B&R* offers an **alternative framework**, set of institutions and norms that govern these set of agreements needed to foster connectivity and beneficial economic exchange as well as a long-term development strategy.
- Looking at **North–South connections** requires a development agenda for integrating developing countries. This agenda will inevitably go from connectivity and logistical improvements towards social and economic inclusion and sustainable development.
- Concept of building **developmental and smart corridors** (railroad, roads, gas pipelines). Regional integration as a priority for Africa could be a potential **area of collaboration** between Africa's own regional initiatives – such as the North–South Corridor, and the *Belt and Road* Initiative. As an illustration of this, the port of Durban in South Africa – part of the *Belt and Road* coverage – certainly represents an opportunity for the development of **green infrastructure**. ■

1 Andean Development Corporation – Development Bank of Latin America was presented as a good practice in terms of veto management decisions.

2 For instance, Australia's decision of having Chinese Renminbi (RMB) settlements facilities available in the country.

THE BELT AND



ROAD INITIATIVE

Source: Xinhua



CONCLUSIONS AND MOVING FORWARD



By 2050, almost 70% of the world's population will live in urban areas. Cities have become the hubs of global innovation, culture and economy, and are increasingly suffering from the environmental, social and even political impacts of rapid growth and globalization. The 2016 Imperial Springs International Forum served as a catalyst to inspire and trigger the identification of positive synergies and possibilities of cooperation among cities along the *Belt and Road* route in areas such as innovative and sustainable urban development, acknowledging the unique role of cities as global drivers and their transformative potential to lead change towards social and economic inclusion and sustainable growth models.



China's major current foreign policy and economic strategy, the *Belt and Road (B&R)* Initiative, seeks to deepen the economic, institutional and cultural connectivity of China with the world through the development of a broad framework of investment and cooperation aimed at building up and linking roads, ports, industrial corridors, and many different countries and cities along the route – over land through Central Asia into Europe and over oceans and seas, through India and into Africa. Countries – and cities – along the *B&R* route have significant resource advantages and mutually complementary economies, thus providing a space with enormous potential for cooperation on policy coordination to facilitate connectivity, trade, financial integration, and people-to-people bonds.

Cities play an essential role in improving not only national governance but also the global governance architecture, for example, in climate governance, sustainable development and citizen's participation. There is a pressing need to renew local democracy, increase accountability, practice sustainable regimes and strengthen participatory governance across the world. Hence, special attention must be given to the needs of developing nations and emerging economies, especially in the least developed and more environmentally vulnerable regions as they face greater and often extreme challenges in achieving wellbeing and prosperity.



B&R, AN ECONOMIC AND SOCIAL DEVELOPMENT PATH

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Further consideration of delivering on a bold and transformative development agenda is the use of innovative tools, including big data and advancing technological capabilities to complement and improve existing policies and practices. In this sense, the use of increasingly accessible communications tools, social media, access and exchange of information between cities will open up important opportunities in the framework of the *B&R Initiative*.

China's 13th five-year plan, will guide the country's economic and social

development path from 2016 until 2020, detailing targets and measures to address sustainability challenges—including climate change, ambient air pollution, the degradation of urban water, urbanization, transportation and more. It clearly points to the intensification of efforts to move towards a more sustainable growth model at home and a commitment to support more sustainable development worldwide.

Given China's growing influence in the world economic and political order, the country's major current foreign policy and economic strategy, the *Belt and Road (B&R) Initiative* will, naturally, have a bearing in the growth and development of the countries

City-to-city cooperation schemes offer an economic, social, environmental and cultural benefit that is crucial to the promotion of inclusive policies

and cities it touches. Partnership between cities in China and other parts of the world during recent years have not only been the source and engine of broader cooperation and a wider range of activities but an example of the benefits of acting collectively at the local level. These local relationships have brought together a broad range of local and sub-national stakeholders who have become engines of engagement and mutual understanding. City-to-city cooperation schemes offer an economic, social, environmental and cultural benefit that is crucial to the promotion of inclusive policies. The new OCDE network of cities focusing on inclusive growth policies is but one example of the traction that positive dynamics are gaining, being promoted as effective agents of change and progress for citizens across the globe.

Collective and multilateral urban resilience efforts are very much in line with the 2030 Agenda for Sustainable Development and the Paris Climate Change Agreements. The *Belt and Road Initiative* thus provides a singular framework of cooperation that encompasses extraordinary opportunities for aligning objectives and targets for sustainable, inclusive and resilient cities, allowing us to rethink city-models and local policies that can more effectively integrate elements such as green infrastructure, inclusiveness, people-centered approaches and mutual learning, benefits and growth.

THE BELT AND ROAD CITY ALLIANCE

With that in mind, the proposal of a *Belt and Road City Alliance*, one of the main outcomes of the Imperial Springs International Forum, would

aim to serve as a vehicle for sharing knowledge, coordinate efforts and improve cooperation to advance economic growth and sustainable development in the numerous cities that will, over the next years, be directly touched and thus influenced by the *B&R Initiative*. As a follow-up to these debates, the main ideas shared, recommendations and proposals to strengthen partnerships and collaboration between *B&R* cities through existing regional and global city networks as well as the proposed *B&R City Alliance* will be broadly disseminated as a means of ensuring successful and powerful alliances, building upon the input and insights of direct stakeholders in over 60 countries and hundreds of cities – covering 60 percent of the world's population – touched by the *B&R Initiative*.

The *B&R Initiative* has the potential to provide a growth impetus for sustainable economic



Numerous challenges and opportunities lies ahead, such as developing local resilience or the need for stronger and more inclusive governance

—



development in many parts of the world and offers its partners a myriad of opportunities for mutual gain. Fostering sustained, inclusive and sustainable economic growth through cooperative and developmental efforts in the framework of the *B&R* Initiative, will inevitably find itself immersed in a glaring reality – in a local, closer context, economic growth can more readily achieve and foster inclusion for ALL. This will clearly demand political will, serious effort and focus, something cities and countries along the *Belt and Road* route must be aware of so they can proactively and constructively seize the occasion.

The *Belt and Road* Initiative provides a singular opportunity for China to demonstrate global leadership. In collaboration with public and private counterparts, China will be in a unique position, conducive, not only, to the adoption of inclusive and transparent procedures that would allow citizens in China to openly and effectively contribute to developments but also to the sharing of innovative procedures and inclusive governance mechanisms that could effectively reduce possible uncertainty and skepticism around the *Belt and Road* Initiative abroad.

Numerous challenges and opportunities lie ahead – developing local resilience efforts in the face of climate change challenges; the need for stronger and more inclusive governance structures across the world; the importance of leveraging resources to support the implementation of the Agenda 2030 across the world; meeting the targets of the Paris Climate Agreements and the New Urban Agenda.

WIN-WIN COOPERATION

Against this background, the Imperial Springs International Forum has aimed to serve as a robust platform for the exchange of collaborative agendas and of ways of improving existing and developing new mechanisms for meeting citizens' aspirations for peace, prosperity, and wellbeing, and the preservation of the globe, starting off from a major Chinese initiative, perhaps the most important one undertaken by the country at this time. Making



cities not only smarter but more sustainable can only be achieved through win-win cooperation and close collaboration among relevant stakeholders. The World Leadership Alliance-Club de Madrid, Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the Australia and China Friendship Association (ACFEA) will continue partnering with governments, inter-governmental organizations, civil society, scholars and the business world, building bridges to facilitate engagement with current leaders and policy makers and encouraging dialogue to foster social and political change through multi-stakeholder and win-win cooperation. ■

**2016 IMPERIAL SPRINGS
INTERNATIONAL FORUM
INCLUSIVE, SUSTAINABLE AND RESILIENT
CITIES IN THE BELT AND ROAD INITIATIVE**

29-30 MAY 2016

PROGRAM

SUNDAY, 29TH MAY

THE INAUGURAL SESSION

10:30–10:35

Facilitator:

Xie Yuan,

Vice-President of the Chinese People's Association for Friendship with Foreign Countries

REMARKS

10:35–11:00

Zhang Baowen, Vice-Chairman of the Standing Committee of the 12th National People's Congress, Chairman of the Central Committee of the China Democratic League, Vice-Chairman of China Council for the Promotion of Peaceful National Reunification

Li Xiaolin, President of the Chinese People's Association for Friendship with Foreign Countries
Chau Chak Wing, President of the Australia China Friendship and Exchange Association
 Chairman, Kingold Group

Vaira Vike-Freiberga, Former President of Latvia and Current President of World Leadership Alliance – Club de Madrid
Hu Chunhua, Member of the Political Bureau of the CPC Central Committee, Secretary of the CPC Provincial Committee of Guangdong

SPEECH

11:00–11:50

B&R, World and Agenda 2030

Speakers:

John Howard, Former Prime Minister of Australia

Dame Jenny Shipley, Former Prime

Minister of New Zealand and former Vice President of World Leadership Alliance – Club de Madrid

Olusegun Obasanjo, Former President of Nigeria and Member of

World Leadership Alliance – Club de Madrid

Montek Singh Ahluwalia, Former Deputy Chairman, Planning Commission India

SESSION 1

14:30–15:45

Cities and the Inclusiveness, Sustainability and Resiliency Challenge – Perilous Convergence or Opportunity for Innovation and Efficiency

Video from Christiana Figueres, Executive Secretary of United Nations Framework Convention on Climate Change

Facilitator:

Michael Berkowitz, President of 100

Resilient Cities at The Rockefeller Foundation

Speakers:

Esko Aho, Former Prime Minister of Finland and Member of the World Leadership Alliance – Club de Madrid

He Yafei, Former Vice Minister of the Overseas, Chinese Affairs Office of the State Council of PRC
Xu Qin, Mayor of Shenzhen

Feng Jun, Vice-Chairman and Secretary of China Real Estate

Association, Former Chief Economist of Ministry of Housing and Urban-Rural Development of PRC]

Andrés Pastrana, Former President of Colombia and Member of the World Leadership Alliance – Club de Madrid

David Morris, Trade Commissioner, Beijing Pacific Islands Trade & Invest
Carl Dahlman, Head of Thematic Division, OECD Development Center

16:00-17:15

SESSION 2

B&R, Cities and Agenda 2030

Facilitator:

Yang Jiemian, Director of the Shanghai Institute for International Studies

Speakers:

Han Seung-soo, Former Prime Minister of the Republic of

Korea and Member of the World Leadership Alliance-Club de Madrid

Guo Keshu, Director of Center of Economic Research, Chinese Academy of Social Sciences, China

Benjamin Mkapa, Former President of Tanzania and Member of the World Leadership Alliance-Club de Madrid

Jing Men, Director, EU-China Research Center

George Papandreou, Former Prime Minister of Greece and Member of the World Leadership Alliance-Club de Madrid

Wang Wen, Executive Dean, Chongyang Institute for Financial Studies, Renmin University of China (RDCY)

Program



MONDAY, 30TH MAY

BREAKOUT SESSION A

09:30–11:00

Cities in the Making: Cooperation Challenge in The Belt and Road Initiative

Facilitator:

Zhu Feng, Dean of the Institute of International Relations at Nanjing University, Distinguished Professor at

Nanjing University

Speakers:

Jordi Hereu, President of IdenCity Consulting and Former Mayor of Barcelona, Spain

Zhao Lei, Professor, The Institute for International Strategic Studies

of the Central Party School of the Communist Party of China

Petre Roman, Former Prime Minister of Romania and Member of World Leadership Alliance – Club de Madrid

Alex Zhang, Executive Director, Eco Forum Global, Deputy Secretary General, Eco Foundation Global

BREAKOUT SESSION B

09:30–11:00

Infrastructure and Resource Efficiency Investment in The Belt and Road Initiative

Facilitator:

Isher Ahluwalia, Chairperson, the Indian Council for Research on International Economic Relations (ICRIER)

Speakers:

Jorge Quiroga, Former President of Bolivia and Vice President of World Leadership Alliance – Club de Madrid

Jenny Shipley, Former Prime Minister of New Zealand, former Vice President and current Member of the Board of the World Leadership Alliance and Club de Madrid

Jim Harrowell, President of the Australia China Business Council

(NSW)/ Hunt & Hunt Partner

Adrian Peters, Vice President of the Engineering Council of South Africa (ECSA)

Chen Weixiong, Deputy Director of the Center for Municipal Engineering, Architectural Design and Research Institute of Guangdong Province

Joshua Yau, Principal with PwC Strategy & China, Lead for Belt and Road Initiative

FINAL SESSION

11:15–12:15

Facilitator:

Xie Yuan, Vice-President of the Chinese People's Association for Friendship with Foreign Countries

Speakers:

He Yafei, Former Vice Minister of the Overseas Chinese Affairs Office of the State Council of PRC

Michael Berkowitz, President of 100 Resilient Cities at The Rockefeller Foundation

Yang Jiemian, Director of the Shanghai Institute for International Studies

Zhu Feng, Dean of the Institute of International Relations at Nanjing University, Distinguished Professor at

Nanjing University

Isher Ahluwalia, Chairperson, the Indian Council for Research on International Economic Relations (ICRIER)

Jonathan Pollack, Senior Fellow, John L. Thornton China Center, Brookings Institution

CLOSING SESSION

Chau Chak Wing, President of the Australia China Friendship and Exchange Association. Chairman, Kingold Group

Vaira Vike-Freiberga, Former President of Latvia and Current President of World Leadership Alliance – Club de Madrid

Li Xiaolin, President of the Chinese People's Association for Friendship with Foreign Countries

LIST OF PARTICIPANTS

CHINESE PARTICIPANTS

–

Caiying, – Deputy Head of Housing and Urban-rural development bureau of Guangdong Province, China

Chau Chak Wing, President, Australia China Friendship and Exchange Association

Chen Weixiong, Deputy Director of the Center for Municipal Engineering, Architectural Design and Research Institute of Guangdong Province

Hu Chunhua, Member of the Political Bureau of the CPC Central Committee,

Secretary of the CPC Provincial Committee of Guangdong

Guo Kesha – Director of Centre of Economic Research, Chinese Academy of Social Sciences, China

Feng Jun – Vice President with Real Estate Association, former chief economist with Housing and Urban-rural Development Ministry, China

Jiang Lixiao – Head of Shanghai Institute for international Studies, China

Jim Harrowel – Chair, Australia-China Business Council

Jin Canrong – Professor/ deputy dean with school of International studies, Renmin University of China

Jing Men – Director, EU-China Research Centre

Yang Jiemian – Director of S Shanghai Institute for international Studies

Joshua Yau, Principal with PwC Strategy & China, Lead for Belt and Road Initiative.

Yuan Chen – Director Assistant/Senior Program Officer, School of Environment, Tsinghua University

Wang Yiwei – Head of School of International Affairs, Renmin University of China

Wang Wen, Executive Dean, Chongyang Institute for Financial Studies, Renmin University of China

Shan Wijelal Silva – Chief Minister, Southern Province – Sri Lanka

Li Xiaolin, President, Chinese People's Association for Friendship with Foreign Countries

Pengfei Xie, Deputy Regional Director for East Asia, C40 Cities Climate Leadership Group

Xie Yuan, Vice-President of the Chinese People's Association for Friendship with Foreign Countries

Xu Qin, Mayor of Shenzhen

Yang Jiemian, Director of the Shanghai Institute for International Studies

Alex Zhang – Chief Executive Officer, Eco-Forum Global, Beijing, China

Zhang Baowen, Vice-Chairman of the Standing Committee of the 12th National People's Congress, Chairman of the Central Committee of the China Democratic League, Vice-Chairman of China Council for the Promotion of Peaceful National Reunification

Zhao Lei – Professor of International Strategy Research, with the Central Communist Party School

Shao Zhengkang – Director, China Regenerative Medicine International Ltd.

Zhu Feng, Dean of the Institute of International Relations at Nanjing University, Distinguished Professor at Nanjing University

Zhu Xiaodan – Vice Secretary of the CPC Provincial Committee of Guangdong, Governor of Guangdong Province

CLUB DE MADRID MEMBERS

–

Esko Aho – Prime Minister of Finland (1991–1995)

Vaira Vike Freiberga – President of Latvia (1999–2007), President WLA–Club de Madrid

Seung-soo Han – Prime Minister of the Republic of Korea (2008–2009)

Benjamin Mkapa – President of Tanzania (1995–2005)

Olusegun Obasanjo – President of Nigeria (1999–2007)

George Papandreou – Prime Minister of Greece (2009–2011)

Andrés Pastrana – President of Colombia (1998–2002)

Jorge Quiroga – President of Bolivia (2001–2002), Vice-President, WLA–Club de Madrid

Petre Roman – Prime Minister of Romania (1989–1991)

Jenny Shipley – Prime Minister of New Zealand (1997–1999)

OTHER PARTICIPANTS

–

Isher Ahluwalia – Chairperson of Board of Governors, Indian Council for Research on International Economic Relations

Montek Ahluwalia – Deputy Chairman, Planning Commission India (2002–2014), Net PLUSS Member

Michael Berkowitz – President, 100 Resilient Cities

Carl Dahlman – Head of Thematic Division and Special Advisor to the Director, OECD Development Centre

Nurlan Dutbayev – Managing Director, Astana International Financial Centre, Kazakhstan

Sarath Ekanayake – Chief Minister, Central Province, Sri Lanka

Miguel Elosua – Qualified lawyer (Spain); LL.M. in Tax Law (IE, Madrid); MBA (HEC, Paris); PhD in Chinese Law (ECUPL)

Jordi Hereu – Former Mayor of Barcelona, Spain and President of Idensity Consulting

John Howard – Former Prime Minister of Australia (1996–2007)

David Morris – Head, South Pacific Forum

Adrian Peters – Head of Infrastructure, City of Durban, South Africa

Jonathan Pollack – Senior Fellow, John L. Thornton China Center, Brookings Institution

Raymond Tam – Representative of Mr Clive Palmer ■



ANNEXES



Expert Briefing Note: Carl Dahlman

Expert Briefing Note: Alexander Likhotal

Expert Briefing Note: Jing Men

Expert Briefing Note: Isher Ahluwalia

EXPERT BRIEFING NOTE

CARL DAHLMAN

Head of the Thematic Division and Special Advisor to the Director,
OECD Development Center

Annexes

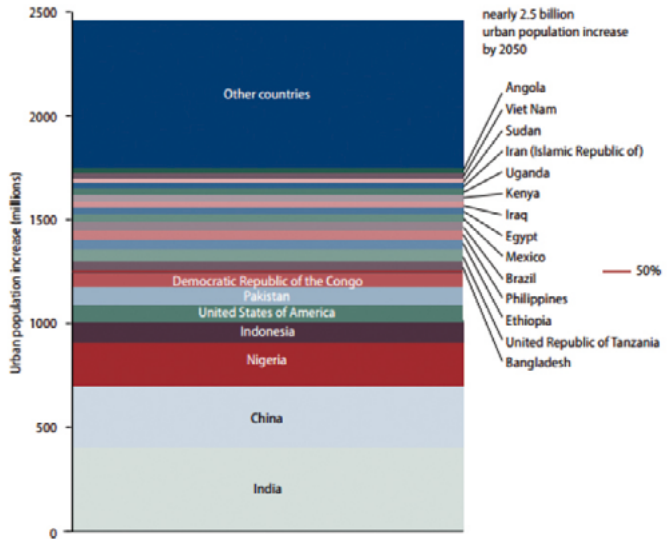


Urbanization is one of the world's main megatrends. The urban population surpassed the rural population in 2007 and is expected to rise to 70% of the world population by 2050. Asia was home to 53% of the global urban population of 3.9 billion in 2014. The urban population of the world is projected to increase by 2.5 billion people between 2014 and 2050. Ninety percent of that increase is projected to be in Asia and Africa. Twenty one countries are going to account for two thirds of the increase—nine each from developing Asia and Africa, two from Latin America, and the U.S. India is projected to have the largest increase with an additional 404 million urban residents, China is projected to have the second largest increase with 292 new urban residents (See Annex Figure 1).¹

The bulk of this growth is going to be concentrated in low and middle income countries, and in particular in cities of less than one million inhabitants. There will be enormous challenges to absorb these very large increases productively, equitably, and sustainably. Most developing countries with rapid population growth are finding it difficult to absorb their growing urban population, let alone the large influx of immigrants from the countryside. Inequality tends to be greater in urban than in rural areas and is likely to be increases with the inflow of rural immigrants. Energy

Annex Figure 1

Contribution to the increase in urban population by country, 2014 to 2050



Note: The countries shown are projected to contribute 25 million or more to the global urban increment between 2014 and 2050. The category "Other countries" includes countries with urban increments of less than 25 million each.

and physical consumption per capita is higher in urban areas putting more stress on energy and water consumption, increasing CO2 emissions need for more effective sanitation and waste disposal systems. Increasing urbanization can lead to congestions and deterioration of the urban fabric if not properly managed.

But there are also large opportunities to deal with many of these challenges². Economies of scale in cities make for more efficiency in the provision of electricity, communication basic

health, water, sanitation, and government services to urban residents than is the case for more dispersed rural residents. Economies of agglomeration lead to larger and more efficient labour and product markets. Cities also attract the best and the brightest and are the centres of culture, education, and innovation. Good urban planning and more energy efficient mass housing, commercial buildings, and innovations such as the smart grid can reduce urban sprawl and transport/energy costs. Greater alternative energy technology as well as

new energy efficient and more environmentally friendly technologies can reduce energy use, harmful emissions and waste. New cities can also be built in areas that provide more protection from extreme weather and rising sea levels, and existing cities can also be made more resilient to climate change. ³

Most developing countries with rapid population growth are finding it difficult to absorb their growing urban population, let alone the large influx of immigrants from the countryside

ISSUES COVERED

1. How can the challenges be managed to reduce the negative aspects and take advantage of the opportunities?
2. What is the role of new technologies such as more environmentally sustainable energy sources, and smart grids, more energy efficient buildings, versus better ways of organization such as better urban and spatial planning, more use of mass transit rather than private transportation, etc.?
3. What kind of coordination is necessary to realize the potential?
4. What is the role of leadership and how can this be encouraged and supported? How can better practices be shared and encouraged?
5. What is the role of federal/ local governance? ⁴ What is the role of public private partnerships? What is that of the private sector?
6. How can greater awareness of the positive potential be created to induce more innovation and increased efficiency? What is the role of mass information campaigns as well as of special education as well as of the education system more broadly?
7. How can local governance be used to promote inclusiveness and resilience in cities? What are good examples of effective policy actions?
8. Rural-urban migration will continue in many areas of Asia and Africa. What policy actions can be used to allow cities to effectively absorb these migration flows, while providing rural migrants good living standards, without diluting public services and job opportunities to low-income residents?
9. Intermediary and small cities play a key role in the urban system. In particular, they link urban to rural spaces, contributing to the provision of basic services to rural population. What can be done to promote economically and environmentally sustainable intermediary cities that provide this important link which is also important to provide employment to rural migrants and markets for rural producers? ■



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1 United Nations (2014)

2 See in particular the example of China in World Bank and the Development Research Center (2014)

3 See World Bank (2009)

4 For a discussion of different city governance arrangements and urban planning see OECD (2014).



EXPERT BRIEFING NOTE

ALEXANDER LIKHOTAL

President of [Green Cross International](#)
World Leadership Alliance – Club de Madrid Advisor

The *Belt and Road (B&R)* initiative is an audacious vision for transforming the political and economic landscapes of Eurasia and Africa over the coming decades via a network of infrastructure partnerships across the energy, telecommunications, logistics, law, IT, and transportation sectors. *B&R* aims to include 65 countries, 4.4 billion people and about 50 percent of global GDP.

The vision document for *B&R*¹ goes well beyond

infrastructure, envisioning closer coordination of economic development policies, harmonization of technical standards for infrastructure, removal of investment and trade barriers, establishment of free trade areas, financial cooperation and “people to people bonds” involving cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth

and women exchanges, and volunteer services.

B&R could stimulate Asian and global economic growth and make it more sustainable. The success of this initiative will depend to a large extent on innovative and sustainable solutions for the development of the *B&R* cities and raising their resiliency.

Nowhere one can feel the systemic nature and interconnectedness of the challenges of the XXI

century more explicitly than in modern cities.

The proportion of world population living in cities has risen from around 10% in 1900 to over 50% today. According to the United Nations, it was in 2008 that the shift occurred that over half of humanity now lives in cities. If present trends continue, this proportion will rise to over 70% by 2050. The implications are enormous. The McKinsey Global Institute has calculated that, between 2010 and 2030,



the world's 600 largest cities will contribute around 65% to global growth and that they will require \$10 trillion in additional annual investments by 2025. This would imply the construction of additional floor space equivalent to 85% of all today's residential and commercial building stock with immense implications for land use and the environment.

To meet this scale of urban demand, the supply of fresh water will have to increase by some 80 billion cubic meters per year, a rise of 40% above today's total urban demand.

According to the International Energy Agency, cities are likely to account for over 75% of global fossil-fuel based climate emissions by 2030. A key domestic and international priority must therefore be to extend access to modern energy-efficient technologies so as to avoid the "lock-in" of inefficient technologies for buildings, transport and infrastructure. If efficient

technologies can be deployed, this will reduce energy-use and emissions for decades to come, and thus the risks of climate change.

It is clearly of the highest importance that this process of urbanization should be undertaken in the most resource efficient and least environmentally damaging way. In China, for example, where the rate of urbanization is most rapid, nearly half the world's new floor space is built each year: putting up and using buildings accounts for around 30% of China's climate change emissions. The central importance of cities in achieving sustainable development is recognized by the UN, by governments and by civil society. The Sustainable Development Goals provide an important opportunity for aligning targets for sustainable and resilient cities ².

Cities are immensely complex systems, dependent on their hinterlands, regions and nations. They rely

on the functioning of supporting systems to provide energy, water, food, waste disposal, transport and access to markets and resources, and security. In the coming world of rapid change, economic instability and environmental risks and constraints, cities are therefore increasingly vulnerable to trends, disruptions and shocks beyond their control as was demonstrated by the impacts of the extreme weather events.

To be prepared for the future, cities must develop to be resilient in the face of risks both known and imaginable. Urban planning must take into account changing climate, changing societal demands, and the finite

energy landscape going forward. Smart urban design that reacts adequately, innovatively, and with a degree of resilience in the face of potential risks can mitigate the consequences of untamed urbanization and the consequences of the challenges posed by climate change.

The trend is underway. The United Nations office for disaster risk reduction recently launched a Making Cities Resilient programme ³; in Wisconsin, the Centre for Resilient Cities ⁴ opened a research lab just last year.

At the Rockefeller Foundation, the 100 Resilient Cities project ⁵ is highlighting



We need to harness the amazing potential that cities have to spark and spur new technologies, practices and approaches that help achieve local and global environmental goals

urban hardiness around the world, while the International Council for Local Environmental Initiatives is hosting its resilience series. Companies like Siemens⁶ are getting into the act, as are organizations like the World Bank⁷.

However, in the longer run the new urban agenda is necessary in ensuring that cities not only become resource-efficient and low carbon-emitting, but go beyond that to positively enhance the ecosystems which provide them with goods and services. The solution lies in thinking beyond the vague and rather unambitious notion of sustainability and, instead, actively working towards regenerating soils, forests and watercourses. The aim is to improve rather than merely sustain their currently degraded condition. Urban economies that recognise the value of nature's services and the costs of their loss set the stage for a regenerative city.

To achieve this, we need to change the way we think of cities. The city is primarily perceived as a significant source of negative ecological impacts. But we need to harness the amazing potential that cities have to spark and spur new technologies, practices and approaches that help achieve local and global environmental goals. Cities are hubs of innovation and their density of population provides economies of scale to reduce environmental impacts such as GHG emissions per capita. To maximize the

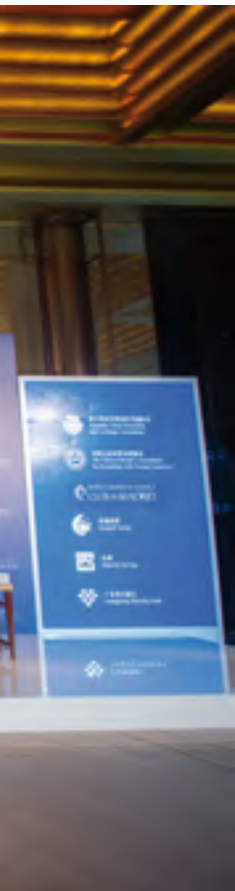
multiple benefits of the compact city form, a paradigm shift is needed in the way that cities are shaped and governed.

This requires investments in companies, organisations and funds that generate measurable social and environmental impact alongside financial return. A new compass is needed to guide bold policy directions, change incentive structures, reduce or phase out harmful subsidies and engage business leaders in a vision for an innovative, new, circular models of economy.

Recent technology developments offer a significant part of the solution, and there are several converging pieces of the puzzle that create a compelling new way to understand cities.

The first of these is the falling size and cost of sensors. Sensors are being developed to measure almost anything including location, movement, presence, motion, temperature, noise and vibration.

Next is the rise of the Internet of Things, where connectivity is being built into cars, air conditioners, and even light bulbs. The world is moving to an environment where any





machine will create data about its current state and transmit this via the ubiquitous communications networks that will wrap and connect cities into a meta-web.

Finally, the rise of Big Data means that the information created by this convergence will be analyzed to uncover insights that were previously invisible to human perception.

However, in order to design the roadmap and reach the goal of a regenerative city, technology is not enough. We need to inspire change by enhancing policy dialogue and capacity building for agents of urban change and to develop comprehensive political, financial, and technical strategies to assure a restorative relationship between cities and the ecosystems from which they draw resources for their sustenance.

This new agenda could transform urban areas into regenerative cities that dramatically reduce their dependency on fossil fuels, boost the deployment of renewable energies, reintroduce water to the hydrology cycle and make sewage reprocessing and nutrient capture a central

plank of urban waste management. Globally there are numerous examples for good policies and practices for regenerative urban development.

One of these is Wilhelmsburg – one of Hamburg's former working class districts and home to 55,000 residents. Research there shows that local renewable energy can meet the electricity requirements of all buildings in this district by 2025. By 2050 the city will become completely climate-neutral⁸. In the meantime, any energy imports into the city, for example for industrial needs, are to come from the region rather than distant sources to ensure that income and jobs remain in the area.

Thus investments made in urban infrastructure today determine the shape of cities tomorrow. The political environment plays a critical role in enabling businesses to invest in future-just and sustainable technology. Enabling policy frameworks constitute the foundation of achieving climate protection goals, social and economic development and meeting ever-increasing global energy demand.

Transforming urban infrastructure into regenerative and resilient systems consequently requires an integrated approach, coordinated action and policy dialogue. It requires straddling the public, private and civil society spheres as well as a cross-sectorial approach among authorities. While urban planning used to be the exclusive realm of specialised experts, today public participation is understood as a prerequisite in transformation processes. Multi-stakeholder dialogues that ensure representation of a diversity of voices from those in the development process are therefore inevitable.

Businesses as the drivers of innovation, policy makers as the enablers of change and civil society as the pathfinders for the future need to

work together to design a cross-cutting strategy that provides competitive, feasible and effective solutions.

OBOR can become a major driver for a future that is environmentally sustainable, with ecologically healthy, low-carbon, resource efficient, and resilient cities that have the ability to mitigate and adapt to a variety of shocks and stresses. The policy recommendations and implementation proposals advocating a participatory and inclusive urban planning and design process can help make this vision a reality. Incorporating environmental challenges into decision-making is a way to improve quality of life of citizens and increase cities' competitiveness. ■

(Endnotes)

1 Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, 2015

2 SDG 11 – Sustainable Citi SDG 11 – Sustainable Cities and Communities Target 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Target 11.4. Strengthen efforts to protect and safeguard the world's cultural and natural heritage

Target 11.5. By 2030, significantly

reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

Target 11.5. By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

Target 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

Target 11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion,

resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels.

Target 11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

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4 <http://www.resilientcities.org/>

5 <http://www.100resilientcities.org/#/-/>

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EXPERT BRIEFING NOTE

JING MEN

Director of the [EU-China Research Centre](#)

Chinese President Xi Jinping launched the *Belt and Road (B&R)* initiative in late 2013, which includes both the land-based Silk Road Economic Belt and the oceangoing Maritime Silk Road. This initiative is said to be “one of the largest development projects in modern history, with an expected economic boost of \$2.5 trillion shared across 65 countries”.¹ As the most significant and far-reaching initiative that China has ever put forward, it includes five major goals: policy coordination; facilities connectivity; unimpeded trade; financial integration; and people to people bonds.² In the coming decades, this initiative will transform the landscape of international relations and facilitate an international cooperation framework between China and the countries along the *Belt and the Road*.

Chinese Foreign Minister Wang Yi said this month that in the past two years, the *B&R* initiative “took off smoothly with a good beginning, and achieved a series of important early-stage harvests”.³ The achievements include, first of all, 34 countries and international organizations have signed inter-governmental cooperation agreements with China to build the “*Belt and Road*”. Chinese Foreign Ministry signed letter of intent for cooperation with United Nations Economic and Social Commission for Asia and the Pacific in April 2016. Secondly, financial cooperation is unfolding promisingly. Both the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund have been successfully launched as part of a Belt and Road development strategy that will help finance greater cooperation among countries on Asian, European and African continents. Thirdly, Connectivity as the key word of *Belt and Road* initiative is promoted vigorously and the network of connectivity is in the gradual formation. The land, marine and air connection on Asian and European continents are crucial for the development of *Belt and Road*. A number of railways and high-ways are under construction along the Belt, for example, between Hungary and Serbia, China and Laos, China and Thailand. The *Belt and Road* Summit Forum was recently held in Hong Kong on maritime connectivity. Fourthly, China has signed agreement with more than 20 countries to initiate systematic



industrial capacity cooperation. A good number of important projects took roots in different countries. For example, China and Kazakhstan have developed 52 projects in industrial capacity cooperation, which amount to more than US\$ 27 billion of investment. The successful implementation of these projects will help create an international industrial capacity cooperation mode, which has important demonstration effect. Fifthly, *Belt and Road* Initiative has noticeably stimulated trade and investment growth in the countries along the line. In 2015, Chinese enterprises made direct investments to 49 countries related to *Belt and Road*, with a total amount of US\$15 billion. Last but not least, closer people-to-people

communications have been pushed forward. China founded Silk Road Chinese Government scholarship, held culture year, art festivals with *Belt and Road* countries. Furthermore, there is a surge in Silk Road nominations at UNESCO's annual world heritage committee meetings – due to the fact that dozens of Silk Road corridors potentially link more than 500 heritage sites along the *B&R* route, the *B&R* is likely to “emerge as the most ambitious and expansive international cooperation program for heritage preservation ever undertaken.”⁴

Noticeably, most of the *Belt and Road* countries are at the crucial stage of industrialization and urbanization. City partnerships along the line provide

opportunities for exchange and cooperation and link Europe and China through land and sea routes. According to a report by McKinsey Global Institute, China will have 221 cities with more than one million inhabitants by 2025, of which 23 cities will have more than five million people. The urban economy will then generate over 90 percent of China's GDP.⁵ China's National Bureau of Statistics announced that the Chinese urbanization level crossed the highly symbolic 50 percent threshold in 2011. 350 million people will be added to China's urban population by 2030.⁶

The world's urban population grew from 220 million to 2.8 billion in the 20th century and

is expected to expand to about 5 billion by 2030, when the towns and cities of the developing world will make up 81 per cent of urban humanity.⁷ Properly guided, cities become the driving force for innovative, invigorated, interconnected and inclusive global economy and inject impetus into the growth of individual countries. In terms of sustainable urban development, more than 700 twinnings between Chinese and European cities have been established for the purpose of experience sharing and mutual development. The Joint Declaration on the EU-China Partnership on Urbanization was published in May 2012. Cooperation agreements between 12 cities were signed during the EU-China Urbanization Forum in late 2013 to foster joint projects from low-energy buildings to clean mobility, integrated water and waste treatments to social inclusion and efficient public services. The EU and China have also developed green smart city dialogue and cooperation projects

since 2011, which involve 30 Chinese and European cities, 15 from each.⁸

Along the route of *Belt and Road*, more than 1500 trains have successfully traveled between China and Europe, greatly facilitating connectivity across Eurasian continent. Only last year 815 trains were launched between China and Europe, which is 2.7 times the number of 2014.⁹ Ten cities in China are launching trains with European cities along the line as destinations, including the routes from Suzhou to Warsaw, Lianyungang to Rotterdam, Chengdu to Lodz, Chongqing to Duisburg, Yiwu to Madrid, Zhengzhou to Hamburg. In all, more than 12 Chinese and nine European cities are now hubs for these 12,000+ kilometer trans-continental direct trains.¹⁰

Cities also serve as hubs for attracting investment along the line of *Belt and Road*. Chinese technology and investment group





Cocoon Networks is launching a £500 million (US\$720 million) London-based venture capital fund aimed at investing in UK and European tech startups in 2016.¹¹ Dalian Wanda Group confirmed in February 2016 that it will invest \$3.3 billion by 2024 in EuropaCity, a mega-project near Paris' Charles de Gaulle airport that will boast a theme park, attractions, cultural exhibitions, retail shops, outdoor sports venues and restaurants over about 200 acres.¹² A consortium led by China Railway Group has been awarded a 10 billion yuan (HK\$12.1 billion) contract to build the Hungarian section of a railway linking Budapest with Serbia's Belgrade. The railway, which will

be 350km long when the Serbian portion is included, is scheduled for completion in two years.¹³

At the heart of the *Belt and Road* initiative, the idea is to "help promote the economic prosperity of the countries along the *Belt and Road* and regional economic cooperation, strengthen exchanges and mutual learning between different civilizations, and promote world peace and development".¹⁴ While this initiative is put forward by Chinese government, its implementation involves all the countries along the route. Based on common interests, countries work together to explore mutually beneficial cooperation,

to advance innovation, to integrate development strategies, to promote sustainable development, and to contribute to positive economic, social, ecological progress in the long run. Such objectives are perfectly in line with the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development, which were adopted by world leaders in September 2015 at the UN Summit and officially came into force on 1 January 2016. The SDGs build on the success of the Millennium Development Goals (MDGs) and call for action by all countries to go hand-in-hand to end poverty, to build economic growth and address a range of social



needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.¹⁵

In comparison, the SDGs is an UN initiative, with clear timeline (to be realised in 15 years), and needs multilateral coordination and cooperation. Whereas China's *Belt and Road* Initiative is proposed and led by a single country, which is the second largest economy and the largest trading power of goods in the world, with a long-term vision, to be carried out in both bilateral and multilateral mechanisms. The initiative is proposed by China in accordance with the need of global sustainable development. It is "both a major step in China's all-round reform and opening-up under new historical circumstances, and a most important public-service provided by China to Asian and European continent".¹⁶

No doubt, neither the *Belt and Road* initiative nor the SDGs will deliver on the promise of the ambitious agenda without cooperation of all the stakeholders involved. Governments, communities, NGOs, research institutions, private sector and ordinary citizens need to work together in partnership.

On top of that, the role of cities cannot be ignored. As a matter of fact, in the era of rapid globalization, cities are important actors: they have become centres of industrialization, innovation and economic development. The 21st century is a new urban era with most of humanity now living in towns and cities. Cities act as engines of national economic development by achieving economies of scale, agglomeration, and localization and providing efficient infrastructure and services through density and concentration in transportation, communications, power, human interactions, water and sanitation services.¹⁷

In formulating the development strategy of inclusive, sustainable and resilient cities along the line of *Belt and Road*, one need to pay great attention to the effective management of urbanization, to look beyond their boundaries to see clearly their advantages and challenges, to put the cities in the general picture of national and global development and to promote not only their own development but also joint development and mutual benefit under the OBOR framework.

In the years to come, it will be important to follow the further development of China's *B&R* Initiative, its growing influence and trade links with those countries along the route, its dynamically growing outward investment, its institutional and policy coordination with other countries, which may help create synergies, generate additional and innovation-driven growth, support sustainable development, green banking and the development of inclusive, sustainable and resilient cities along the route, and make contribution to the realization of SDGs. ■

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EXPERT BRIEFING NOTE

ISHER AHLUWALIA

Chairperson of the [Indian Council for Research on International Economic Relations \(ICRIER\)](#)

We know the *Belt and Road* is an important initiative of the Chinese Government to improve connectivity by road between China and Europe through Central Asia and through maritime links to South East Asia and South Asia and then to the Middle East and Europe. The general idea of expanding global connectivity as a means of promoting mutually beneficial economic exchange is indisputable. The specific purpose of this session is to discuss Infrastructure and Resource Efficiency.

Connectivity involves infrastructure development in roads, ports and associated areas. Since the programme outlined by China covers a number of countries, its ultimate implementation will depend upon agreement among the countries involved. All countries want to develop infrastructure, but in the presence of resource constraints, each country's national perspective on which infrastructure facilities they want to develop will be very important in determining overall connectivity.

Where the connectivity aimed at is between China and another single country and that connectivity makes the project economically worthwhile, all that is needed is bilateral agreement and an agreed method of financing. But where the connectivity involves participation of many

countries to make the overall infrastructure investment worthwhile, it is difficult to make progress on the basis of bilateral agreements alone since each country will need to be assured that the other links are also in place. This raises the issue of how to fit the *Belt and Road* initiative into a country specific or regional perception of priorities.

This raises the important question of whether we can proceed solely on the basis of a series of bilateral mutual understandings or whether there should be some multilateral mechanism. Should the multilateral development banks i.e. the Asian Development Bank, the New Development Bank (the BRICS Bank) and the recently established Asian Infrastructure Development Bank which has participation by a number of countries, get involved to provide a multi country participatory forum?



Efficiency of infrastructure depends critically upon competition among infrastructure providers. Where the financing is from multilateral organizations they have well established mechanisms for enforcing competition. If the financing is bilateral, i.e. a substantial portion of it comes from China, much will depend on the terms on which such financing is offered. If it is loan financing, countries have to consider whether they will be in a position to service the loan and also whether the cost is competitively determined. If a large part is in the form of a grant, the return to the country may not have to be large. Also, in the implementation, it would be expected by all countries involved that there would be transparent and competitive bidding of the contracts. This would encourage stronger commitment on the part of the countries engaged in the Initiative. ■

Where the connectivity aimed at is between China and another single country and that connectivity makes the project economically worthwhile, all that is needed is bilateral agreement and an agreed method of financing



IMPERIAL SPRINGS INTERNATIONAL FORUM



Inaugurated in August 2011, Imperial Springs International Forum was officially established in 2015 with the approval of the Chinese government. It is currently co-hosted by the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the Australia China Friendship and Exchange Association (ACFEA).

Held in the beautiful Imperial Springs International Convention Center in Conghua, Guangzhou, the forum serves as an important platform for people-to-people diplomacy and international exchange. It aims to enhance understanding and expand consensus among parties through discussions on important topics in the economy, politics and culture, thereby facilitating regional and global cooperation.

As an ideal environment for high-level forums, the Imperial Springs International Convention Center has hosted a number of important international conferences since 2011, including

the Australia–China Friendship Forum on Economy and Trade, the International Museum and Cultural Forum, the Australia–China Media Forum, the Global Economic Forum, the Global Leadership Summit of SME Leaders, the Going to Latin America Forum, and the 2014 China–Australia Economic Forum. More than 300 international dignitaries, including former U.S. President Bill Clinton, former Australian Prime Minister John Howard, business leaders, scholars and celebrities have participated in these events.

In 2016 Imperial Springs International Forum was held at Guangzhou Imperial Springs International Convention Center

on May 29th and 30th. With the participation of Club de Madrid, a globally-renowned leadership alliance, the forum invited senior government officials in China, 11 heads of state and government, ten of them Club de Madrid Members, from Africa, America, Asia and Europe as well as experts, scholars and social stakeholders.

Focusing on topics such as relations between China's the *Belt and Road* initiative and the rest of the world, and urban development within the framework of "The Belt and Road," participants tackled how to build greener, more inclusive, sustainable and risk-resilient cities. ■

ORGANIZERS



WORLD LEADERSHIP ALLIANCE
CLUB DE MADRID

WORLD LEADERSHIP ALLIANCE – CLUB DE MADRID

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The WLA-Club de Madrid is a non-profit international organization and the world's largest, independent group of democratic, political leaders, committed to addressing the challenges of good governance and effective leadership. The added value of the Club de Madrid is a membership of 110 former Presidents and Prime Ministers, from 70 countries, willing to share their diverse expertise, experience and networks. We partner with governments, inter-governmental organizations, civil society, scholars and the business world, building bridges between them and current leaders and policy makers and encouraging dialogue to foster social and political change towards inclusive and peaceful societies.



CHINESE PEOPLE'S ASSOCIATION FOR FRIENDSHIP WITH FOREIGN COUNTRIES

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The CPAFFC is a national people's organization engaged in people-to-people diplomacy of the People's Republic of China. The aims of the Association are to enhance people's friendship, further international cooperation, safeguard world peace and promote common development. On behalf of the Chinese people, it makes friends and deepens friendship in the international community and countries around the world, lays and expands the social basis of friendly relations between China and other countries, and works for the cause of human progress and solidarity. It implements China's independent foreign policy of peace, observing the Five Principles of Peaceful Coexistence, while carrying out all-directional and broad-area people-to-people friendship work.



澳中友好交流协会
AUSTRALIA CHINA FRIENDSHIP
AND EXCHANGE ASSOCIATION

AUSTRALIA CHINA FRIENDSHIP AND EXCHANGE ASSOCIATION

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The ACFEA was registered in September 2005 in the NSW Australia as a non-for-profit institution. The president of the association is Dr. Chau Chak Wing, a prestigious leader in the Chinese community of Australia. Its Advisory Board consists of members who are interested in the promotion of people-to-people contact between Australia and China. The ACFEA has been committed to the promotion of friendly exchanges between Australia and China in the areas of trade and economy, culture, education, the arts and science while organizing high-profile bilateral dialogues or events. The ACFEA headquarters is in Sydney, Australia, with offices in Beijing, Guangzhou and Hong Kong. ■

CO-ORGANIZERS



ACKNOWLEDGMENTS

We, the World Leadership Alliance Club de Madrid, the Chinese People's Association for Friendship with Foreign Countries and the Australia China Friendship and Exchange Association would like to take this opportunity to thank all of those organizations and individuals who have made possible, the Imperial Springs International Forum 2016. First of all, we do appreciate the involvement of the Chinese political authorities at national, regional and local levels as we have been honored with the contributions from the Political Bureau of the CPC Central Committee, the Secretary of the CPC Provincial Committee of Guangdong and the Cities of Guangzhou and Shenzhen representatives.

A very special word of thanks must also go to the institutions who have shared their knowledge and vision about the importance of fostering Inclusive, Sustainable and Resilient Cities in the Belt and Road Initiative: Indian Council for Research on International Economic Relations, 100 Resilient Cities, Housing and Urban-rural development bureau of Guangdong Province, Center for Municipal Engineering, Architectural Design and Research Institute of Guangdong Province, OECD Development Centre, Astana International Financial Centre, Centre of Economic Research, Chinese Academy of Social Sciences of China, Real Estate Association, former chief economist with Housing and Urban-rural Development Ministry, China, Shanghai Institute for international Studies, Australia-China Business Council, Renmin University of China, Idensity Consulting, EU-China Research Centre, South Pacific Forum, Head of Infrastructure, City of Durban, China Center, Brookings Institution, Shanghai Institute for international Studies, PwC Strategy & China, Tsinghua University, East Asia, C40 Cities Climate Leadership Group, China Regenerative Medicine International Ltd, Nanjing University.

And last, but not least, we would like to extend our very special thanks to every single staff member of the Imperial Springs Resort and to all the volunteers who dedicated efforts and long hours of work to make this Forum a great success. Everyone saw in this conference a great moment for fruitful exchanges and an opportunity to advance a happy urban life and build a harmonious world. ■







从都国际论坛

IMPERIAL SPRINGS
INTERNATIONAL FORUM



澳中友好交流协会
AUSTRALIA CHINA FRIENDSHIP
AND EXCHANGE ASSOCIATION



中国人民对外友好协会
Chinese People's Association for
Friendship with Foreign Countries



WORLD LEADERSHIP ALLIANCE
CLUB DE MADRID