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# Global Economic and Trade Landscape Reshaping and High-Quality Belt and Road Cooperation

**Summary:** The global economic and trade landscape is changing, while methods of cooperation are being adjusted to trends. This paper is focused on the Belt and Road Initiative through reflections on the global tendencies and crises during the COVID-19 pandemic. Analyzing five new features of profound economic restructuring of the market, the author points to the rise of the developing countries and the increase in international investments, but also to the increasingly evident rise of digital services. Against the backdrop of deep planetary restructuring, the Belt and Road cooperation has an increasingly important role in the following aspects: first, it provides a strong impetus to global economic and trade growth; second, it taps into the huge potential of the global economic and trade cooperation because the participating countries will use their advantages and encourage mutual potentials through strategic and political connectivity; third, the participating countries build a global economic and trade partnership in the new era; and, fourth, they promote the reshaping of the global economic and trade governance system, which is underway.

**Keywords:** Belt and Road, market restructuring, politicization of economic and trade relations, scientific and technological parks, new direction of global business operations

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At present, a new round of revolution in science, technology and industry is developing profoundly. The global economic and trade development pattern and cooperation mode are also under crucial adjustments. These have brought new challenges and opportunities for promoting trade connectivity included in the Belt and Road In-

itiative, and have also endowed the initiative a new role in the reshaping of the global economic and trade landscape. With the deepening of the high-quality Belt and Road cooperation, global economy and trade will develop towards the goal of benign interaction in a stable, balanced and coordinated way.

## New Features of Evolution of the Global Landscape of Economy and Trade

In recent years, driven by external shocks and internal momentum transformation, the global landscape of economy and trade has entered a period of profound restructuring, showing five new features.

The first is the differentiation among economies on global economic and trade growth. Since the beginning of the 21st century, the rise of de-

veloping countries has accelerated. Despite the severe impacts of the 2008 international financial crisis and the pandemic of COVID-19 in 2020, the growth rates of emerging markets and developing economies are still generally higher than those of developed economies. In terms of international trade and investment, emerging markets and developing economies have also experienced better growth and a rising international profile. The same applies to the development of international direct investment.

The second is the digitization of global trade and economic patterns. Among global technological



The President of the Republic of Serbia Aleksandar Vučić and the Ambassador of the People's Republic of China in Serbia Chen Bo with the Chinese team of medical specialists for the fight against COVID-19, Belgrade, May 1, 2020

Photo: Zoran Žestić – Photo Tanjug

innovations, the information and digital fields witnessed most of the technological breakthroughs. With the increasingly widespread application of digital technology, new industries, new forms and new models are emerging, driving rapid growth in the digital economy and trade. Meanwhile, cross-border digital service trade has also shown rapid growth momentum. Developed economies occupy a dominant position in global digital trade, but digital trade in developing countries has grown faster in recent years. The proportion of developed economies' exports of digital transmission services trade in 2021 accounted for 77.9% of the world, a decrease of 8.3 percentage points from 2005.

The third is the decarbonization of the global economic and trade structure. The development of a low-carbon economy has far-reaching implications for global trade and investment. In terms of trade, the reduction of greenhouse gas emissions has increasingly become the goal and mission of countries' trade practices. The proportion of high-pollution, high-carbon-emission and high-energy-consumption products in global trade will continue to decline. Although low-carbon trade is in line with the concept and goal of sustainable development and is in the interest of all countries in the long run, in the short term, the foreign trade of developing countries with lower levels of technology and development will face more tests and challenges. In terms of investment, environmental, social and governance (ESG) standards are increasingly accepted and applied by the international community, so traditional investment and financing methods continue to transform. At the same time, many countries

have imposed restrictions on specific investment fields and industries, and have raised investment standards and environmental responsibility of enterprises.

The fourth is the politicization of global economic and trade relations. Some developed economies are keener to view economic and trade relations from the perspective of geopolitics and national security. They paint normal economic and trade relations with thick political color and hype up the so-called threat of economic and trade security on domestic and diplomatic occasions. In the area of trade, some developed economies have frequently taken advantage of their dominant position in the global trading system to launch unilateral actions against other countries, impose economic sanctions and provoke trade wars, seriously interfering and disrupting normal trade exchanges. In the area of investment, some developed economies have abused security concepts to restrict normal foreign capital inflows, and have taken targeted restrictive measures against some countries and enterprises, increasing the instability, uncertainty and unpredictability of cross-border investment.

The fifth is the weaponization of the global economic and trade mechanism. Due to the deliberate obstruction of certain countries, the reform of governance mechanisms of such as the WTO, the IMF, the World Bank and the G20 has been slow. These mechanisms have not only failed to maintain the global economic order, but also been reduced to a tool or even a weapon for a handful of countries to engage in geopolitical games and suppress other countries.

## The New Role of Belt and Road in the Restructuring of Global Economic and Trade Landscape

Along with the proposal and practice of the Belt and Road Initiative, the economic and trade development of the participating countries has entered a new stage. Against the backdrop of the profound restructuring of the global economic and trade landscape, Belt and Road cooperation is playing an increasingly important role in the following four aspects.

68 | First, it provides a strong impetus for global economic and trade growth. At present, global economic and trade exchanges have been seriously hampered, and the level of trade and investment liberalization and facilitation has failed to keep pace with the requirements of global economic and trade development. It also has declined in some fields and industries. As the Belt and Road Initiative continues to make progress, the level of trade and investment liberalization and facilitation in the participating countries has been rising, creating favorable conditions for fostering the momentum of trade growth and enhancing the effectiveness of investment. Initiative on Promoting Unimpeded Trade Cooperation along the Belt and Road launched by China sets promoting trade growth, energizing two-way investment and promoting inclusive and sustainable development as the three major objectives of economic and trade cooperation under the Belt and Road Initiative. It also promotes and expands trade exchanges through trade facilitation, the development of new business models, and the promotion

of cooperation in service trade, and strengthens investment cooperation, so as to jointly fulfill the commitment to promote the United Nations 2030 Agenda for Sustainable Development. This initiative has received positive responses and participation from more than 80 countries and international organizations. At the same time, the Belt and Road Initiative emphasizes cooperation in scientific and technological innovation, and actively promotes the research and development, as well as application of technologies of the participating countries, so as to create impetus and vitality for economic and trade growth through technological progress.

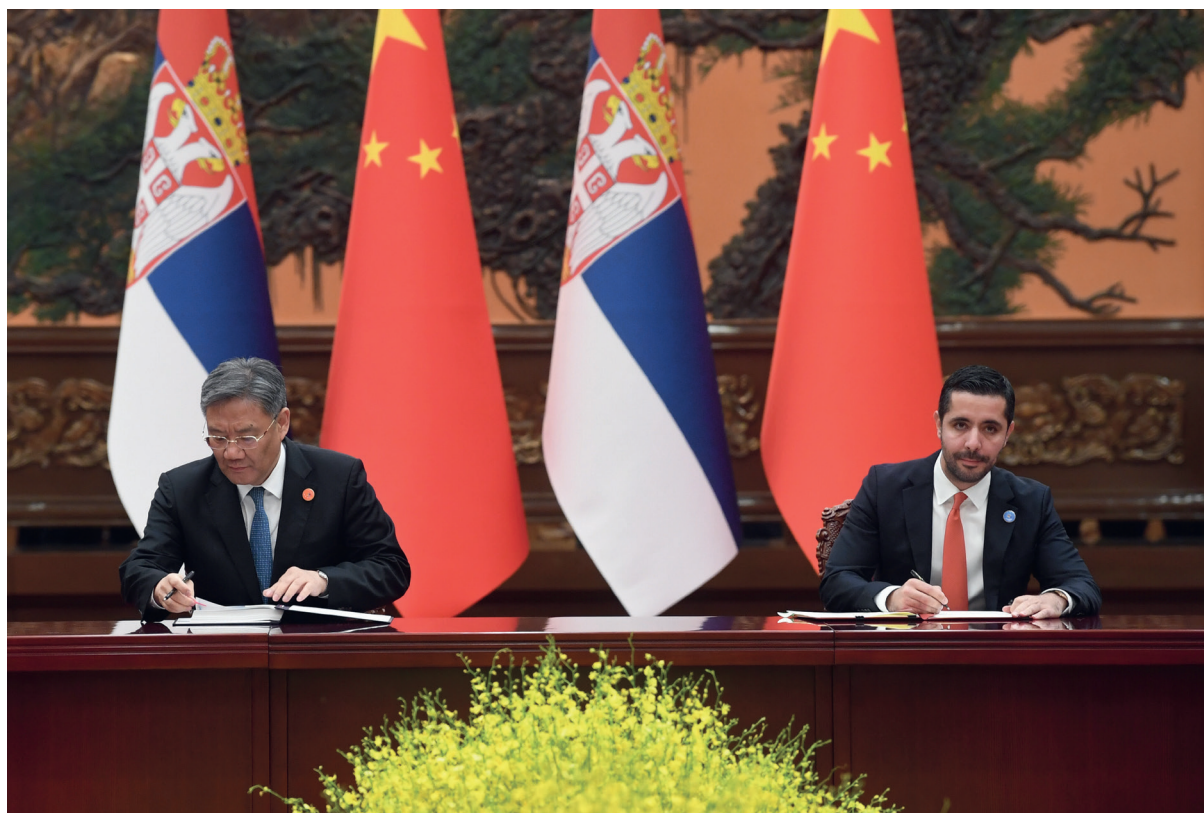
Second, it taps the huge potential of global economic and trade cooperation. Under the Belt and Road international cooperation framework, participating countries will give full play to each other's advantages and stimulate each other's potential through strategic and policy connectivity, and turn economic complementarities into practical results of economic and trade cooperation. According to a World Bank study, the Belt and Road Initiative could increase the scale of trade among the participating countries by 4.1%, and this trade-boosting effect could triple if relevant trade reforms and transportation infrastructure upgrades are further pursued. In terms of investment, the cumulative two-way investment between China and the participating countries from 2013 to 2022 will exceed \$270 billion. In terms of construction projects, from 2013 to 2022, the cumulative new contract value of China's contracted projects in participating countries exceeds \$1.2 trillion, and the cumulative completed turnover is more than

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800 billion US dollars, accounting for more than half of the total. The joint construction of the Belt and Road will give full play to the complementary economic effects to China and the participating countries. Its function in boosting the scale and cooperation of global economy and trade is more and more evident.

Third, it is building a global economic and trade partnership in the new era. Under the impact of unilateralism, protectionism and trade bullying, the alienation of global economic and trade relations has intensified, and the “you lose, I win, and the winner takes all” concept is widely spread. Escalating conflicts and confrontations in



Minister of Trade of the People's Republic of China, Wang Wentao and Minister of Domestic and Foreign Trade of the Republic of Serbia, Tomislav Momirović, sign the Agreement on Free Trade between the Government of the People's Republic of China and the Government of the Republic of Serbia, Beijing, October 2023

Photo: Dimitrije Gol

the economic and trade fields are casting a shadow over global economic and trade cooperation. Under the Belt and Road international cooperation framework, the participating countries conduct economic and trade exchanges on the basis of the principle of equality and voluntariness, and are committed to promoting an open, inclusive, win-win economic and trade partnership. Through extensive consultations and consensus-building, the countries have built an increasingly close partnership network. They base their economic and trade cooperation on political and strategic mutual trust, so they have reversed the tendency to instrumentalize and weaponize economic and trade relations. The Belt and Road Initiative advocates for the establishment of cooperative relations based on the principles of extensive consultation, joint contribution and shared benefits. It provides important support for benign interactions of global economic and trade partnership. The participating countries have also actively joined in the process of regional and global economic integration and have promoted the negotiation, signing and implementation of many new bilateral and regional free trade agreements which have provided institutional safeguards for deepening economic and trade exchanges among the countries concerned.

Fourth, it has promoted the reshaping of the global economic and trade governance system. In recent years, the global economic and trade environment and relations have continued to deteriorate, and the deficits in democracy, institutional rules and accountability of global economic

and trade governance have worsened. A handful of countries have resorted to unilateralism by replacing international rules with domestic legislation, replacing collective consensus with unilateral decision-making, putting their own interests above the common global interests, and practicing trade bullying in the name of multilateralism. In the current economic and trade governance system, the voices and decision-making rights of the vast number of developing countries have been seriously infringed upon, and their legitimate interests have not been duly safeguarded by the system. At the same time, universally recognized international rules in such areas as digital trade, low-carbon trade and sustainable investment and financing have yet to be formed, and some hegemonic countries have taken the opportunity to internationalize their domestic rules and implement the so-called “long-arm jurisdiction”. Against this backdrop, developing countries’ demand for reforming the existing global economic and trade governance system has become increasingly strong, which has entrusted the Belt and Road cooperation with the function to promote the reshaping of the global economic and trade governance system. Relying on its international cooperation platform, the participating countries adhere to genuine multilateralism, practice the concept of global governance of “extensive consultation, joint contribution and shared benefits”. They actively participate in, promote and lead the process of reforming the global economic and trade governance system through pragmatic economic and trade cooperation.

## Promotion of the Restructuring of the Global Economic and Trade Landscape via High-quality Belt and Road Cooperation

Aiming at high standards, sustainability and benefiting people's livelihoods, the high-quality Belt and Road cooperation will further consolidate the foundation of connectivity cooperation, expand new space for international cooperation, strengthen the risk prevention and control network, and strive to realize a higher level of cooperation, higher efficiency of inputs, higher quality of supply, and more resilience of development. In the field of economic and trade cooperation, the participating countries will respond to the development trend of global economy and trade to face up to the challenges of global economic and trade cooperation, relying on the Silk Road of Innovation, the Digital Silk Road, the Green Silk Road and the Silk Road of Rules to continue the efforts for restructuring of the global economic and trade landscape.

First, the high-quality cooperation for the Silk Road of Innovation will give new momentum to global economic and trade relations. The Silk Road of Innovation is the source of power for the high-quality Belt and Road cooperation. It is also an inevitable choice for shaping new dynamics in global economic and trade relations. In recent years, China and the participating countries have deepened cooperation and exchanges in science and technology innovation, accelerated the matching and sharing of innovation elements, and forged ahead high-quality cooperation for the Silk Road

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of Innovation, with the systematic and synergistic nature of the overall layout of cooperation in science and technology innovation getting stronger and stronger. Under the framework of the Belt and Road cooperation, China has launched a large number of policies, measures and projects, and actively promoted the construction of joint laboratories, cooperation in science and technology parks, technology transfer etc., which have laid an important foundation for other participating country to promote industrial upgrading, optimize the trade structure, and shape the momentum of trade growth. As of June 2023, China has established scientific and technological cooperation relations with more than 160 countries and regions, and signed science and technology agreements with 117 countries, most of which are Belt and Road participant countries. China has also joined more than 200 international organizations and multilateral mechanisms, and has taken the lead in launching and accelerating China's international "big science" programs. With the continued promotion of the high-quality cooperation of the Silk Road of Innovation, the level of scientific and technological innovation of the participating countries will be raised accordingly, and their roles in creating new driving forces for economic and trade growth will also be put into full play.

Second, the high-quality cooperation for the Digital Silk Road will explore new modes of global economic and trade interaction. The global digital economy and e-commerce have been developing rapidly after the COVID-19 pandemic. Cross-border e-commerce has witnessed big growth among

the participating countries in their efforts to expand economic and trade cooperation. To promote the cooperation for a high-quality digital Silk Road and create a more efficient new model of economic and trade cooperation, China has actively accommodated the e-commerce development goals and demands of all parties to create an efficient e-commerce platform. As of June 2023, China has signed e-commerce cooperation documents with 29 countries and established bilateral e-commerce cooperation mechanisms. As the cooperation for the high-quality digital Silk Road continues, the global economic and trade model will undergo profound changes in the Belt and Road participant countries and even around the world.

Third, the high-quality cooperation for the Green Silk Road will expand the new path of global economic and trade cooperation. Under the Belt and Road international cooperation framework, the participating countries have advocated the principle of green investment, established the BRI Green Development Coalition, and set up a green investment fund. In order to effectively respond to the epidemic, the Green Silk Road is developing rapidly, and key industries such as ecological protection and clean energy are facing new opportunities of development. In 2021, China and 31 partners launched the Initiative for Belt and Road Partnership on Green Development, making commitment to build no more new coal-power projects outside China. It also took the lead in announcing the establishment of the Kunming Biodiversity Fund with 1.5 billion Yuan. In the fields of new energy, energy

conservation and environmental protection, and new infrastructure construction, the Belt and Road cooperation has been expanding continuously and creating huge development space for trade and investment cooperation in related fields. Low-carbon trade and green investment have increasingly become an important path for participating countries to explore the potential of and improve the quality of economic and trade cooperation.

Fourth, the high-quality cooperation for the Silk Road of Rules will build a new system of global economic and trade governance. In recent years, participating countries have enhanced the alignment of standards and rules used both in their own countries and internationally, but the global economic and trade governance rules in emerging areas such as digital and low carbon are still in the exploratory and nascent stage, and negotiations on rules for cross-border data transmission, privacy protection, and market access for digital services under the framework of the WTO and other multilateral mechanisms and frameworks are still underway. Given that these emerging areas represent the future trend of development of economic and trade cooperation, the establishment of relevant rules will lead to significant changes in the global economic and trade governance system. Therefore, the high-quality cooperation for an open, fair, just and non-discriminatory Silk Road of rules and the construction of a globally oriented network of high-standard free trade zones will promote the global economic and trade governance system to evolve in a more just and rational direction.