

Position paper

China's Belt and Road Initiative

amfori welcomes the potential opportunities that the Belt and Road Initiative can provide for facilitating trade, reducing costs, driving greater connectivity and promoting sustainable development. We stand ready to engage with relevant partners to ensure the highest benefits for sustainable trade arise from this ambitious initiative.

Background

The Belt and Road Initiative (BRI) refers to the Silk Road Economic Belt and the 21st Century Maritime Silk Road. It is a significant infrastructure and development plan with a colossal budget of €4 trillion, launched by the Chinese government to promote connectivity, economic co-operation and policy coordination among countries along the Belt and Road routes in Asia, Europe and Africa. As of 2019, over 120 countries joined the BRI, including Italy and Switzerland.

BRI fulfils its potential, we have provided a number of recommendations in this paper.

High potential for retail and trading sector

As an association that represents the retail and import sector, amfori sees many advantages for our members under the BRI. Moreover, China and other countries along the Belt and Road like Bangladesh, Cambodia, India, Indonesia, Pakistan, Turkey and Vietnam, are important sourcing markets for our members. This further heightens the potential benefits of the initiative for our sector and we anticipate the BRI will:



Source: Bloomberg

Apart from the countries that joined the BRI, enterprises from developed countries such as Germany, France, the UK and Japan can also take part under the "third-party market cooperation" model. This model allows the enterprises to jointly develop projects with their Chinese counterparts in a third country that is involved in the BRI.

Despite high interest globally in the BRI, concerns have been raised regarding the drafting and implementation of the initiative. To address these issues as well as ensure that the

- 1. Reduce transport costs and lead times:** The road and sea transport infrastructure projects foreseen under the initiative will improve the freight transport systems within and beyond the borders of the countries involved. This is expected to significantly cut transportation time, lower logistics costs and increase market reach. This could prove of vital importance for our members whose business models rely on shifting various stages of production and finished products between continents.
- 2. Improve energy and telecoms infrastructure:** The BRI will also help to develop the energy and telecommunications infrastructure. This is particularly important for the major sourcing countries mentioned above. It will make them more competitive by reducing costs and improving the availability of resources.
- 3. Open-up new sourcing markets:** Certain countries in Central Asia and Africa are not sufficiently integrated into today's international supply chains mainly due to a lack of infrastructure. The BRI can

act as a catalyst through the foreseen infrastructural projects, help improve their participation and attract investments to further develop the needed infrastructure.

4. Platform for promoting sustainable development:

The BRI can help drive inclusive economic growth across the three continents by upholding international norms and standards. Its contribution to the United Nation’s 2030 Sustainable Development Goals (SDGs) can be substantial for Goal 8 “Decent work and economic growth” and Goal 9 “Industry, innovation and infrastructure”. To ensure that it contributes towards meeting all SDGs, a deep platform for collaboration, reciprocity and feedback with various stakeholders should be set up.

amfori’s participation in the BRI

Given the BRI’s inherent importance for our members, amfori was one of the first international organisations to join the [Belt & Road Industrial and Commercial Alliance](#) (BRICA).

As collaboration is at the core of who we are, we are proud to have participated in discussions on sustainable development and the BRI through cooperating with important partners in China, such as the China Federation of Industrial Economies

(CFIE), China National Textile and Apparel Council (CNTAC), China Electronics Standardization Association (CESA) and China Council for the Promotion of International Trade (CCPIT).

amfori recommendations

In April 2019, the Chinese government announced a number of measures to improve the sustainability and transparency of the BRI, which amfori fully welcomes as a crucial step in ensuring that the BRI fulfils its potential and brings about the highest possible benefits for all.

In order to build on this momentum, amfori urges the decision makers to take into consideration the following issues as well:

1. More communication and greater transparency:

amfori encourages deeper and more transparent communication between governments and communities in both the current and potential BRI partner countries to address all questions that concern the initiative. In this way, relevant stakeholders can exchange views and information which will allow them to reach a consensus on the best way forward. Increased transparency and engagement will also lead to mitigating any social, environmental or economic risks. To this end, the publication of a clear strategy paper for the BRI with

Engagement of amfori on BRI



Signing of MoU with CFIE on BRICA, Beijing, June 2017



BRICA Istanbul Summit, Istanbul, October 2018



amfori President spoke at The Belt & Road Forum on Commercial Legal Environment Implementation Scheme, Xi’an, China, May 2018



The Belt & Road Panel Discussion at amfori Unleash Opportunity Conference Brussels, June 2017



Belt & Road Panel Discussion at the First Asia Sustainability Symposium, Sri Lanka, October 2017

measurable benchmarks and budgets would go a long way in addressing transparency concerns.

2. **Keep sustainability at the core of all actions:** Due to its emphasis on infrastructure development and trade, the BRI has a significant impact on the environment. Therefore, the parties must conduct ex-ante and ex-post impact assessments which take into consideration the UN SDGs and the Paris Agreement on Climate Change. As the world is faced with growing social and environmental challenges, these must be factored in the assessments. The BRI projects must contribute to improving the situation and not exacerbating it.
3. **Ambitious trade agreements along the BRI:** To fully benefit from the BRI, we call on all the countries cooperating under the initiative to conclude ambitious trade agreements with strong focus on business sustainability. If the better connectivity and improved infrastructure between the continents is not followed by reductions in trade barriers, then the full potential of the initiative will not be achieved. In this way, the BRI will also be an important factor in fighting trade protectionism and help protect a global rules-based trade regime.
4. **Create platform for permanent consultations:** We encourage intergovernmental cooperation and sustainability standard integration among the BRI countries and call on them to build a multi-policy exchange and communication mechanism, to expand shared interests, enhance mutual trust, and to reach new consensus on cooperation for regional cooperation.

amfori is ready to support

Either through our policy and stakeholder engagement or our sustainability initiatives – amfori BSCI and amfori BEPI – we look forward to continuing our engagement on the BRI to help it bring benefits for everyone. We also look forward to sharing our years of experience and best practices on sustainable supply chains with relevant stakeholders and to contributing to the sustainable development of the BRI itself.

About amfori

amfori is the leading global business association that promotes open and sustainable trade. We number over 2,400 importers, retailers and brand manufacturers, from over 40 countries and with a combined turnover of more than €1.7 trillion. Our membership includes large retailers, brands, importers and supermarket chains.

amfori supports our members' international business by providing information and solutions towards open and sustainable global value chains with 40 years of experience, amfori believes in "trade with purpose" and endeavours to facilitate the development of trade which is sustainable and leads to prosperity for all.

Our services

We provide our members with a practical framework and tools to manage the social and environmental performance of their supply chains through our two sustainability initiatives: amfori BSCI and amfori BEPI. amfori BSCI helps them and their producers to improve the social performance in their supply chains, while amfori BEPI aims to ameliorate the environmental footprint in their production.

We also continuously advocate for progressive policies and collaborate with international partners to achieve social, environmental and economic progress world-wide.

On the global level, amfori BSCI conducted over 26,000 social compliance audits during 2018. We also held over 410 face-to-face professional training and 3,400 e-learning over 38 topics for our members, their buyers and producers.

Under amfori BEPI, in the past year we have engaged more than 1,800 producers globally that supply amfori members.

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