



Policy Brief No.201710

May 17, 2017

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Unimpeded Trade The Heart of the Belt and Road^①

International economic and trade cooperation has long sought methods to make trade smoother. During the upcoming Belt and Road Forum for International Cooperation, more than a hundred foreign guests will gather in Beijing to discuss designs for better trade facilitation and cooperation with the theme “promoting unimpeded trade.” Against a backdrop of the sluggish world economic growth, rising anti-globalization sentiment and protectionism, common sense dictates that countries seeking growth look to facilitating greater trade through the cooperative platforms such as the Belt and Road Initiative.

Achievements in Cooperation

As Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road notes, the phrase “unimpeded trade” refers to

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efforts to “improve investment and trade facilitation by removing investment and trade barriers to create a sound business environment in a region and for all participating countries.” The document calls for efforts to “discuss free trade areas with countries and regions along the Belt and Road to create potential for expanded cooperation.”

Since the Belt and Road Initiative was proposed in 2013, China has worked to build economic and trade cooperation platforms with countries along the Belt and Road to promote “unimpeded trade” and has achieved impressive results. Statistics show that China’s trade volume with countries along the Belt and Road totaled 6.3 trillion yuan in 2016, accounting for a quarter of its total foreign trade. The value of its overseas project contracts in countries along the Belt and Road increased by 36 percent to US\$126 billion, and China’s direct investments in those countries accounted for 8.5 percent of its total outbound investments. China has reached free trade area (FTA) agreements with greater numbers of countries and regions. After sealing a deal with the Association of Southeast Asian Nations (ASEAN) to upgrade their free trade agreement, China consecutively signed agreements with more than 20 countries and regions including South Korea, Australia and New Zealand. Negotiations with other countries are ongoing. Chinese companies have established 56 economic and trade cooperation zones in over 20 countries along the Belt and Road, helping those



countries create nearly US\$1.1 billion in tax revenues and some 180,000 jobs. All of these achievements can be attributed to efforts to promote unimpeded trade.

Trading Challenges

Unimpeded trade can benefit some countries and people while undermining the interests of others. The “non-neutrality” of trade globalization has caused some stakeholders to block free trade and even persuade governments to adopt protectionist measures to impede trade, even in countries along the Belt and Road.

The fact of the matter is regional trade between countries along the Belt and Road remains low compared to trade elsewhere. High costs in fields like customs clearance, transportation and logistics, underdeveloped infrastructure, inconsistent policies and measures concerning customs, investment, taxation and currency, unbalanced law enforcement and investment and trade barriers make it difficult to freely transport goods and services.

To further compound the issue, unbalanced development and complicated geopolitical conditions in some countries along the Belt and Road create bottlenecks that affect the entire region. The lack of a multilateral free trade arrangement and long-effective cooperation mechanism has hindered regional trade for decades.



Future Plans

To address doubts and complaints by vested interest groups opposing free trade in some countries, governments should erect supplementary mechanisms and promote institutional measures to compensate those who may suffer losses arising from free trade. For instance, governments should provide re-employment training for laid-off workers and improve infrastructure that enhances trading capacity.

To optimize trade, China should streamline and standardize its customs clearance and share its work with countries along the Belt and Road because customs clearance integration would lower customs clearance costs and enhance efficiency. Considering inconsistent policy as well as law enforcement, countries along the Belt and Road should adopt standardized rules and regulations to build an integrated supervision mechanism, create trade policy connectivity and promote openness in law enforcement.

Finally, countries along the Belt and Road should break through barriers currently restricting trade conditions by signing free trade agreements, engaging in higher-level cooperation, expanding investment, formulating new trade and investment rules and expanding regional openness. They should set up pilot cross-border economic cooperation zones in border areas in which goods and services can be freely exchanged to promote more enhanced trade and investment liberation in the region.



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