

# China Development Forum 2021

## *China on a New Journey of Modernisation*

19:30-20:30, 20 March 2021

### Parallel Session V - Venue V

#### Third Party Cooperation on the Belt & Road Initiative

##### Moderator

Hu Biliang, Executive Dean of The Belt and Road School, Beijing Normal University;  
Dean of the Emerging Markets Institute, Beijing Normal University

##### Speakers

Martina Merz, Chairman of the Executive Board & CEO, ThyssenKrupp AG  
Men Honghua, Distinguished Professor, Dean of the School of Political Science &  
International Relations, Tongji University  
Jeremy Weir, Executive Chairman & CEO, Trafigura Group  
Li Xiaoyun, Chair Professor of China Agricultural University;  
Fang Qiuchen, Chairman, China International Contractors Association

##### Synopsis

To benefit more countries leveraging the achievements of the Belt and Road Initiative (BRI) in international infrastructure construction, the Chinese government put forward a third-party market cooperation model for the BRI in 2015, based on the cooperative experiences of Chinese enterprises and overseas multinational companies in third-party markets of countries along the Belt and Road. Since then, China has signed 14 third-party market cooperation agreements with developed nations. Third-party market cooperation under the BRI mainly includes cooperation in products, infrastructure projects, investment, the integration of industry and finance, and strategy.

In the face of the COVID-19 pandemic and the de-globalisation trend, it is increasingly difficult to cooperate internationally. The past cooperation approach focusing on self-interest has fallen behind the times. A new concept of cooperation that drives common values and common interests is much needed, and third-party market cooperation under the BRI is one of the best ways to put this into practice.

This new cooperation approach integrates different experiences and technological

advantages from three countries to complement one other with their different advantages in markets and labor resources. At the same time, third-party market cooperation focuses not only on economic benefits, but also on national strategy, national value and international moral standards, serving as a strong channel for countries to optimise resource allocation, enhance national benefits and prevent systemic risks.

Third-party market cooperation also has huge significance for companies. Companies from developed countries have advantages, with standard systems for design consultancy, standards and norms, which are ideal for third-party markets and compensate for the disadvantages of Chinese enterprises. Chinese enterprises are able to satisfy sustainable international standards for projects in terms of planning and construction, which can in turn compensate for the disadvantages of companies from developed countries. In addition, developed countries have vast, low cost financing channels, and can help enhance risk resistance capacity in project financing. China is also able to export equipment, technical standards and other resources during cooperation.

However, such an approach to cooperation also faces unprecedented challenges in a new international environment. The biggest challenge comes from geopolitics, which has already affected countries' willingness to cooperate and their pursuit of benefits. Second, given the huge differences among different countries in political culture and other areas, the costs of coordination are high. Third, there is no set of unified technical standards for environmental protection, construction and other matters. Fourth, competition in third-party markets is becoming increasingly intense. Last, it is becoming more difficult to satisfy financing conditions in executing projects.

To better address these challenges, the mechanism for third-party market cooperation should first be further deepened to strengthen cooperation with strategic partners. Second, countries and enterprises should set aside their politicised mindset, stick to concepts of cooperation focused on people, green development and mutual benefits, and strengthen policy communication and coordination of development strategies. Third, greater emphasis should be placed on the principles of common interest and economic benefit to narrow differences. Fourth, additional market standards that are internationally recognised should be developed and introduced. Last, sources of funding need to be diversified.

Third-party market cooperation is set to achieve a "1+1+1>3" result in future.



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