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# **China's Belt and Road Initiative**

## ***Opportunities and Challenges for US Agriculture***

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# What is the Belt and Road Initiative?

## What is the Belt and Road Initiative (BRI)?

- Proposed by Xi Jinping in 2013 to build trade and infrastructure networks
- May 2017 Belt and Road Forum attended by 29 heads of state and representatives of 130 countries
- Roughly 80 countries participating to date
- Not just one road – “Silk Road Economic Belt” and “Maritime Silk Road,” but also “Arctic Silk Road” and expansion to Europe and Latin America
- Improving connectivity
  - Facilities – roads, ports, telecom
  - Trade and investment
  - Financial integration
  - Intergovernmental policy coordination
  - Non-governmental exchanges



China Daily

***BRI is a loose brand rather than a master plan***

## Alignment with China's Strategic Interests

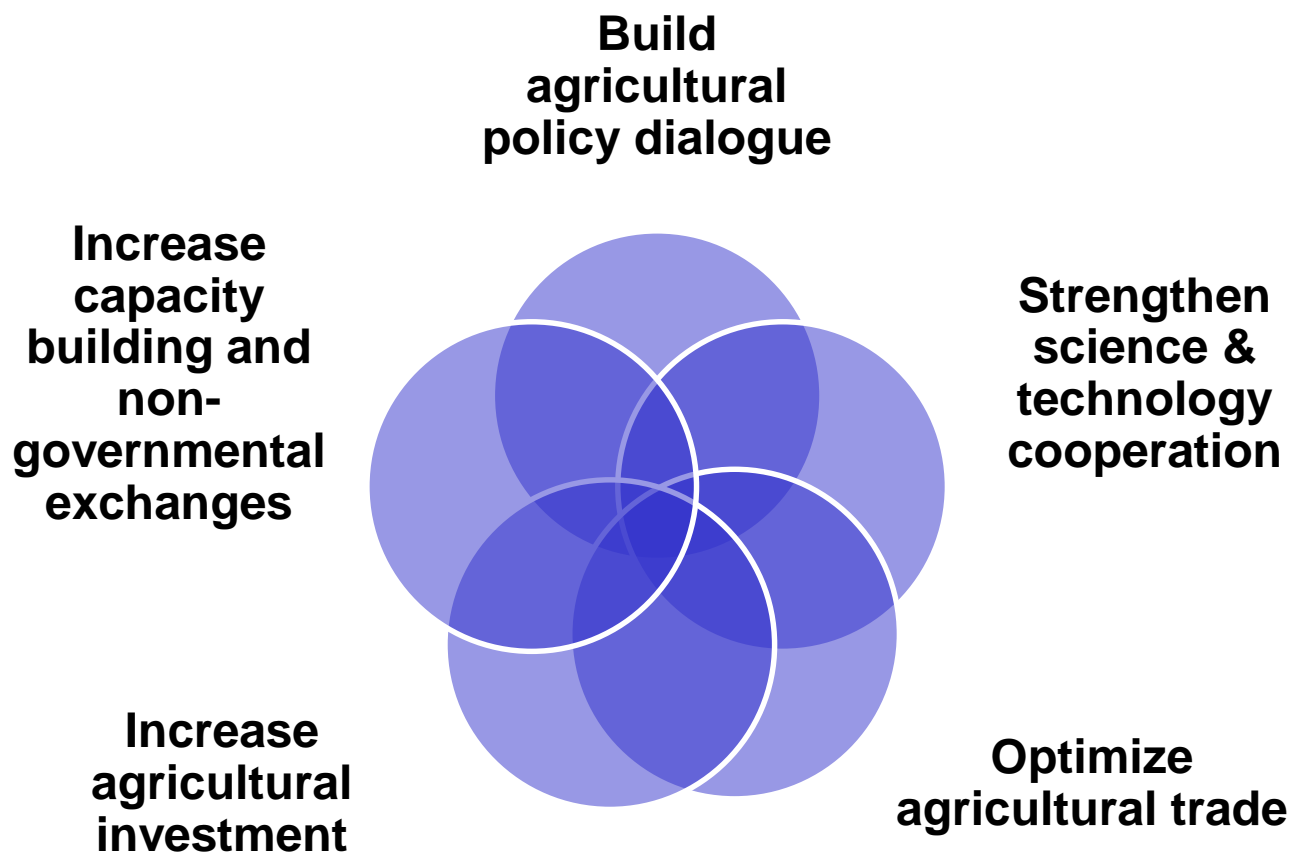
- **Diversify China's sources of strategic commodities like food and energy**
  - China has one-fifth of the world's population, but only 7 percent of its arable land
- **Develop and stabilize borders**
- **Soft power through global leadership and international aid**
  - \$308 million in food aid to developing BRI countries
- **New construction = uses of steel, concrete and other products with overcapacity**
- **Internationalization of the RMB**



*BRI may help other countries, but it is also in China's interests*

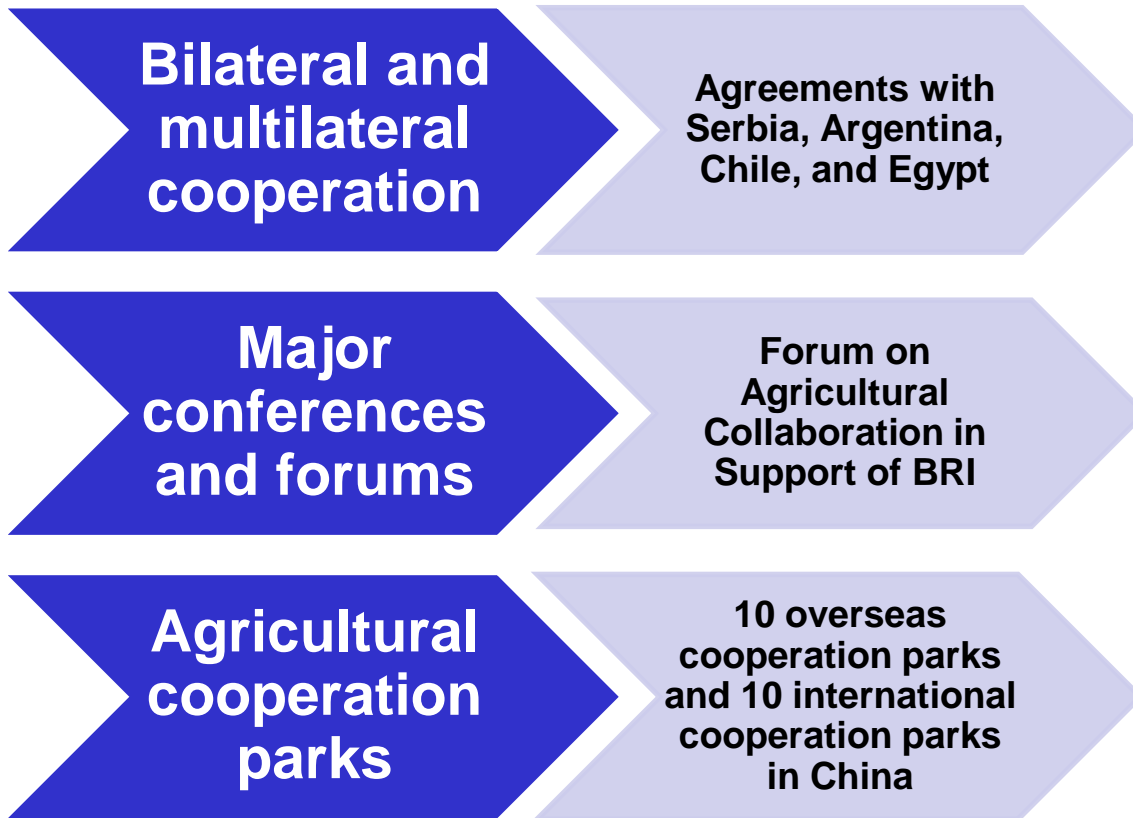
## BRI Agriculture Policy Goals

May 2017



*Agriculture goals align with overall BRI goals*

## Implementation



**Keep in mind: BRI efforts are not new**

- 2013 loan-for-crops deal with Ukraine
- 2015 China-Kazakhstan Modern Agriculture Innovation Park

***BRI builds on existing Chinese international agriculture policies***

## Priority Projects

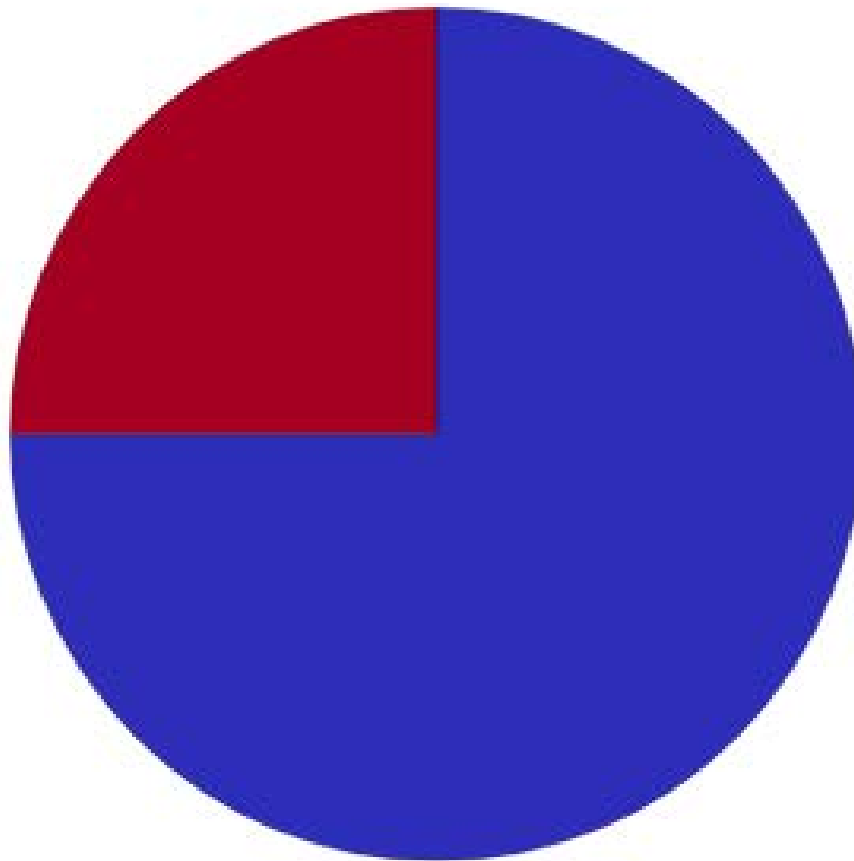
- Increasing regional grain production
- Science & Technology cooperation and demonstration
- Joint animal and plant disease control
- Vertical integration of agriculture
- Strengthening trade infrastructure
- Agricultural R&D and training
- Agricultural digitization



*Possible opportunities for involvement by foreign companies*

# Opportunities and Challenges for US Companies

## **Is your company interested in the Belt and Road Initiative?**



***Significant interest among US companies in participating in BRI projects***

## Opportunities

- **Improved infrastructure → expanded supply chains**
  - New freight rail network across Central Asia
- **Opportunities to sell to China from third countries**
  - Kazakh wheat and Ukrainian corn
- **Technological cooperation → improved agricultural output in BRI countries**
  - Technology licensing opportunities
- **Sharing international best practices**

### Importance of China to US companies:

- Export market for US farmers
- Destination for US biotech products
- US agricultural equipment, veterinary medicine
- Most US companies in China to access Chinese customers

*BRI could create new markets for US agriculture...*

## Challenges

- **No central location for information on BRI projects – how to identify the opportunities?**
- **BRI projects governed by local laws, so no uniform application process, no uniform standard of transparency, and no uniform dispute settlement process**
- **Preference for BRI countries as trading partners may displace some US suppliers**
  - 2013 \$3 billion loan-for-crops deal with Ukraine and US import rejections due to GMOs
- **USCBC Member Survey Top 10 Challenges**
  - Licenses and approvals - #2
  - IPR Enforcement - #5

*...but as with any market, opportunities and challenges come hand in hand*

# Thank you!

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