

NEW SILK ROAD GROUP- THE FIRST ROUNDTABLE DISCUSSION

*THEME: THE ROLE OF THE NETHERLANDS IN THE BELT ROAD INITIATIVE ^{*1}*

A discussion with Stakeholders, Scholars, Industrial Players, and Government Officials

www.new-silk-road.org

Date Friday, 19 October 2018

Time 13:30 - 16:30 (GMT +02:00)

Location Rotterdam School of Management, Erasmus University

Theil Building, CT-1, Burgemeester Oudlaan 50, 3062 PA Rotterdam, the Netherlands



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[New Silk Road Group \(NSRG\)](http://www.new-silk-road.org) is a research and business network that provides business and geopolitical analysis. It is especially dedicated to exploring the applications and impact of China's Belt and Road Initiative (BRI) from geopolitics, business and the interactions between both, such as technology. Through its website and by organizing events, NSRG facilitates communication and interaction among researchers, governments and businesses that have an interest in BRI. The platform is based on the principles of academic objectivity and political neutrality. We welcome all evidence- and/or experience-based contributions that help to create a better understanding of the BRI and its impact. The coordinating members of the NSRG network are from three Dutch research institutes: Rotterdam School of Management, Clingendael Institute and Leiden University.

Program:

As part of a series of monthly roundtable discussions, this event will explore the role of the Netherlands in the Belt & Road Initiative (BRI). The aim of this public roundtable is to bring together researchers, companies and government officials to discuss how the Netherlands should position itself with regard to the Belt & Road Initiative (BRI). The discussion will include examining the short- as well as long-term prospects of the BRI and their relevance to the Netherlands.

13:30 Opening and welcome by the Chair: Zhang Ying (RSM)

13:40-13:50 Round of introductions by panel members

13:50-14:00 Introduction: Implications and opportunities of rail freight transport between China and the Netherlands, Chris Wensink (Panteia)

14:00-14:40 Statements by the panelists: What role for the Netherlands in BRI?

- Edo de Ronde (Rotterdam Partners)
- Cui Rong (China Telecom)
- Jin Weihuang (ICBC)
- Ewout Stunnphius (Loyens & Loeff)
- Mohammadbagher Forough (Leiden University)
- Frans-Paul van der Putten (Clingendael)

14:14-15:00 Q&A with the audience

15:00-15:15 Break

15:15-16:30 Debate on the following questions

16:30 End of program

Summary of the 1st NSRG Roundtable Discussion

Summary of presentation from Panteia

In short, the BRI offers a huge growth potential, yet there are a lot of gaps in the infrastructure. For example, brake and gauge & transshipment at Malaszewicze / Brest and Dostyk / Alashankou, Kogros. The European transport economy shall be mildly affected. For example, the port of Rotterdam shall be affected more than the port of Trieste. The negative impact shall be offset by the positive impact for example by Tilburg, Duisburg, Łódź and Minsk might become strategic hubs due to their position. Europe should be aware of the impact of BRI with the EU, and a proactive approach is necessary in order to achieve reciprocity and an equal playing field. For example by setting up infrastructure funding guidelines and monitoring Chinese investments for compliance purposes.

Summary of the Panel Discussion

Panelists:

Edo de Ronde (Rotterdam Partners)

Cui Rong (China Telecom)

Jin Weihuang (ICBC)

Chris Wensink (Panteia)

Ewout Stunnphius (Loyens & Loeff)

Mohammadbagher Forough (Leiden University)

Frans-Paul van der Putten (Clingendael)

Moderator: professor Ying Zhang

From a historical perspective, China and the Netherlands have a long-standing relationship in trade. From the 17th century onwards, the Dutch-East India Company traded amongst others with China. Nowadays both countries are strong investment partners of each other. The Netherlands is third strongest EU-partner.

After the announcement of President of China (Xi Jing Ping) of the New Silk Road ambition (Belt and Road Initiative – hereafter: BRI) Rotterdam, but also the Netherlands in general, was not fully prepared for the weekly visits of Chinese delegation. Since early 2000, the Chinese advertised about the 'Eurasia land bridge' (= now known as: BRI) and therefore were already aware of the aforementioned plans, while the Netherlands had been made aware since 2015 onwards. This in stark contrast now, where Chinese delegations are met and informed by their Dutch counterparts. However, this process took quite some time.

The media-attention on the BRI focussed mainly on rail freight. This aspect of the BRI is the most specific manifestation for the Dutch media of the BRI. More media-attention is warranted on other aspects of BRI, e.g. maritime Silk Road, digitization, monetization of the Yuan. This is in stark contrast to their Chinese business, which are fully aware of the BRI due to the Chinese media-exposure and amongst its diaspora. one important extract of BRI in the future will be the cooperation will be also in the air-transportation.

China has taken over several companies, due to the Go-Out Policy from early 2000 onwards. This has been met with less resistance at that time. Recently, Germany has blocked a takeover of a German manufacturer of semi-conductor by a Chinese firm due to national security. Recently, the European member states, mainly the Netherlands, are focussing on enhancing protective (legal) measures in order to prevent takeover certain companies that operate in vital markets (e.g. communication, finance) by foreign companies. For example, América Móvil (affiliated with Carlos Slim) could not take over the Dutch KPN due to protective measures.

China is already investing hugely within and at the periphery of the EU. For example, acquiring a significant amount of shares in the Piraeus Container Terminal PCT S.A., i.e. the harbour of Piraeus. In addition, it is focussing on building a high-speed rail from Belgrade (Serbia) to Budapest (Hungary). Now, this project has encountered some difficulties. However, it is expected that the project will finalized in the upcoming decade. It has been remarked that the EU and its member states should examine whether the investments are reciprocal. Examples of Hambantota Port (Sri Lanka) was used for illustration purposes, which currently is leased to China for free for a period 99-year in order to pay off the BRI debt.

There were some questions relating to compliance to EU and mainly Dutch law. Especially, in relation to data. According to Dutch and EU-law, telecom companies are burdened with extra administrative tasks. This works is regarded as cumbersome, since it requires extra work. However, Chinese companies are willing to comply and respect in order to do business within the Netherlands.

Questions were raised regarding the perception of China. For example, Djibouti is a country with a lot of foreign military basis of the United States, France, Great Britain and Saudi Arabia. Mostly, they are located there to protect trade vessels from local pirates. Yet, certain countries become concerned when China is planning to open a military base for the same reason. *) Now, India is planning to open a military base in Djibouti. These plans are not met with the same anxious feelings in comparison with Chinese base.

The monetization of the Yuan could bring China the necessary economic power that could rival with the vested powers. However, China lacks the military power that is similar to the US. The latter spends approximately 50 per cent of its annual budget on its military power. Therefore, it is still a long way before China may rival the vested powers outside the economic realm.

As one, the audience member has pointed out that countries rally heavily on electronic devices, such as GPS, and need to look into on how to protect themselves. Some panelists concur with this idea. However, everyone agreed that the Sino-Dutch relationship should be based on reciprocity in order to flourish.

The generic notion is that *the Netherlands should be cautiously optimistic*. It should be open for trade opportunities. However, it must not forget that reciprocity is key in order to strengthen the aforementioned relationship and for creating an equal playing field.

TO BE CONTINUE...

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**THE PRE-ROUNDTABLE RESEARCH ON THIS THEME BY OUR GROUP
(NEXT PAGE)**

DUTCH VIEWS OF CHINA'S BELT AND ROAD INITIATIVE (BRI): AN OVERVIEW OF INTEREST GROUPS AND (LOCAL) GOVERNMENT

Discussion input for NSRG's October 19 Roundtable

Summary:

In general, Dutch organisations and institutions are mildly positive about the BRI. From some, it means accessing more markets and offsetting more products, which is beneficial for the Netherlands at large. However, some organisations are cautious, especially since the BRI might threaten their current competitive edge. For example, the port of Antwerp and Amsterdam are quite positive about the BRI, since it could mean more business. In contrary to the port of Rotterdam, which needs to compete with the port of Duisburg in order to maintain its competitive edge. At the moment, dealing with China has become both an opportunity and a minefield for the Netherlands at large due to the sanctions imposed on Russia. An alternative route needs to be found. However, not all Dutch companies have the means to investigate these routes.

In addition, the Chinese initiative stimulates growth, which in turn means a bigger market for producers of agricultural goods, vegetables and fruit, but also for dairy farmers, given how China has not allocated much land for agricultural purposes.

Lastly, most interest groups are concerned about their members. The BRI means that individual companies might thrive on it. However, the industry at large could suffer from it, since they might become too dependent on the BRI.

The general trend is that organisations are mildly positive, as long as the Netherlands (and its sectors) do not become too dependent on China.

Finance and Banking

Sector	Finance and Banking
Organization	ABN AMRO
Type of Organization	System bank
Description	<p>ABN AMRO states that the growth figures of China 6 -7 per cent per year. These figures are partially linked to the immigration from rural- to urban areas.</p> <p>ABN AMRO states that the China is in a transition phase (= from heavy industry to consumption goods).</p> <p>The Chinese government provides room for experiment and is reforming politics. Although, this might mean lower economic growth. Nonetheless, it acknowledges that the political system shall remain as it is, since its members (70 million people) benefit from it.</p> <p>In order to achieve economic growth the government might assign banks to use the savings for infrastructural projects.</p>
Year	2017

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Source	https://www.abnamro.nl/nl/images/Generiek/PDFs/050_Private_Banking/Financial_Focus/Financial_Focus_37.pdf
Assessment	Positive

Sector	Finance and Banking
Organization	Rabobank
Type of Organization	System bank
Description	Rabobank sees possibilities for the agricultural goods and foods producers. The population of China shall grow, since the government stimulates population growth. Therefore, the demand for foods shall grow, since China does not have sufficient land for agricultural purposes. Hence, also the demand for cold freight transport. Furthermore, Rabobank sees also opportunities for the dairy market, since there is also not enough land in China utilized to grow fodder", e.g. corn, grass.
Year	N/A
Source	https://www.rabobank.com/en/about-rabobank/background-stories/food-agribusiness/faster-freight-fresher-food-in-china.html
Assessment	Positive

Sector	Finance and Banking
Organization	ING
Type of Organization	System bank
Description	In 10-20 years, China is able to materialize the economic and political benefit of the BRI, through amongst others 'writing off debt'. High debt loads might appear when the BRI projects do not operate efficiently. Currently, China is becoming more selective. However, China's influence will increase when participating countries are unable to fulfil their obligation.
Year	2017
Source	https://think.ing.com/downloads/pdf/bundle/chinas-belt-and-road-initiative https://think.ing.com/downloads/pdf/article/china-belt-and-road-bigger-than-the-marshall-plan
Assessment	Cautious

Transport and logistics

Sector	Transport and logistics
Organization	TRANSPORT & LOGISTICS - TLN
Type of Organization	Interest Group
Description	<p>Belt and Road Initiative might disrupt the current modus operandi within the logistical world.</p> <p>The maritime Silk Road might threaten the position of Western-European ports. The economic centre of gravity might flow away from these ports. The port of Rotterdam might face challenges in order in keeping its competitive edge.</p> <p>TLN acknowledges that there are many possibilities for transport companies, if they are actively involved with the BRI. This could provide opportunities for agricultural foods to be offset in China.</p>
Year	2018
Source	http://www.kennisdclogistiek.nl/system/downloads/attachments/000/000/258/original/Gevolgen_nieuwe_zijderoute_zijn_groot.pdf?1498833630
Assessment	Mildly Positive

Agricultural goods, vegetables and fruits (Perishable foods)

Sector	Agricultural goods, vegetables and fruits (Perishable foods)
Organization	Agricultuur, Groente en Fruit
Type of Organization	Interest Group
Description	<p>The focus is to transport agricultural goods, vegetables and fruits as efficient as possible. Poland is experimenting with alternative border crossing and Russia is looking for ways to reduce transport time.</p> <p>A way to be more efficient is to fill out the required documents for border controls, and to standardize documents, which creates more uniformity.</p> <p>In the eyes of China, European companies are less relevant, unless they possess a production method or other innovative technology that can be applied within China.</p>
Year	2018
Source	http://www.agf.nl/artikel/9027339/boycot-en-nieuw-spoor-grootste-knelpunten-agf-op-nieuwe-zijderoute/
Assessment	Positive

Sector	Agricultural goods, vegetables and fruits (Perishable foods)
Organization	Ministry of Agriculture, Nature and Food Quality
Type of Organization	Government
Description	<p>Key products that might be interesting for the BRI are flowers, plants and food products. The goods, which are transported from China to the Netherlands, are mainly: IT-products, car parts, clothes and industrial products and raw materials. The Netherlands transports mainly foods and other stimulants, but also European manufactured furniture to China.</p> <p>Aside from this, the BRI is a huge opportunity for cold chain logistics, since China does not possess equivalent technology and thus, making it not fit to transport foods. However, a downside is that Dutch (food) producers do not have the same market access as Chinese producers have to the European market. In addition, transporting goods to China becomes even more challenging due to the sanctions on Russia. Cosco makes it attractive to transport good partially by train and by sea in order to export and import from China.</p>
Year	2017
Source	https://www.agroberichtenbuitenland.nl/landeninformatie/china/achtergrond/agrologistiek
Assessment	Neutral

Sector	Agricultural goods, vegetables and fruits (Perishable foods)
Organization	Proagrica
Type of Organization	Private business platform
Description	<p>China's policy stimulates population growth. Thus, the demand for food shall rise proportionally. Yet, it does not have enough land for agricultural purposes. Currently, the maximum productivity per acre is being reached.</p> <p>China is depend of the US and Latin America for its need for feed and meat supply. In addition, it depends on Europe for more animal feeds, meat and dairy.</p> <p>According to Proagrica, the Netherlands should on exporting seeds, flowers and know-how to China.</p> <p>Lastly, in order to achieve the climate agreements a partnership with China is warranted, since we all are mutually dependent.</p>
Year	2018
Source	https://www.boerderij.nl/Home/Blogs/2018/8/Chinas-achilleshiel-325212E/
Assessment	Positive

Production

Sector	Production
Organization	Maakindustrie
Type of Organization	Private business platform
Description	BRI provides an opportunity for the Dutch dairy producers to offset dairy products via non-Russian route. The embargo on Russia creates a challenge to offset goods. In addition, reaching the Asian markets is challenging, since finding a non-Russian alternative route is difficult to find. The transport time of trains from Amsterdam to Yiwu is two weeks. Freight-by-sea takes twice as long.
Year	2018
Source	https://www.maakindustrie.nl/nieuws/voeding-gaat-nu-ook-per-trein-naar-china
Source	https://www.maakindustrie.nl/over-maakindustrieml
Assessment	Mildly Positive

Accountancy & Consultancy

Sector	Accountancy & Consultancy
Organization	Accountant
Type of Organization	Private business platform
Description	<p>China is more dominant in the European economy due to mergers and acquisition. The BRI is the driving force. This allows Chinese companies to access the European market. However, the European producers do not have the same market access as their Chinese counterparts.</p> <p>The Chinese government prohibited foreign investments within certain sectors. The trade restrictions stimulated China to open up market access to European producers.</p> <p>There is a trend emerging through these deals, namely reciprocity. For example: BMW acquired a stake in CATL (manufacturer of batteries). Recently, CATL announced that they would build the biggest battery factory in Europe for electrical cars.</p>
Year	2018
Source	http://www.kennisdatalogistiek.nl/system/downloads/attachments/000/000/258/original/Gevolgen_nieuwe_zijderoute_zijn_groot.pdf?1498833630
Assessment	Positive

Sector	Accountancy & Consultancy
Organization	Roland Berger
Type of Organization	Consultancy Firm
Description	<p>Many companies from the Netherlands "would love to participate".</p> <p>The Netherlands appears less wary of China's influence in Europe than its western European counterparts. "In more general terms, approaching the 'Belt and Road Initiative' as a problem is not helping,".</p> <p>We have to approach it as an opportunity.</p> <p>Rutte urged China to adopt "international standards" in its trade relations, and called for greater transparency and more open tendering.</p>
Year	
Source	https://www.scmp.com/news/china/diplomacy-defence/article/2141261/netherlands-keen-chinese-investment-wants-belt-and-road
Assessment	Mostly Positive

Sector	Accountancy & Consultancy
Organization	Deloitte

Type of Organization	Consultancy Firm and Accountancy
Description	<p>Three main opportunities exist for the European logistics sector</p> <ul style="list-style-type: none"> • Highest inflow of capital ever recorded offers large investment opportunities • If you get infrastructure right, it does have a genuine multiplier effect • Over half of the population will be accessible via the trade network <p>Tapping in to these opportunities means being aware of the risks and mitigating them BEFORE acting. BRI projects provide a range of stakeholders with which clients could consider partnering: from national, provincial and local government agencies</p> <p>Potential partners of BRI should:</p> <ol style="list-style-type: none"> 1. Perform a due diligence and investigate and map out all the risks 2. Hedging the risks, via an insurance for example 3. Minimizing risks during the project and acting promptly when an incident occurs and having a 'best practices' instructions ready
Year	N/A
Source	https://www2.deloitte.com/nl/nl/pages/publieke-sector/articles/the-belt-and-road-initiative.html
Assessment	Cautiously Positive

Ecommerce

Sector	Ecommerce
Organization	Emerce
Type of Organization	Private business platform
Description	<p>Alibaba is looking into acquiring a logistical hub in northern-Europe. Currently, around 50k items are being transported to Germany on a daily basis. However, Alibaba is also focussing on importing goods from abroad, which provides an opportunity for Dutch manufacturers.</p> <p>The Chinese consumer wants heritage and authenticity. Annually the trade volume is around EUR 12,5 per brand, such as Zwitsal, G-star, Suitsupply, Douwe Egberts, Bols, Heineken and Brabantia.</p> <p>The goal of Alibaba is to make China and net-importer by exporting a volume of \$ 8 trillion of gross merchandise.</p>
Year	2018
Source	https://www.emerce.nl/nieuws/nederlandse-merken-125-miljard-omzet-via-alibaba
Source	https://www.emerce.nl/nieuws/alibaba-logistiek-centrum-duitsland
Assessment	Mildly positive

PORTS

Sector	Port
Organization	Amsterdam Port
Type of Organization	Port
Description	Amsterdam is part of the railway network to Yiwu, which means that a freight train takes around 16-18 days to go one way. The Amsterdam port provides access to the UK and Sweden via sea.
Year	2018
Source	https://www.portofamsterdam.com/nl/business/connecties/zijderoute
Source	https://www.portofamsterdam.com/nl/nieuws/amsterdamse-haven-onderdeel-van-nieuwe-zijderoute
Assessment	Positive

Sector	Port
Organization	Antwerp Port
Type of Organization	Port
Description	Antwerp port is connected to Tangshan City. The Chinese local government intends to send out a train 1 or 2 times a month (with 35 wagons), and the transport time is 16-20 days. It might become transshipment port for Europe and Africa. Local governments of both cities are intending to sign a Memory of Understanding. CRCT (Chinese railway company) is investigating whether it is commercially viable to have an office in Europe.
Year	2018
Source	https://www.portofantwerp.com/nl/news/eerste-zijderoutetrein-komt-aan-haven-van-antwerpen
Assessment	Positive

Sector	Port
Organization	Rotterdam Port
Type of Organization	Port

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Descripti on	Since september 2017, there is a Chengdu-Tilburg-Rotterdam-Express. Every Monday, Wednesday and Friday a train with around 40 wagons arrive in Rotterdam. The cold-freight wagons are necessary, due to the extreme temperature variations (through Kazakhstan). In Poland, the train is made fit to travel through Poland, Germany and the Netherlands. These countries have their own safety systems. This outlet channels (afzetkanalen) for Dutch entrepreneurs to offset their products in Kazakhstan and the Western part of China. Also, the port Rotterdam can be considered a transit port for the West-coast of the US.
Year	2017
Source	https://www.portofrotterdam.com/nl/havenkrant/retourtje-china
Source	https://www.portofamsterdam.com/nl/nieuws/amsterdamse-haven-onderdeel-van-nieuwe-zijderoute
Assessm ent	Cautiously Positive

Retail (Vertical) / Supply Chain

Sector	Retail (Vertical) / Supply Chain
Organization	Frankwatching
Type of Organization	Platform
Description	<p>Alibaba aims to integrate the cooperation amongst producer, brand and retailer. In addition, Alibaba trains the seller in modern technology, cashless payment and how to optimize its inventory. The Dutch are well-known for their entrepreneurial spirit. However, they limit themselves by focussing on local sales channels, while smaller Dutch companies focus on selling more exotic locations, such as India and Bangladesh.</p> <p>China embraced modern retailing, where demands are met swiftly, and where automated shops (shops with no staff) is becoming more common</p> <p>Plenty of opportunities for Dutch companies that are open to it, especially in the retail and fashion sectors where – unlike in e.g. agriculture - NL is a much smaller player</p>
Year	2018
Source	https://www.frankwatching.com/archive/2018/04/25/nieuwe-kansen-china-oude-zijderoute/
Assessment	Positive

Local / Regional Government

Sector	Local / Regional Government
Organization	The Municipality "Capelle a/d IJssel"
Type of Organization	Municipality / Local Government
Description	Local Dutch and Chinese governments are cooperating with one and other in order to facilitate trade. However, this cooperation is not limited to business, but it also stretches out to sports and caregiving. Business can easily locate themselves in Europe through this channel. However, these partnerships focus mainly on two- or even third tier cities.
Year	2018
Source	https://www.ad.nl/rotterdam/capelle-gaat-op-jacht-naar-chinese-bedrijven~ace8c59c4/
Assessment	Positive

Sector	Local / Regional Government
Organization	Province Gelderland
Type of Organization	Province / Regional Government
Description	The province of Gelderland organizes its own trade missions. The recent mission focussed on logistics and trade with Central China, and education and sports. The latter two focusses mainly on exchange programs. These missions focus on two-tier cities.
Year	2018
Source	https://oostnl.nl/sites/default/files/attachments/China%20Missie%20brochure%202017_online.pdf
Source	https://www.gelderlander.nl/arnhem-e-o/gelderland-gokt-op-cruciale-rol-in-zijderoute-naar-china~ab41bac4/
Assessment	Positive

Interest group / Lobbyists

Sector	Interest group / Lobbyists
Organization	VNO-NCW (Confederation of Netherlands Industry and Employers)
Type of Organization	Interest group / Lobbyists
Description	Importance of NL (esp Rdam) as a hub Political influence: risks creating dependency relations esp. with weaker countries Structural shortcomings (lack of info, compliance with standards...)
Year	2018
Source	https://www.vno-ncw.nl/column/chinese-handelsroute-we-willen-wel-maar-tekenen-niet-blindelings
Assessment	Mixed

Sector	Interest group / Lobbyists
Organization	Midden-/en Klein Bedrijf Nederland / MKB Nederland
Type of Organization	Interest group / Lobbyists
Description	China is dominating the raw material (most raw material are in China) markets and trade routes (BRI), which might interfere with the energy transition. The German employer's organization, called 'BDI', is actively look into on how to access raw materials to keep their industry running. Germany tries to have advantage on the supply of raw materials, which intensifies the Sino-German relationship. Diversification is the key; multiple vendors lessens the influence of geopolitical powers. Perhaps recycling and space mining might be an answer in the future. A coordinated partnership between EU-member states is warranted. The notion is that an individual EU Member states is too vulnerable for dealing with China.
Year	2018
Source	https://www.mkb.nl/forum/moeten-we-om-deze-grondstoffen-straks-bedelen-bij-china
Assessment	Cautious

Interest group / Lobbyists

Sector	Government
Organization	The Dutch Government
Type of Organization	Central Government
Description	Many companies from the Netherlands "would love to participate" The Netherlands appears less wary of China's influence in Europe than its western European counterparts. "In more general terms, approaching the 'Belt and Road Initiative' as a problem is not helping," We have to approach it as an opportunity Rutte urged China to adopt "international standards" in its trade relations, and called for greater transparency and more open tendering
Year	2018
Source	https://www.scmp.com/news/china/diplomacy-defence/article/2141261/netherlands-keen-chinese-investment-wants-belt-and-road
Assessment	Mostly Positive

Friday, October 19, 2018

(for more information, please visit www.new-silk-road.org)