重塑改革开放战略，促进包容性全球发展

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竞争、合作与沟通：从 TPP、“一带一路”和人民币国际化的视角展望中国未来的开放之路

中国对外开放历经数十载，硕果累累。开放是推动中国成长为全球最大贸易国和第二大经济体的最强推动力之一。从上世纪 80 年代南方沿海的几个经济特区起步，三十余年来，中国的对外开放之路已走过不同阶段，包括在 2001 年加入了世贸组织（WTO），为此中国取消了近七千余种关税、配额和其它贸易壁垒。加入 WTO 标志着中国首次真正体验全球化并受益于多边贸易和投资，但同时也使中国直面外部竞争。以廉价劳动力形式存在的人口红利吸引了大量外国直接投资，同时带来国外的技术和专长。这些有利因素支持了中国的工业化，并将中国纳入世界贸易版图。

过去十年，我们看到了中国开放战略的调整。中国 2014 年首度成为净资本流出国，对外直接投资首度超过吸收的外国投资。在“走出去”战略的鼓励下，更多中资企业到海外并购资产、拓展业务。劳动力数量见顶和农民工工资快速上涨迫使制造业企业搬迁或升级换代以保持竞争力。中国的人口红利逐步消失，同时家庭财富快速增加。资本账户开放步入舞台中央，人民币也正式成为国际储备货币。

保持正确的战略对于中国的长期发展至关重要，这是因为，随着中国更加开放，机遇和挑战成倍增加，对中国经济、金融和社会变革的影响也将放大，曾经行之有效的做法在新的形势下可能不再奏效。时代变了，优先事项需要重新梳理，战略规划也需重塑调整。

我们认为，未来五到十年中国开放战略要取得成功需围绕三个“C”主题展开，分别是竞争（Competition）、合作（Collaboration）和沟通（Communication）。

竞争（Competition）不是坏事，尤其是能促成进步的良性竞争。这方面最有代表性的例子是日前 12 个国家签署的跨太平洋伙伴关系协定（Trans-Pacific Partnership，简称 TPP）。中国目前排除在协议之外将成为中国未来推进改革、加速本国自由贸易协定谈判的主要催化剂。

合作（Collaboration）的要旨在于建立互信互惠，也是“一带一路”成功实施的关键。展示各方将如何受益于这一战略是中国携手 60 余个沿线国家推进这一战略的最佳方式。

沟通（Communication）的核心在于管理预期和信心，特别是在市场情绪的任何转变都可能使资金闻风而动的金融全球化环境下，这一点极为重要。人民币近期的波动加剧了市场的不安，要使人民币国际化重回良性轨道，决策层良好的沟通很有必要。

在本报告中，我们将透过 TPP、“一带一路”和人民币国际化三个视角近距离剖析中国开放战略的重要方面。

1. 竞争：TPP 拒之门外激发中国推进改革

TPP 正以其不包容的方式带来变革

或许有人会说，当前世界正在远离包容性全球贸易发展。美国总统奥巴马力挺 TPP，他曾作过这样一段著名的表述：“在我们超过 95%的潜在客户位于美国国土以外的情况下，我们不能让中国这样的国家制定世界经济的规则。”

TPP 是环太平洋 12 个国家共同签署的多边自由贸易协定，这些国家占世界 GDP 总量的 40%。协定旨在取消或降低成员国之间的几乎所有货物和服务贸易的关税和非关税贸易壁垒，便利相互投资，设定劳工权利、环境保护、知识产权以及国企参与等领域的共同高标准。中国目前没有被纳入这一协定。

不同于 WTO 体系的降低关税有利于所有经济体，像 TPP 这种超大区域贸易协定可能会提高成员国的竞争力，但却以非成员国的竞争力下降为代价。这意味着“超大区域”可以重塑全球价值链，尤其是鉴于区域内既有发达经济体，也有新兴经济体，实力和利益诉求形成互补。

TPP 有望对目前未被双边自由贸易协定覆盖的贸易走廊产生最大的推动作用。比如，日本汽车厂商和越南服装厂商或将因在 TPP 框架下能优先进入美国消费市场而大大受益。中国被 TPP 拒之门外，由此引发了中国将成为贸易和投资分流的牺牲品，错过优先进入重要出口市场机遇的担忧。

纺织品和服装行业清晰地诠释了 TPP 可能会如何使中国受损，主要有两种方式：(1)在美国市场上降低中国相对于越南等 TPP 成员国的竞争力，(2)长期内降低中国作为对 TPP 成员国纺织品原材料供应国的地位。我们看到，在纺织和服装行业，TPP 正加快从中国向越南的投资转移和工厂搬迁，因为在原本已有的行业向越南搬迁的众多理由——包括较低的工资、充足的劳动力供应和家庭财富持续上升——之上，现在又增加了 TPP 带来的好处。诚然，并非中国的所有行业都像服装纺织业这样可能深受 TPP 的冲击。例如，中国不是主要的汽车出口国，汽车生产主要满足国内市场需求，因此流失到日本的生意机会相对较少。鉴于 TPP 对不同行业的影响不一，在衡量 TPP 对中国将造成的影响时宜全盘考虑。

普遍认为，TPP 可能不会立即对中国的贸易和投资产生较大的负面影响。TPP 协定离真正实施至少需要一到两年的时间，因为尚需要各成员国（议会）批准，这是一个耗时繁琐的过程。且逐步推行一些颇具争议的降低关税举措快亦需要数年，慢则需要数十载。

早在 TPP 协定达成之前，低附加值贸易和投资自中国向其它国家的转移就已经开始，今后可能继续进行。尽管可能会有更多企业从中国搬迁到越南，但这也符合中国促进制造业升级换代的意愿。

更重要的是，中国应该意识到因未加入 TPP 而失去的收益（或称“机会成本”）远远超过直接经济损失。

2015 年中国人民银行研究局首席经济学家马骏和上海发展研究基金会研究员肖明智共同发布报告，就 TPP 对中国 GDP 的影响进行了量化研究。报告认为，如果中国加入假想的“泛 TPP”（TPP 扩展为 16 国，包括中国在内），仅计算 TPP 实施头四年对贸易的影响，中国 GDP 增长可能比不加入的情景累计提高 2.2 个百分点，即每年 0.55 个百分点。这表明，中国不加入 TPP 的“机会成本”甚巨。相比之下，同一期间中国不加入 TPP 隐含的直接经济损失累计仅为GDP 的 0.2 个百分点。

其它研究也发现：1) TPP 成员国获得的收益主要来自由此创造的贸易和投资，而不是自非成员国家分流的贸易和投资，而且 2)如果中国加入了 TPP，将会给所有其它成员国（尤其是美国）带来显著收益。总之，中国加入 TPP 会带来经济效益。如果加入 TPP 不是中国可考虑的选项，或者如果中国在加入之前需要采取措施以避免因未加入而造成的差距，那么寻求签署更多双边贸易协定或与现有 TPP 成员国签署亚洲内部的自由贸易协定将可能弥补未加入 TPP 造成的损失。

TPP 助推中国改革

从长期来看，中美双方都为未来中国可能加入 TPP 留下了空间。即便不考虑政治因素，中国在成为 TPP 成员前也需要破除一些障碍，有些要求现阶段对中国而言还比较高。

例如，鉴于国企在中国经济中的主导地位，不太可能很快达到 TPP 规则要求的为私人部门企业创造平等竞争环境。国企改革虽然正在推进，但可能仍将采取渐进方式。TPP 对劳动力、环境、产权保护的严苛标准可能增加中国的劳动力成本，提高技术进口的花费，向外资竞争开放国内金融服务业和农业也可能给经济带来阵痛。

区域全面经济伙伴关系（RCEP）是中国可能替代 TPP 的选择。RCEP 也被称作“东盟+6”，是 10 个东盟国家与包括中国在内的 6 个与东盟国家已签署了自贸协定的国家之间拟签署的自由贸易协定。RCEP 成员国的人口占世界总人口的近一半（相比之下 TPP 成员国人口仅为世界人口的 10%略多），占世界 GDP 和贸易总额的约 30%。

RCEP 以一系列业已签署执行的双边自由贸易协定为基础，与 TPP 在相当程度上重合，但由于印度和韩国的加入从而使亚洲国家所占的比重更大。RCEP 将深化中国-东盟贸易走廊，我们预计未来几十年这一贸易走廊将迅速扩张。不过由于美国等重要角色缺席，RCEP 将无法实现 TPP 的全部收益。近期 TPP 谈判完成或会给 RCEP 谈判（谈判 2012 年就已开始）增加压力以尽早结束。

同时，小规模协定可以弥补被排除在大规模双边贸易协定之外所受到的冲击。中国现有的双边贸易协定也为更大范围的贸易协定（如 RCEP）谈判打下了扎实的基础。除 RCEP 外，中国目前还在开展 5 个自由贸易协定谈判，包括与日本和韩国的三边自贸协定和与海湾合作委员会的自贸协定，另外 3 个双边自贸协定的伙伴方分别为南非、挪威和斯里兰卡。最近中国分别与韩国和澳大利亚签署了双边自贸协定，时间均为 2015 年 6 月。

具体到投资领域，中国正在与美国和欧盟开展双边投资协定（BIT）谈判。这类协定对双方都是有利的，无论美国还是欧盟，双边投资协定将推动中国对上述经济体的投资，并将保护这些国家在中国的投资。中美双边投资协定谈判开始于 2008 年，到 2015 年已进入第 22 个回合，习近平主席去年访美有望进一步推动这一进程。

这里自然要提到中国 2013 年正式提出的“一带一路”战略，中国主导的这项战略将通过亚洲、中东、非洲和欧洲的基础设施互联互通推进贸易和投资增长。但是，如果称其为 TPP 的替代，或许对“一带一路”有失公允。

预计未来 10 年官方对“一带一路”的总资金投入将超过 1 万亿美元，加快中国由全球最大商品出口国向主要资本输出国的转变，带动沿线国家基础设施投资热潮，扩大人民币在国际贸易、投资和金融交易中的使用。

“一带一路”对于中国开放战略步入新阶段和促进包容性全球增长具有重要意义。就目前而言，虽然“一带一路”可推进贸易和投资，但对于降低贸易壁垒的作用不大。“一带一路”是中国极力推进并可能给中国带来高回报的重要项目，但不是 TPP 的替代。

争取加入 TPP 或其它替代机制或将激励中国政府加快推进改革，类似于去年人民币进入国际货币基金组织（IMF）特别提款权货币篮子的努力激发了资本账户加快放开。即便加入 TPP 不是目前的选项，也为中国开展 RECP 和其它双边自贸谈判树立了高标准。不论要加入何种自贸架构，中国都将不得不加快改革，为更大程度地放开贸易和投资做好准备。

2. 合作：“一带一路”需要一起走

一带一路将使所有人受益

将原先仅在文莱、智利、新西兰和新加坡等国之间达成的小规模贸易协定发展为囊括 12 个成员的 TPP 总协定耗费了整整十年时间。而“一带一路”参与国家数量为 TPP 成员国数量的 5 倍，而且合作范围不限于贸易和投资，还包括国家之间的基础设施互联互通和金融合作，其雄心壮志可见一斑。

“一带一路”之所以成为可能，就在于其具有良好的经济意义，不仅有益于中国，也有益于其它沿线国家。“一带一路”应有助于对接各国的投资和储蓄。据亚洲开发银行的数据，2010-2020 年，亚洲需要 8 万亿美元基础设施投资，以保持经济增长动力。这一数字大大超过各国政府的融资能力，也远超亚洲开发银行的融资能力。基础设施不足阻碍着“一带一路”沿线国家的发展，多数国家的储蓄率较低，限制了它们的投资能力。

而另一方面，中国的储蓄率很高，且由于产能过剩投资动力正在减弱，“一带一路”可以引导中国的储蓄和建设专长流向别的国家，帮助它们解决基础设施瓶颈。“一带一路”沿线国家占世界人口的63%，占全球GDP的29%，2014年它们与中国的贸易总额超过1万亿美元，占中国贸易总额的四分之一。

只要实施得当，“一带一路”将提高参与国的潜在经济增长率，更有效率地利用中国的储蓄和基建产能。沿线国家加强互联互通将推动打造基于比较优势的区域（而非单个国家）产业链，从而提高生产力。

许多“一带一路”沿线国家拥有大量劳动力，工资水平相对较低，随着中国由于劳动力成本上升而逐步失去在劳动密集型行业的竞争力，它们是转移中国劳动密集型行业新的理想目的地。基础设施互联互通的改善将推进产业在这些国家之间的迁移。

中国的收益在于更好地利用过剩产能。10年内一带一路获得的官方财力支持或将带动粗钢需求增加2亿吨，据我们估算为中国粗钢年产能的20%。

“一带一路”战略也将通过加强沿海地区和中西部不发达地区之间的互联互通促进中国国内的均衡发展，同时有利于推进人民币在国际上的使用（后面还将详细谈到）。

“一带一路”彰显中国改革开放面临的挑战

解决融资问题是让“一带一路”项目发挥作用的关键。基建投资往往周期长，收益不确定，“一带一路”投资涉及沿线铁路、高速公路、运输管道和港口的建设，还有国内基建类投资和工业园区建设，这些项目通常需要大额资金投入，偿还期较长。

考虑到基建投资的特点，官方融资不可或缺。预期新成立的亚洲基础设施投资银行 (AIIB)，金砖国家开发银行 (NDB，又称金砖银行)和丝路基金(SRF)以及中国的政策性银行将在初期的基建开发融资中发挥主导作用。我们估算未来10年这些机构对“一带一路”的融资规模有望达到1万亿美元左右。

官方融资有望刺激其它开发类银行的投资，并吸引私人投资参与。私人资本的参与能扩充有限的官方融资，提升项目的商业化水平。其它的融资形式包括商业银行信用、国际债券市场融资和私募股权基金等。

比“一带一路”的融资更富挑战的是协调沿线国家的战略和利益诉求。“一带一路”机制推出之际中国承诺将遵守共商项目投资、共建基础设施、共享合作成果原则，未来其推进不会取代现有机制或区域合作，而且，“一带一路”还要帮助参与国家实现自身发展战略。

但在此之前，中国需要妥善打消其它国家的疑虑和担忧。“一带一路”涵盖的地域包括中亚、东南亚（即东盟）、欧洲、中东和非洲，并且引发了这些区域内外国家关注中国推出此举措的政治和经济目的。对基建的投资由于需要参与国持有长期承诺也会成为另外一个棘手问题。中国引导的对战略行业的投资（如通讯和能源），可能也会引起对中国的影响力不断扩大的担忧。

因此，有效的沟通是获得当地社会支持的关键。与“一带一路”相关国家的沟通主要由外交部负责。如商务部和国家发改委也能参加路演，或有助于更清晰的向沿线国家人民阐释“一带一路”将会带来的经济效益。

尤其是，中国需要改变其它国家对于中国推出“一带一路”的目的是拉动本国出口和消化自身过剩产能的看法。要想达到这一目的，中国必须就机制的经济逻辑和互惠互利性开展非常有效的沟通，并且通过现有项目证明推进“一带一路”将创造工作机会，增加区域与世界的互联互通，造福沿线国家人民。

中国在推进和实施“一带一路”项目的过程中还需恪守市场规则，增加透明度。许多沿线参与国家的政府实行选举制度，如果某些项目仅被视为与某届政府的合作，政权更迭时项目推进可能成问题。如果项目要可持续，必须商业化运作，最好是有私人部门（包括发达经济体的企业）和世行、亚洲开发银行和亚洲基础设施投资银行等多边机构的参与。

从中国国内来说，需要改进地方政府之间的协作，发挥各自比较优势，避免通过重复性、浪费性投资相互竞争。“一带一路”战略旨在改善并加强欠发达的中西部省份与较发达的东部沿海地区之间的融合与关联，促进均衡增长，但如果地方在缺乏综合统筹的情况下急于上项目，可能导致过度投资。

据国内媒体报道，全国有三分之二的省份将“一带一路”作为发展重点，已写入年度工作计划。多地争当“一带一路”的起点，并申请设立自贸区和建设金融中心。目前正在进行的 900 多个项目涵盖基础设施建设、贸易、能源、金融、环保和海事领域。地方政府的投资动力十足，但中央的有效统筹必不可少。

而且，有必要确保中国企业为“一带一路”做好了准备，中国企业投资“一带一路”项目可能遇到千差万别的投资环境，且部分沿线国家的法律和政府机制尚不稳定。总的来说，沿线国家的政治体系、宗教、文化和营商方式存在很大差别。

缺乏在这些国家经营和投资的经验和知识，将给引领投资的中国企业带来很大挑战。在这些国家开展业务之前，有必要首先进行专业的风险评估并设计风险管理制度。开展尽职调查、与当地企业或经验丰富的外国企业合作、雇佣当地人才和高层管理人员将可能降低经营风险。

3. 沟通：再谈人民币国际化

人民币国际化强势启航后遇风浪

与 TPP 和“一带一路”战略的前景仍有很多未知相比，人民币国际化战略自 2010 年香港开启离岸人民币（CNH）市场以来已收获丰硕成果。

多年以来，人民币贸易结算体系在全球的使用变得愈发广泛和高效：2015 年中国货物贸易总量中用人民币结算的超过了四分之一。鉴于中国继续享有全球贸易大国的地位，且更多对外贸易或将使用人民币结算，我们预计，中国货物贸易中以人民币计价的贸易结算规模将由 2015 年的约 1 万亿美元增长到 2020 年的约 2.6 万亿美元。

投资方面，包括资产管理公司等在内的超过 500 家境外实体已获准进入国内债券市场，官方公布其所持有的人民币资产储备规模已达到近 1000 亿美元（仅略低于全球外汇储备的 1.0%）。央行货币互换机制、离岸人民币清算行和人民币合格境外机构投资者（RQFII）配额等安排已遍及全球。

2015 年中国金融体制改革和资本账户开放取得重大突破，主要成果包括：完全取消在岸存款利率上限、延长在岸人民币交易时间、除上海外新增多个

自由贸易区试点、基于“沪港通”的成功经验推出“中港基金互认”计划等等。上述成果的累积促使国际货币基金组织（IMF）于 2015 年底做出市场热切期盼的一项决定，即将人民币纳入特别提款权（SDR）货币篮子并于 2016 年 10 月 1 日起正式实施。

我们预计未来每年全球各大央行或将其储备投资的 1%重新配置为人民币资产，到 2020 年底人民币计价资产占全球外汇储备的比例至少将达到 5%。我们预计到 2020 年底中国资本流入总量将达到 5.5-6.2 万亿元人民币，同时国内债券市场中外资持有的比例将接近 9%。人民币加入 SDR 将增强人们对人民币国际化和中国政府更广泛的政策议程的信心。

为进一步描绘人民币国际化进展程度，渣打于 2010 年 12 月正式推出人民币环球指数（RGI），该指数是渣打自创的评估全球主要离岸人民币中心离岸人民币业务水平的专项指数，2015 年 12 月指数由 2010 年 12 月的初值 100 升至 2015 年 12 月的 2,120。RGI 指数包含 4 个主要组成部分：离岸人民币存款、人民币跨境支付、离岸人民币外汇成交量和点心债发行量。指数发布迄今逾 21 倍的增长表明过去五年离岸人民币市场规模及全球延伸范围均迅速扩张。

重塑市场信心是实现人民币国际潜力的关键

尽管如此，如若不能化解近期人民币汇率波动所引发的市场疑虑，则人民币国际化已取得的成就或将大打折扣。单就 2015 年数据来看，RGI 实际出现了微幅收缩（由 2014 年底的 2,124 下滑 0.2%）。很显然，2015 年人民币的贬值和中国经济增长减速都给离岸人民币业务降了温。

随着中国外汇体制向更加市场化的方向迈进，人民币汇率波动加大似乎合情合理。811 汇改促使人民币即期汇价与每日中间价趋同，继而满足人民币加入 SDR 的先决条件之一，但外汇政策转向更加关注人民币有效汇率（EER）部分导致 USD-CNY 走高（2015 全年人民币对美元贬值逾 4.4%）。人民币有效汇率相对稳定也将有助于增强中国对外部门的国际竞争力。

我们测算的数据显示 2015 年 8 月至 12 月间人民币汇率中间价和收盘价之间的相关性确实显著增强。中国外汇交易中心（CFETS）推出的人民币贸易

加权汇率指数同样有助于市场判断人民银行在给人民币定价时是否赋予一篮子货币更多权重。从政策层面看，外汇体制改革正朝着正确的方向前进。

然而，要在人民币汇率转向“新常态”的同时确保不引发市场对人民币大幅贬值和资本流出的担忧，这一向是一种艰难的平衡术。市场对人民币汇率每日中间价突然连续下调明显感到出乎意料，中间价在 2015 年以前通常被视为释放外汇政策意图的关键信号。渐进式改革步伐被市场曲解为中国政府对人民币贬值容忍度增加，继而引发市场恐慌性抛售在岸人民币并导致在岸和离岸人民币之间的差距不断拉大。人们对在岸人民币估值仍然过高的担忧仍未消除，这或也加重了市场悲观情绪。

虽然市场对此并无统一看法，但有人认为随后中国政府旨在稳定市场的干预措施和其它尝试性操作导致形势变得更复杂。外汇储备迅速下降，加重了市场对当局遏制人民币资产抛售潮的能力的疑虑。而在动荡时期政府似有推动人民币兑美元（USD-CNY）即期汇价和中间价重返超稳定价位的意图，又给市场造成了政府政策前后不一致的印象。

市场还愈发担忧目前资本账户开放或被暂时搁置，担忧主要来自当局暂停人民币合格境内机构投资者（RQDII）项目，要求跨境人民币资金池计划不得出现净资金流出等近期政策。其它政策目标同样让位于遏制资本流出：在岸货币政策放松不得不暂缓，同时离岸流动性一直人为地维持紧缩态势。上述措施在遏制资本流出方面取得了一定成效，不过其代价是人民币国际化步伐的放缓。

其实中国经济的整体基本面远非如此黯淡。传统的经济脆弱性指标并未显示目前存在经济危机即将来临的风险。2015 年 GDP 增长 6.9%，创近 15 年以来新低，但中国仍是全球增长最快的经济体之一，越来越多的迹象显示中国经济正转向由消费和投资拉动继而实现经济再平衡。2015 年中国对外贸易顺差创下 6,000 亿美元的历史记录，外币计价的外债仅占 GDP 的 8%，同时海外净资产一直稳步增长，2015 年 9 月达到 1.54 万亿美元，所有迹象均表明对外部门表现强劲。此外，从国际货币基金组织储备充足率指标来看，中国外汇储备仍然充足。

尽管如此，除了经济的基本面外，市场可能需要更多的保证从而对人民币的前景保持更强信心。政府可以考虑发布官方声明，明确阐释新的汇率形成机制，此后的执行亦需保持连贯和透明。澄清外汇储备的充足性和流动性状况以提振市场信心同样十分重要。

适当的自主干预和窗口指导对迅速稳定市场也许是必须的，但代价是政策不确定性增加。长远来看，政府的持续干预可能影响真实参与者的积极性，不利于中国对外开放的继续前进。增强与市场间的沟通同样有助于管理预期和稳定信心。只有这样市场参与者才能确定它们将面对何种制度、需应对何种风险，并因此愿意继续在全球范围内使用人民币。

具体到离岸人民币市场而言，希望近期对人民币跨境流动的限制措施在不久可以解除。如果能够再辅之以新的市场化改革时间表的公布，预计将较好地向市场传达人民币国际化将重返正轨的信号。

中国政府需阐明资本帐户开放日程表。中国的外汇储备虽能满足企业贸易、投资和偿还外债的需求，但如果人民币贬值恐慌成为普遍情绪，则我们担心其仍不足以应对市场套利和家庭资产配置的需要。

迄今为止对管制措施官方鲜有讨论。即便实行资本管制有必要，此类措施也应当是经过慎重选择、临时性的，更重要的是需要做好与市场的沟通。

目前市场已基本认同人民币单边升值行情已结束。经过整个 2015 年，离岸人民币市场或已逐步适应了缺乏人民币升值刺激离岸人民币使用的大环境。中国资本账户加速开放同样有助于推动人民币国际化进程。我们看好人民币国际化，并对至 2020 年的前景作出了乐观预测。我们认为长期来看中国经济基本面能为货币提供良好支撑，助其全球使用量持续增长，人民币将与美元和欧元并驾齐驱，成为全球三大国际货币之一。但要实现这些都需要市场对人民币的长期前景抱有坚定信心。

结语：对外开放战略需与时俱进

当今中国以前所未有的程度与世界融合，彰显了过去 30 多年中国对外开放取得的巨大成功。现在，中国已不再是一个需要依赖廉价劳动力和外国资本实现工业化的新兴经济体，因此在与世界沟通的过程中也宜采取一种新的

方式。中国目前是全球贸易大国，拥有越来越富裕的企业和家庭，人民币已正式成为国际货币。中国对外开放战略未来需重塑调整以更好地推动中国自身经济和金融体系转型。

目前中国需应对更激烈的国际竞争，这也是改革的主要动力之一。一个典型例子是中国目前被跨太平洋伙伴关系协定（TPP）排除在外，长远来看这对中国意味着较高的机会成本。同时 TPP 为中国未来与其它经济体间签署贸易和投资协议设定了较高的改革标杆，激励中国政府在劳工权利、环保、知识产权保护和国企角色等方面进一步推行改革。

中国还需要同其它经济体合作，尤其是在“一带一路”战略的具体推行过程中。中国需要向“一带一路”沿线国家证明这一前景广阔的宏伟战略不仅有利于中国自身的发展，也将造福参与各方。沿线国家在经济和社会层面上对此战略的认同将有助于中国推进这一战略不仅成功，而且广受欢迎。这一学习过程也同样适用于中国地方政府和企业，地方政府要加强地区间协作以减少重复投资，企业要学习如何在商业惯例和文化迥异的国家经营。

最后，中国需要更好地与国际市场沟通。中国近几年来在资本账户开放和人民币国际化等领域取得了成功，随之而来的是，向全球投资者清晰传递政策信息，管理好其对中国市场的预期和信心就变得越来越重要。这些政策信息也是全球各经济体决策者管理其各自市场预期和信心的主要手段。目前市场仍期待中国就诸如新的外汇体制如何运行、中国外汇储备充足性、流动性状况以及中国是否仍致力于开放资本帐户和推进人民币国际化等一系列议题做更清晰的沟通。

Refining opening up strategy to promote inclusive global development

Standard Chartered Bank

Competition, collaboration and communication:

The future of China’s opening up through the lenses of the TPP, the ‘Belt and Road’, and Renminbi internationalisation

China has come a long way in opening up. It has been one of the most powerful driving forces that propelled China to becoming the biggest trading nation and second largest economy in the world. China’s opening up journey has gone through different phases over the past 30-plus years, starting with only a handful of special economic zones in southern China and other coastal cities in the 80’s. All this led up to the joining of the WTO in 2001, for which China had to relax over 7,000 tariffs, quotas and other trade barriers. WTO accession marked China’s first real taste of globalisation, benefitting from rising multilateral trade and investment, but also exposing China to foreign competition. Demographic dividend in the form of cheap labour helped brought in foreign direct investment, and with them came foreign technology and expertise. All this supported China’s industrialisation, and that in turn put China on the world trade map.

Over the past decade we have seen a shift in China’s opening up strategy. For one, China became net capital exporter for the first time in 2014, with outward direct investment surpassing those heading inwards. The ‘Going Out’ policy encouraged Chinese enterprises to acquire assets and expand business overseas. A peaking labour force and rising migrant worker wages have forced manufacturers to either relocate, or to upgrade to stay competitive. Demographic dividend has been eroded, while household wealth has been on a spectacular rise. Capital account liberalisation now takes centre-stage, and the Renminbi is officially an international reserve currency.

Getting the strategy right is important for China's long-term development, because the more China opens up, the challenges and opportunities multiply, and the impact on China's economic, financial and social transformation gets amplified. What used to work may no longer be sufficient. As times change, priorities need to be reviewed, and the strategy plan refined.

We believe the success of China's opening up strategy over the next 5-10 years will hinge on the three C's: Competition, Collaboration, and Communication.

Competition is not a bad thing, especially if it fuels improvement. The best example here is the Trans-Pacific Partnership (TPP) recently signed by 12 Pacific Rim countries. China's exclusion from the TPP will be a major catalyst for future reforms and speed up trade pact negotiations of its own.

Collaboration, with the emphasis on establishing mutual trust and benefit, holds the key to the implementation of the 'Belt and Road' (B&R). Demonstrating how each party can benefit from the initiative is the best way for China to bring more than 60 B&R countries onto the same page.

Communication is all about managing expectations and confidence, which are extremely important in the global financial world, where money can move at an instant and en masse when sentiment turns. Recent Renminbi volatility has fuelled market nervousness; better communication from policymakers is needed to get Renminbi internationalisation back on track.

In this report we take a closer look at the key aspects of China's opening up strategy through the lenses of the TPP, the 'Belt and Road', and Renminbi internationalisation.

1. Competition: TPP exclusion spurs China reform

TPP is transformative in its own non-inclusive way

One could argue that the world is currently moving away from inclusive global trade development. US President Obama once famously backed the launch of the TPP by pitting the US against China, saying: "When more than 95 percent of our potential customers live outside our borders, we can't let countries like China write the rules of the global economy."

The TPP is a multilateral FTA among 12 Pacific Rim countries, accounting for 40% of world GDP. The agreement aims to eliminate or reduce tariff and non-tariff barriers for almost all trade in goods and services, increase mutual investment access, and set high collective standards on issues such as labour rights, environmental protection, intellectual property, and the participation of state-owned companies. China is not included in the pact.

Unlike the WTO system, where the lowering of tariffs benefits all economies, 'mega-regional' agreements like the TPP may boost members' competitiveness at the expense of non-members. This means 'mega-regionals' can reshape global value chains, especially given their mix of advanced and emerging economies with complementary strengths and interests.

The TPP is likely to result in the biggest boost to trade corridors not currently covered by bilateral FTAs. For example, Japanese carmakers and Vietnamese apparel suppliers are likely to benefit significantly from preferential access to the US consumer market under the TPP. China's exclusion from the TPP has therefore raised concerns that it will be a victim of trade and investment diversion, and miss out on preferential access to key export markets.

The textiles and apparel sector best illustrates how the TPP is likely to hurt China, namely in two ways: (1) by reducing its competitiveness in the US market relative to TPP members such as Vietnam, and (2) by reducing China's role as a supplier of textile raw materials to TPP members over the longer term. We see TPP accelerating the trend of textile and apparel investment outflows and factory relocations to Vietnam from China. TPP benefits add to an already compelling list of reasons to relocate to ietnam, including lower wages, abundent labour supply, and rising household wealth.

Of course, not all China industries are as vulnerable to the TPP as textiles and apparel. For example, China is not a major car exporter, as most of its production is to meet domestic demand, and hence stands to lose less to Japan in that regard. Given the TPP's varying impacts on different industries, one needs a more holistic view on how TPP would impact China.

The general perception is that the TPP may not have a large immediate negative impact on China's trade and investment: the TPP is at least a year or two from coming into effect, as it still needs to be ratified by each member country – a time-consuming and cumbersome process. Some of the more controversial tariff reductions will also be phased in over years, if not decades.

The diversion of lower-value-added trade and investment from China to other countries was also already underway before the TPP agreement, and is likely to continue. While more factories are likely to relocate to Vietnam, for example, this is in line with China's ambition to move up the manufacturing value chain.

More important, therefore, is for China to realise that the 'opportunity cost' – i.e. benefits foregone -- of not joining the TPP far exceeds its outright economic losses.

A report jointly published last year by Ma Jun, chief economist with the People's Bank of China (PBoC), and Xiao Mingzhi, researcher at the Shanghai Development Research Foundation, quantified the impact of the TPP on China's GDP. Focusing only on the trade impact in the first four years of TPP implementation, the report found that China would gain a cumulative 2.2ppt of GDP growth, or 0.55ppt per year, by being part of a hypothetical 'pan-TPP' (an expanded TPP with 16 participating countries including China), compared with not being included. This indicates material 'opportunity cost' to China of not being in the TPP. In contrast, the implied outright economic losses from China's TPP exclusion amount to only 0.2ppt of GDP over the same period.

Other studies also found that 1) the gains made by TPP members are mainly the result of trade and investment creation, not the diversion of trade and investment from non-member countries; and that 2) if China were included in the TPP, this would result in material gains for all other members (particularly the US). In all, it makes economic sense for China to join the TPP. And if joining the TPP is not an option for China, or if it needs a stop-gap measure before it does, having more bilateral or intra-Asia FTAs with existing TPP members could make up for TPP losses.

TPP to fuel reform in China, one way or another

Both China and the US have left the door open to China's possible TPP inclusion over the longer run. Even leaving political considerations aside, however, China would have to clear significant hurdles to gain TPP membership; some may be too high for now.

For example, given the prominent role of state-owned enterprises (SOEs) in China's economy, it is unlikely to comply soon with TPP rules requiring a level playing field for private-sector companies. While SOE reforms are underway, they are likely to be implemented only gradually. The TPP's stringent standards for labour, environmental and intellectual property protection could increase China's labour costs and make its technology imports more expensive. Opening up the onshore financial services and agriculture sectors to foreign competition could also lead to economic pain.

Regional Comprehensive Economic Partnership (RCEP) is a possible alternative to TPP for China. Also known as ASEAN+6, the RCEP is a proposed FTA between the 10 ASEAN member states and the six countries with which ASEAN has existing FTAs, including China. RCEP members together account for almost half of the world population (versus just over 10% for TPP members) and around 30% of world GDP and trade.

Based on a web of well-estabilished FTAs, the RCEP overlaps considerably with the TPP but has greater Asian representation through the participation of India and South Korea. The RCEP will deepen the China-ASEAN trade corridor, which we expect will grow rapidly over the next few decades. This is despite the absence of heavyweights like the US in the RCEP, meaning not all TPP benefits will be captured here. The recent conclusion of TPP negotiations could increase the pressure for the RCEP deal (for which negotiations began in 2012) to be finalised soon.

In the meantime, smaller-scale agreements can offset the impact of being excluded from larger multilateral trade pacts. China's existing FTAs also create a strong basis for negotiations on broader pacts (as in the case of the RCEP). In addition to the RCEP, China is currently negotiating five other FTAs, including a trilateral deal with Japan and South Korea and one with the Gulf Cooperation Council. The other three are bilateral agreements, with South Africa, Norway and Sri Lanka. China's most recent FTA signings were with South Korea and Australia, both in June 2015.

More specifically on investment facilitation, China has also been exploring bilateral investment treaties (BITs) with the US and the EU. Such agreements would benefit both parties; for the US or the EU, a BIT would facilitate outward FDI from China in their economies and would protect their investments in China. Negotiations on the US-China BIT, which began in 2008 and enter their 22nd round in 2015, could gain momentum following President Xi's US visit last year.

And then there is of course the Belt and Road initiative (B&R). Initiated in 2013, the China-led initiative aims to boost trade and investment growth through better infrastructure connectivity across Asia, extending to the Middle East, Africa and Europe. Call it an alternative for the TPP, however, would be doing the B&R a disservice.

The official financing for B&R is estimated to top USD 1tn in the next decade, accelerating China's shift from being the world's biggest goods exporter to a major capital exporter, fuelling infrastructure investment boom along the routes, and expanding the use of Renminbi in international trade, investment and financial transactions.

The B&R is so important to China's new phase of opening up strategy and promotion of inclusive global development that it deserves a dedicated section of its own (to be followed). For now, simply note that while B&R is likely to facilitate trade and investment, it will do little to lower trade barriers. OBOR is an ambitious project with high potential returns for China, but it is not a substitute for the TPP.

Striving for TPP membership or other alternatives is likely to incentivise China's authorities to accelerate their reform push – similar to the way in which China's bid to include the Chinese yuan (CNY) in the IMF's Special Drawing Rights (SDR) basket has spurred quicker capital account liberalisation last year. Even if joining the TPP is not an option for now, it sets a high bar for China's RCEP and other

FTA negotiations. Regardless of the framework, China will have to speed up reforms in order to prepare itself for greater trade and investment liberalisation.

2. Collaboration: Walking the 'Belt and Road' together

The B&R comes with economic benefits for everyone

It took a whole decade for the smaller trade pact concluded between Brunei, Chile, New Zealand and Singapore to evolve into the prevailing 12-member iteration of the TPP. Now imagine an initiative that has more than five times the member size of the TPP, and with a scope that goes beyond trade and investment facilitation to also include the promotion of cross-border infrastructure connectivity and financial cooperation. This is how ambitious the B&R is.

What makes the B&R possible is that it makes good economic sense, for both China and other B&R countries. The initiative should help narrow the gap between investment and savings across countries. According to the Asian Development Bank (ADB), Asia needs to invest around USD 8tn in infrastructure over 2010-20 in order to maintain its growth momentum. This is well beyond the financing capabilities of national governments, and far beyond the capacity of ADB. Infrastructure deficiencies have impeded development in countries along the OBOR. Savings ratios for most of these countries tend to be low, constraining their ability to invest.

On the other hand, China has a very high savings ratio, while its investment momentum is weakening due to the build-up of excess capacity. The B&R initiative could potentially channel China's savings and construction expertise to other countries to help resolve their infrastructure bottlenecks. Economies along the B&R account for about 63% of the world population and 29% of global GDP. Their total trade with China exceeded USD 1tn in 2014, a quarter of China's total trade value.

Properly implemented, the initiative can enhance participating countries' potential growth, and put China's savings and infrastructure and production capacity to more effective use. Improved connectivity would allow for production chains at the regional (rather than national) level based on comparative advantage, improving productivity.

Many of these B&R countries have large working-age populations and relatively low wage levels. They are ideal destinations for China's labor-intensive industries as China gradually loses competitiveness in these industries because of rising labour costs. Improved infrastructure connectivity will facilitate this transfer of industry among nations.

For China, it stands to benefit by making better use of its excess capacity. Official financial support for the B&R initiative may increase demand for crude steel by 200mt in 10 years, or 20% of China's annual production capacity, according to our estimate.

The B&R initiative is also expected to promote balanced development across regions within China (via improved connectivity between the underdeveloped central and western provinces and the more developed coastal areas), but also international use of the Renminbi (more on this later).

Belt and Road exemplifies the challenges of opening up for China

Sorting out the financing aspect of the B&R initiative is at the centre of making it work. Infrastructure investment entails long-term investment commitments with uncertain returns. The B&R initiative involves construction of railways, highways, pipelines and ports along the routes, as well as local infrastructure improvement and building of industrial parks. These projects usually require large amounts of funding with long payback periods.

Given the nature of infrastructure investment, official funding is indispensable. We expect the recently established Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB) and Silk Road Fund (SRF), together with China's policy banks, to play a leading role in supporting infrastructure development at the early stage. We estimate that official financing from these institutions for the B&R could potentially top USD 1tn in the next decade.

Such official funding could potentially spur investment by other development banks and 'crowd in' private investment. Private capital participation is essential to leverage limited official resources and improve the commercial orientation of the projects. Other forms of financing include commercial bank credit, international bond markets and private equity funds.

More challenging than the financing considerations of the B&R initiative is the alignment of strategy and interests among B&R countries. As a start, China has pledged to follow the principles of wide consultation, joint contributions and shared benefits. Advancing the B&R initiative does not entail replacing existing mechanisms or initiatives for regional cooperation; rather, B&R needs to help participating countries achieve their own development strategies.

But before that, China needs to address the doubts and concerns of other countries. The initiative spans regions including Central Asia, Southeast Asia/ASEAN, Europe, the Middle East and Africa, and has raised concerns from countries both inside and outside these regions about China's political and economic agenda. The focus on infrastructure investment is another tricky issue, requiring long-term commitments from participating countries. China-led investment in strategic industries (such as telecommunications and energy) may also raise concerns about the country's expanding influence.

Effective communication is therefore key to gaining the support of local communities. China's Ministry of Foreign Affairs is primarily responsible for communicating with other B&R countries. Involving the Ministry of Commerce and the NDRC in roadshows as well could help to demonstrate the economic benefits of B&R more clearly to local populations.

In particular, China needs to change the perception that the initiative is intended to promote its own exports and digest its excess capacity. To be successful, China must effectively communicate the economic logic and mutual benefits of the initiative, and demonstrate through existing projects that it will create job opportunities, improve local regions' connectivity with the rest of the world, and enhance their welfare.

China also needs to embrace market principles and transparency as it initiates and implements B&R projects. Many of the participating countries have elected governments, and project continuity could become an issue if a specific project is regarded as cooperation with a particular government. To be sustainable, the projects need be commercially oriented, preferably with participation from the private sector (including companies from advanced economies) and multilateral institutions such as the World Bank, ADB and AIIB.

Domestically, China needs to promote better collaboration between local governments. They need to leverage their comparative advantages instead of competing with each other through wasteful duplicate investment. The OBOR initiative is intended to improve connectivity between China's underdeveloped central and western provinces and the more developed coastal areas, facilitating balanced growth. But a rush to implement projects without coordination could lead to over-investment.

According to local media reports, two-thirds of China's provinces have identified the B&R initiative as a development priority and featured it in their annual work plans. Provinces have competed to be the starting point for B&R routes, and have requested to establish free trade zones and financial centres. More than 900 projects are underway, including infrastructure, trade, energy, finance, environmental protection, and marine projects. Local governments have a strong incentive to invest, but effective coordination by the central government is required.

And then there is the need to ensure that Chinese companies are B&R-ready. Chinese companies investing in B&R projects will face diverse investment environments across countries. Some B&R countries have unstable legal and political institutions. More generally, political systems, religions, cultures and ways of doing business vary widely along B&R routes.

A lack of experience and knowledge in operating and investing in these countries poses a significant challenge for the Chinese companies leading such investment. They will need to conduct professional risk assessments and devise risk management systems before operating in these countries. Carrying out due diligence, cooperating with local companies or experienced foreign companies, and hiring local talent and senior management can mitigate the risks.

3. Communication: Let's talk Renminbi internationalisation

Renminbi internationalisation navigates choppy waters after strong start

Compared with the TPP and the B&R initiative which are largely still unknown commodities, big strides have already been made in the internationalisation of the Renminbi since the launch of the offshore Chinese yuan (CNH) market in Hong Kong in 2010.

The Renminbi trade settlement scheme has become increasingly widely used and efficient over the years: more than one-fourth of China's total goods trade in 2015 was already settled in Renminbi. Given China's continuing dominance of global trade, and the fact that more of this trade is likely be converted to Renminbi invoicing, we see Renminbi-denominated trade settlement for goods growing to USD 2.6tn by 2020 from around USD 1tn in 2015.

On the investment front, more than 500 foreign entities, including asset managers, have obtained access to China's onshore bond market, and official reserve holdings of CNY assets have reached around USD 100bn (just under 1.0% of global FX reserves). The network of PBoC swap lines, offshore clearing banks and Renminbi Qualified Foreign Institutional Investor (RQFII) quotas spans the globe.

2015, in particular, was a year of major breakthroughs in onshore financial reforms and capital account liberalisation, including the complete removal of onshore savings rate ceilings, the extension of onshore CNY trading hours, the expansion of free trade zones to beyond Shanghai, and the launch of the mutual recognition of funds programme that builds on the success of the Hong Kong-Shanghai Stock Connect scheme. All these cumulated to the IMF's well-anticipated decision in late 2015 to include the CNY into its SDR basket, effective 1 October 2016.

We see the potential of global central banks reallocating 1% of their reserve investments into CNY assets annually, with at least 5% of global reserves being denominated in CNY by end-2020. We expect total capital inflows will reach CNY 5.5-6.2tn by end-2020, with foreign ownership approaching 9% of the onshore bond market. SDR inclusion will likely boost confidence in the CNY internationalisation project and China's broader policy agenda.

To further illustrate how far Renminbi internationalisation has come, the Standard Chartered Renminbi Globalisation Index (RGI), a proprietary measure of the level of CNH activity across key offshore centres, rose to 2,120 in December 2015 from an initial level of 100 in December 2010. Comprising of four key components in CNH deposits, cross-border Renminbi payments, CNH FX turnover and Dim Sum issuance, this more than 21-fold increase reflects the rapid expansion of the offshore market in terms of both size and reach over the past five years.

Restoring confidence key to living up to Renminbi's global potential

However, none of this matters if market doubts towards the Renminbi's recent volatility are not to be addressed. Focusing only on last year, the RGI actually marginally contracted (down 0.2% from 2,124 as of end-2014). It was apparent that bouts of Renminbi depreciation over the course of 2015, together with slowing China growth, have had a broad-based dampened effect on CNH activities.

Higher Renminbi volatility appears justified as China moves towards a more market-based FX regime. The 11 August reform brought about a convergence between CNY spot and its daily fix, one of the prerequisites for SDR inclusion, while higher USD-CNY (4.4% over the course of 2015) was part of the shift in FX policy to referencing the CNY effective exchange rate (EER). A relatively stable value of the CNY in EER terms in turn helps support the competitiveness of China's external sector.

Our calculation shows that the correlation between the fixing and closing prices has indeed increased significantly during last August and December. The introduction of the trade-weighted CFETS CNY index also gives the market a tool to verify whether the PBoC is in fact giving more weight to the currency basket. Policy-wise the FX regime is moving in the right direction.

Transitioning to a new norm without aggravating depreciation worries and capital outflows, however, has been a tough balancing act. The market was clearly surprised by bouts of sudden and successive weakening of the daily fixings, which prior to 2015 was perceived as a key signalling tool on FX policy intentions. Progressive reform steps were misconstrued as signs of greater tolerance to Renminbi weakness, triggering panic CNY selloffs and a widening in the CNY/CNH basis. Lingering worries that the CNY remains overvalued might have also exacerbated market pessimism.

Subsequent interventions and other attempted moves to stabilise the market have arguably made the situation worse. Rapid depletion of FX reserves has fuelled doubts on the authority's ability to stem the selling tide. The tendency to revert back to ultra-stable USD-CNY spot and fixing during turbulent times has also created the impression of policy inconsistency.

There is also growing worry that capital account liberalisation could be on the back-burner for now, as reflected by the suspension of the Renminbi Qualified Domestic Institutional Investor (RQDII) program and the zero net outflow setting for cross-border Renminbi pooling schemes. Other policy objectives have also given way to curbing capital outflows: monetary easing has to be tempered onshore, while offshore liquidity has been artificially kept tight. The effectiveness of such measures in curbing capital outflows from China comes at the expense of Renminbi internationalisation.

The fundamental picture appears much less bleak. Traditional vulnerability indicators do not point to the risk of an impending crisis. GDP grew by 6.9% in 2015, the slowest pace in the past 15 years, but still among the highest in the world, with increasing signs of rebalancing toward consumption and investment. China registered a record trade surplus of about USD 600bn in 2015, FX-denominated foreign debt was only 8% of GDP, and net foreign assets of the country has been steadily increasing in 2015, reaching USD 1.54tn in September, all signs of external strength. Moreover, China's FX reserves still look sufficient based on the IMF's reserve adequacy metric.

However, the market may need more than solid fundamentals for reassurance to feel better about the Renminbi's prospects. This starts with an authoritative announcement explaining the new FX regime with clarity, and the subsequent execution needs to be consistent and transparent over time. It is also important to clarify the adequacy and liquidity of the reserves to boost market confidence.

Discretionary intervention and window guidance may be the necessary evils to promote immediate market stability, but at the expense of policy certainty. Persistent interventionism would likely discourage genuine user participation over the longer run, seeing them detriments to China's opening up. Better communication with the market can also help manage expectations and anchor confidence. Only then can market participants be reassured what kind of regime and risk they are dealing with, and hence willingly continue to use the Renminbi internationally.

More specifically on the CNH market, the hope is that the recent restrictions on cross-border Renminbi flows will be lifted soon, even though the damage to confidence is probably already done. This, together with the release of fresh timetables for pipelines liberalisations, could be a great way to signal to the market that Renminbi internationalisation is back on track.

China needs to clarify its capital account liberalisation agenda. While China's reserves are adequate to cover corporate trade/investment and debt payment needs, it would not be sufficient to meet arbitrage and household asset allocation need, if CNY depreciation fears prevail.

So far official discussion of the control measures has been rare. Even if capital control measures become necessary, the measures should be selective, temporary, and more importantly, communicated to the public.

The market has come to terms that the times of one-way appreciation is over. Over the course of 2015 the CNH market could have adjusted well to no longer having currency appreciation to incentivise CNH usage. An accelerated opening up of China's capital account could also have helped. Our bullish projections for Renminbi internationalisation by 2020 highlight our optimism; we believe China's long-term fundamentals strongly justify a well-supported currency and the continued rise of its global usage, placing it alongside the USD and EUR as the G3 currencies. But all this requires strong market confidence on the currency's long-term future.

Conclusion: Opening up strategy needs to change with the times

China has never been more integrated with the rest of the world. This is a reflection of China's success in opening up over the past 30-plus years. Now China needs to interact with the world in a different way, as it is no longer an emerging economy relying on cheap labour and foreign capital to industrialise. China is now a global trade powerhouse with increasingly wealthy corporates and households, and the Renminbi is officially an international currency. The future of the opening up strategy needs to be refined to best promote China's own economic and financial transformation.

China now needs to take on far greater competition then before; make it a key source of reform motivation. The case in point is China's exclusion from the TPP, which could mean high opportunity cost over the long run. TPP also sets a high reform bar for China's future trade and investment pact negotiations of its own, spurring changes domestically on issues such as labour rights, environmental protection, intellectual property, and the participation of state-owned companies.

China also needs to collaborate with other economies, especially in view of the implementation of the B&R initiative. China needs to demonstrate to other B&R countries that the highly promising initiative does not only make sense for China, but also for them; their economic and social buy-in would go a long way in ensuring that China's exertion of power overseas will be successful but more importantly welcomed. The same learning process applies to mainland local governments (on how to collaborate among themselves to minimise duplicated investments) and corporates (on how to operate in the different country with different practices and cultures).

Finally, China needs to communicate better with the international markets. China's success in opening up its capital account and in internationalising the Renminbi in recent years has in turn increased the importance of clearly conveying policy messages to global investors when managing their expectations and confidence. Such messages have been a key conduit for global policy makers to manage market expectations but also confidence in their respective markets. The market currently needs a great deal of clarity from China on issues such as how the new FX regime works, how adequate and liquid its reserves are, and how strong China is still committed to opening up its capital account and internationalising its currency.