

China is on track as the Silk Road spins in its favour...

...while Paris protests highlight how Europe is at risk of losing out in the development race, says **Gerard Lyons**

I WITNESSED at first hand the good and the bad of the changing global economy in Paris on Friday and Saturday. The good being the message from the fourth annual Silk Road Forum, to which I was invited.

The bad, demonstrations by the yellow vests, the "gilets jaunes", on Saturday. These now-weekly, and at times violent, protests brought Paris to a halt. Tourist attractions were shut from Thursday evening and streets that might have been full of Christmas shoppers resembled a ghost town on Saturday morning.

Even the Silk Road Forum had to cancel its second day, planned for Saturday. Instead, it was like conference speed dating, with 50 speakers crammed into one day. One can only imagine what the visiting vice-premier from China made of it. The organisers may reflect on whether Paris was a good choice. Also, the French provided no current high-ranking politician to attend - rumour had it, under pressure from Washington. Last year's forum, held in Beijing, attracted 29 heads of state.

The Silk Road Forum was initiated in 2014 to support the development of China's Belt and Road initiative, launched by President Xi in 2013.

At its core, Belt and Road is the world's largest-ever infrastructure boost, spreading out from China as it connects - commercially and culturally - over land and sea, with countries representing two-thirds of the world's population. Its initial impact has been on building roads, ports, railways and power plants in countless countries, but it is far more than that. China is developing economic, social and political ties across the globe. Little wonder the Americans are wary.

The Silk Road's spirit, we were told, is of "peace, cooperation, openness, inclusiveness, mutual learning, mutual benefit and win-win results". In his speech at the forum, Li Wei, president of China's State Council Development Research Centre, was more to the point. The US's protectionist approach is not what the world needs, he told us, but promoting sustainable development through shared goals and an open world economy is the way ahead.

In recent months, the Belt and Road has been criticised as a new form of colonialism because China's cheap finance binds countries to them.

That, however, was not the message here. Speakers from Peru to Pakistan and Kenya to Kazakhstan were positive. We heard about the Athens port of Piraeus. While Brussels was lending money to the Greeks to repay German and French banks, China provided cheap finance to de-

velop the port. Greece is benefiting.

Two critical issues discussed were the environment and technology. Decisions made now can have profound implications, locking in energy and technology systems for decades. China is keen to support environmentally-friendly development along the Belt Road Initiative (BRI) area. They need to show it. Lord Turner made clear the project would be critical to whether the world achieves its 2050 carbon target: do not fund any coal projects was his explicit message.

In technology, a key growth driver, the West dominates. Cambridge professor Peter Nolan pointed out. The US accounts for a massive 76 per cent of R&D software spend among the top 2,500 global firms. Despite this, the message from others was of China's transformation and its aim to be a game changer for technology development in the area of the BRI.

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Europe, I fear, will be left behind.

This message ties in with the Paris street protests. Their trigger was widespread opposition to tax hikes on fuel. Although these hikes were reversed last week, the protests continued, reflecting general opposition to the direction of the country under President Macron.

Macron was noticeable by his low profile last week. His stance was not to calm the mood but to raise the stakes: announcing that a dozen armed vehicles would be on the Paris streets. Little wonder there was a roaring trade from first thing Friday morning with shops being boarded up along the Champs-Elysees and surrounding areas.

As I took my Eurostar back on Saturday, I wondered why it is that Westminster is so determined to tie us to an EU that is so obviously failing its people. The message from the Silk Road meanwhile is far more palatable: embrace global change but ensure domestic populations share in the success.

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