



ASSOCIATION OF ECONOMISTS AND MANAGERS OF MONTENEGRO* *in cooperation with*



UNIVERSITY OF DONJA GORICA

BMDA, BALTIC MANAGEMENT DEVELOPMENT ASSOCIATION
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MILOČER DEVELOPMENT FORUM

Report

Milocer Development Forum 2017

Topic: Globalization and "The Belt and Road" Initiative

Venue: Hotel Grand, Cetinje Date: September 12 and 13, 2017

Introductory words:

Globalization and "The Belt and Road" Initiative

Veselin Vukotic, PhD, Professor, the President of the Association of Economists and Managers of Montenegro



Today's Forum is a border stone! This Conference is dedicated to the future and information from the future.

It should encourage our thinking toward a New global civilization and to prepare us for what is coming globally. And what is coming is logic of one world that is a large convergence has already begun.

Likewise, today's Forum should contribute to breaking the prejudice against civilizations outside the West, where we belong, about which little we know and about which we have higher ideological prejudice than we know about their history, culture, economy.

The reason for today's debate is the People's Republic of China "The Belt and Road initiative". I see this initiative as a new form of responsibility of China and countries included in this Initiative for a global development, as a path towards global growth in the aftermath of the financial crisis. Just to say that this Initiative includes 65 countries of Asia, Europe, and around 4.4 billion people (63%) and about 20,000 billion (30%) of GDP and that the Initiative is to be implemented by 2049. (data from 2013).

This initiative aims at more efficient use of the available space on the planet Earth! This Initiative spaciouly rebalances the Planet and insists on inclusive (comprehensive) development both within one country and internationally. This Initiative also creates a new model of regional cooperation: it is a coalescence model, that is a model of organic networking, clustering. It is important to understand that the Initiative is based on the inclusiveness and openness. Likewise, it is also a horizontal cooperation, which is more efficient than establishing supra-national bodies and constructivist mechanisms at the national level. The basis of this cooperation is top down bottom up cooperation... The Initiative does not lie in, or not only in the state and national authorities but in individual companies, institutions, cities... This makes this Initiative democratic - to anyone who has an idea and sincere intention it gives a chance!

For this initiative, "The Belt and Road" it can be said that this is the New Silk Road. Only that now, China does not sell silk, but today's "Made in China" could be recognized through infrastructure, roads, railways, ports, aviation, telecommunications, communication networks, as well as gas and oil pipelines, and more for good universities.

As the old Silk Road played a positive role in economic and trade cooperation, cultural exchange and national stability, this Initiative aims to achieve three common effects that are to encourage trade cooperation, cultural exchange and national stability.

How much do we in Montenegro know about Chinese culture? How much our friends from China know about our culture? Can we cooperate in the economic area and not to be

familiar to some extent a culture of our economic partner? What is our experience in that, since we already have more Chinese colleagues in Montenegro? Perhaps we will hear more about it today! That is why I believe that we should strengthen cultural ties between Montenegro and the region with China, as the initiator of this idea. But also with other 64 countries, especially Central Asian, where life is boiling nowadays!

Our University - the UDG has already had and has Chinese language courses, Chinese students at our summer schools, Chinese students practicing in our companies which is organized by the UDG, there is teacher exchange with a number of Chinese universities. On the other hand, our associates have also spent several months in China, our students getting their PhD in China, we expect a few more students go to China even this semester...

Introductory words:

Initiative "The Belt and Road" and Montenegro

HE CuiZhiwei, the Ambassador of the People's Republic of China in Montenegro,



It has been over 30 years since China started the process of reform and opening to the world, and the development and progress of the economy and society have achieved remarkable results. China has accounted for 14,9% of the global GDP in 2016 and achieved a contribution rate to a global economy of 34,7%, while those two parameters in 1978 amounted to 1,8% and 2,3%.

Following the sustainable development of Chinese economy, these figures continue to grow constantly. As the second largest economy in the world, China and its development and destiny are indissolubly associated with the development and destiny of the whole world. China needs a peaceful and inclusive world, and the world needs a prosperous and stable China.

In recent years, due to the global economic crisis, the trend of anti-globalization has come to the fore. On this occasion, China, starting from its own development and experience, as well as the general trend of the development of mankind, proposed the Global Governance Program. The Belt and Road Initiative wants to break the world economic route, in order to achieve rational allocation of resources and markets globally. It brings a new vitality and strength in the sustainable development of the global economy and society and represents an ambitious practice of joint development and realization of mutual and multiple benefits. It can be said that the Belt and Road initiative and the concept of globalization are corresponding, and it can in an even better manner demonstrate the positive effects of globalization.

Montenegro, together with other 16 countries of Central and Eastern Europe, is on the "Maritime Silk Road". Since the beginning of the functioning of this mechanism,

Montenegro has been the one of the most active participating countries, while with the larger interleaving mechanism "16 + 1" and the Belt and Road Initiative Montenegro, on the stage of international cooperation, will play an increasingly important role.

During the past four years, China has been guided by the principles of joint talks, joint construction and joint division, and actively implements the "Road and Belt Initiative with countries within it, building five "connectivities", i.e. policy consultation, infrastructure connectivity, free trade, free circulation of local currencies and people-to-people connectivity.

40 years ago, miles apart Chinese citizens saw the magnificent bridge on Djurdjevic Tara for the first time in the movie and felt a great love of Montenegrin people for peace and a strong desire to preserve it. Today, the "Moracica" bridge on the highway Bar - Boljare rises over Montenegrin hills of and Montenegrin people can now feel a sincere desire of China for the common development. I believe that the bridge on Tara and the bridge "Moracica" are new bridges of friendship between China and Montenegro, the bridges of cooperation and that they will just as the ancient Silk Road connect and bring together the two countries and two nations, making them true friends and good partners!

Panel 1:

Education and Chinese Culture



Chinese companies are increasingly coming to Montenegro and invest in Montenegro. Bearing in mind our expectations that the number of companies and Chinese tourists will constantly grow, and bearing in mind that China is today the second and in 2030 it will be the leading economy in the world, we believed that we should organize a panel especially dedicated to education and Chinese culture.

Given the importance of this roundtable, the AEM Montenegro invited to the Forum those who can contribute to understanding of Chinese culture in Montenegro the most, and they are the most responsible people in Montenegrin primary and secondary education. We invited 110 principals of elementary and secondary schools in Montenegro. That means all secondary schools, all the city's primary schools, and around fifteen schools from larger rural places. The costs are borne by the University of Donja Gorica.

Honorable panelists emphasized their views and prospective thinking in the filed addressed by this round table. **Ms. Luo Chunxi** presented Confucius Institute in Montenegro, its experience in so far work, their estimation of real interest of students and professors to learn Chinese language, and proposals for cooperation with UDG and AEM ME. **Ms. Tamara Radinovic** expressed her, as well as UDG's, attitude towards the Chinese language learning.

She especially emphasized that a Chinese language teacher from Xihua University was a guest teacher the whole semester at the UDG, and the obligation of all fellow workers at the UDG younger than 35 years to learn the Chinese language. **Ms. Fan Jia** presented her experience and view on Education and Chinese Culture, especially in the light of Chinese international cooperation. **Mr. Zhang Lian Cheng** presented his experience and view on Education and Chinese Culture, especially on international students studying in China, what are challenges and possibilities. Also, how Beijing Union University prepares and what are possibilities that BUU develops and offers for international students studying in China. **Ms. Milonjić and Mr. Bajramović** presented their experience of studying one semester at XIHUA University, Chengdu, while **Ms. Martić** pointed out that countries which made the most of benefits in cooperation with China were countries that had the biggest number of diplomats who fluently spoke Chinese language.

General message of the Panel 1 of the MDF confirms that precondition for greater and efficient economic cooperation would be acquainting to Chinese culture and Chinese language, which is the business language of future.

Panel 2:

Economic aspects of Belt and Road initiative



Belt and Road initiative is ambitious initiative and vision, which aims to stimulate and boost trade, build infrastructure, enhance the connectivity and cooperation among countries in Eurasian Area. But this initiative is not just about infrastructure and connectivity, but also about cultural exchange between people and organizations, based on people-to-people bonds, win-win results and mutual trust.

It is a great new cultural, economic and scientific platform, which will enable countries to exchange ideas and better learn about each other's culture and history.

Ms. Xaixi presented view on Chinese economic policy, economic system in China. Also, she presented the roots of The Belt and Road Initiative, how it started, what are the aims of the B&R Initiative, and what are, in her view, the goals for Montenegro and the Western Balkan region. **Mr. Belan** stressed the importance of this Initiative for Montenegro, and how Montenegro institutionally and in terms of human resources prepares for this Initiative. **Mr. Igor Kilibarda** pointed out the Chinese investment overseas, especially putting the focus on the USA and certain sectors, the EU and certain sectors, our region (Serbia, Macedonia, Croatia, ...) and certain sectors. **Mr. Yan Gang** introduced the SRBG group and their interest in developing infrastructure in the region, and also their interest for projects and investment in tourism industry, while **Mr. Milutinović** introduces what his team of company Plantaže is doing in developing Chinese market in wine.

General message of the Panel 2 of the MDF was that many companies from both side, China and the region, are aware that The Belt and Road will initiate projects that will bring closer communication between companies and between people which will support mutually beneficial economic development more widely.

Panel 3:

"16+1 initiative" in Tourism



Philosophy of the Belt Road Initiative, realized through linking the vision of common interest, strengthening cooperation, promoting the development of economic integration of the Eurasian continent implies the construction of an infrastructure network linking Asia and Europe along the ancient trade routes. In addition, the 16 + 1 mechanism, under the auspices of this initiative, as an international

platform for cooperation between China and the countries of Central and Eastern Europe, focuses on co-ordination of development strategies and relates to cooperation in the areas of investment, infrastructure, transport, science, education, culture, tourism with a view to providing a platform for accelerated growth and development.

The trend shows that international tourism continues to grow. Tourism is one of the three pillars on which the Montenegrin economy rests, and this is confirmed by numerous tourism infrastructure projects that have taken place in the last two decades. By following these trends, UDG, with its mission and dedication to educating the best staff, is supporting this area through collaboration with the Azmont Investments group and Vatel International School for Hospitality and Tourism Management from France.

Honorable panelists emphasized their views and prospective thinking in the filed addressed by this round table.

Ms. Yan Xuyang presented his view on the idea of tourism cooperation within "16+1 Initiative", and the cultural aspects of tourism, as the 16+1 initiative will not only prepare for business but before that for mutual introduction to culture and cultural cooperation of Chinese and Montenegrin people. **Ms. Jaksic Stojanovic** addressed the current activity of the Mediterranean University in the area of tourism as well as the expectations of the future cooperation of Montenegrin institutions and Chinese partners in the area of tourism. **Ms. Fan Jia** focused on importance of introducing Montenegrin culture to Chinese people, as well as introducing Chinese culture to Montenegrin people. She addressed the current touristic trends in China as well. **Mr. Mauro Dujmovic** emphasized the possibilities of joint projects between the region and Chinese partners. He especially addressed the importance of launching the Vatel International Hospitality School at UDG.

General message of the Panel 3 of the MDF ("**16+1 initiative**" in Tourism) confirms the fact that dialogue has already been started and that the results of it provide a solid basis for the continuation of the successful cooperation and the beginning of realization of concrete activities.

Panel 4:

What do we expect from Chinese investors and what are possible ways of financing investments in the framework of "The Belt and Road Initiative"?



The aim of this panel is to offer, to maximum extent possible, certain ideas for the projects which would be funded from China, that is, to practically look for the model aimed at solving the issue of funding possible future investments in Montenegro. Practical side is very important, since one of the objections that can be heard is that the focus of Chinese investment is that they provide a

loan under favorable conditions and that their companies carry out projects - for example, the highway.

Perhaps borrowing, not only of Montenegro, represents a possible obstacle to the implementation of the Belt and Road Initiative. Does this model should be moved towards some other models which transfer the risk also to the Chinese companies -direct investments, joint ventures, concessions, a public-private partnership, i.e. investments through the capital market.

The infrastructure is not an objective, but a mean for further investments. With developed infrastructure, we can expect investments of large scale which is a key resource for the country's future in the context of tourism. There are three broad forms of economic links between China and target countries: direct lending to governments mostly for infrastructure (roads, railways, ports, power plants, etc.), trade links (export -import) and direct investments. By far the most important form of economic links are direct investments, but Chinese direct investments in this region are not as large as many people have expected and there is a plenty of room for improvement here.

Typically, infrastructure projects are funded via direct government expenditure or/and through private public partnerships The "private" side is usually financed via syndicated loans, infrastructure bonds issuance, infrastructure development funds, direct equity stakes and increasingly through securitization of syndicated infra-loans.

The *One Belt One Road Initiative* is a great opportunity not only for the infrastructural development of our region but also for the development of the regional investment universe as financial instruments used to finance such projects are not present at our regional capital markets. This is in our view mainly due to the fact that up until now

infrastructure investing was exclusively funded through public investing or closed public private partnerships and due to the fact that local financial institutions have limited abilities in absorbing big risks arising from national infrastructure projects to their portfolios.

Panel 5:

Chinese Projects and Business cooperation in Montenegro and region - Practical Aspects



Montenegro is not on the direct route of the Belt and Road Initiative, but through unsustainable globalization, it is already in partnerships with China: on some significant infrastructure projects; In academic cooperation; in increased Chinese tourists' visits to Montenegro; opening of Chinese companies in Montenegro. In this regard, the presentations

of the panelists were tailored.

Mr. Hei Shigiang, from CRBC Montenegro Branch, emphasized, by promoting the business of the company it represents, the projects that CRBC has in Montenegro and beyond. Ms. Lin Bin, Deputy Director-General of the CCPIT Beijing Sub-council commented on the activities that the CCPIT implements, viewing the challenges and obstacles, as well as the possible solutions. Mr. Atanas Kocov, from Faculty of Mechanical Engineering, Skopje, Macedonia, talked about the project TIGER (Technology Innovation for Greater Economic Revitalization) and the cooperation that Macedonia is trying to forge with China. Mr. Veselin Kovacevic, from largest subcontractor of CRBC in Montenegro - BEMAX, presented very informative video recordings of the site works from two locations: Highway Boljare Bar and wind- farm on Mozura. Presentation was very informative and emphasizing the exceptional support to the CRBC. Ms. Ana Marojevic, from FLY Montenegro company, gave an informative presentation from a view of a foreign promoter of the company and an emphasis on visa-free regime for Chinese tourists in Montenegro.

Comments from the audience came first from the representative of the Intellectual Property Office in Montenegro and tackled a concerned with the violation of intellectual property rights - by Chinese citizens. Further, student Polytechnic UDG asked Veselin Kovacevic from BEMAX whether it is possible to do an internship in BEMAX. Veselin Kovacevic answered that BEMAX supports and encourages the students of Civil Engineering and Architecture professions to do internship not only from the State, but also from the private University, so students of the Polytechnic of UDG are welcome for internship in BEMAX company. On this note, closing on the seemingly internal cooperation, but bearing in mind the internationalization of each every structural and civil engineering project in Montenegro, panel was concluded.

The Belt and Road Initiative is enormous, ambitious - and full of challenges, seen in the presentations of our panelists. The challenges are economic, financial, political, social, moral, and above all - cultural. Therefore, for long-term achievements of this gigantic enterprise, cooperation is needed, which, according to Chinese diplomats and other eminent foreign experts for relations with China, must take into account cultural differences and encourage the essential partnership of all participants in the project.

Traditional meeting: Mr. Duško Marković, Prime Minister of Montenegro

Moderator: Ms. Milica Vukotić, PhD, Dean of FIST and professor at UDG

Topic: Montenegro and “The Belt and Road” Initiative



The Prime Minister Markovic emphasized that it is both a pleasure and a privilege to participate at the Milocer Development Forum, and although it is the first time he participates at the Forum, he must emphasize that the Forum represents a professional and expert platform which helps Montenegro to recognize its priorities in a proper way, and to define its policies, in a clear and responsible way, within the framework of those priorities.

The Prime Minister added that he is grateful for the achievements of the Forum and the opportunities it gives the Government to make its policies more professional.

The Prime Minister sent the following message to the business community: "This is a government which does not see the business community, successful entrepreneurs and big companies as being those which robbed our system, as our criticism sees it, but creating a new value and new opportunities for the people. Therefore, in Montenegro, one who creates a new value is welcomed for Montenegro and has my personal support and the support from the entire Government. "

During the conversation a lot of themes were opened, and we would like to highlight the following:

- The creation of the Eurasian continent and the free flow of goods, people and capital from Vladivostok to Lisbon.
- How to change the education of Montenegrin pupils and students in order to be more prepared for a situation that will arise on the world market as a result of greater economic cooperation between Europe and Asia.
- 16 + 1 initiative as an opportunity for increased presence of Chinese companies in Montenegro.
- Impact of the project "Belt and Road" on the security situation in Europe and Asia.

Panel 6

Education in China



Panel 6 was dedicated to young people, primarily to Montenegrin youth and UDG students, who got to know better conditions, education system and opportunities which arise from China, leading economy of the world. UDG has done a lot to establish cooperation with many universities and business sector from China and has already had experience with exchange of students and professors. Additionally, all UDG professors and teaching assistants had to take a Chinese

language course in order to prepare themselves for the future opportunities. Chinese language course was mandatory for all the academic staff younger than 40.

Panelists of this round table were **Ms. Zhang Yali**, CEO of “Kina Medika” and “International School of Montenegro”, **Mr. Zhang Lian Cheng**, Vice-President, Beijing Union University and **Mr. Luka Lakovic**, teaching assistant and UDG and UDG exchange student at Xihua University, Chengu, China. The main idea of the panel was to better understand Chinese culture, education system and to exchange experience and information on opportunities for young academics and students. Mr. Zhang Lian Cheng introduced the audience to Beijing Union University’s organization, its history and to its mobility programs which are organized. Strong focus of this university is put on mechanical sciences and development of ideas from this field. Ms. Zhang Yali, as a representative of business sector, has spoken about all the investment possibilities in Montenegro and about the projects which she is governing. Given the aforementioned, she highlighted what has been done so far by Kina Medika and International School of Montenegro in our country. “Kina Medika” also plans to provide internship opportunities for UDG students (Chinese traditional medicine and herbal medicine), so that students can be better prepared for the upcoming global changes and that is the way of cultural exchange. At the same time, they are willing to continue to play the role of "cultural envoy" to introduce beautiful Montenegro and the great people to the Chinese people. Additionally, Montenegro China International School is also an important project for promoting educational cooperation between China and Montenegro. Montenegro China International School is specifically targeting these countries in China Students, through a year of language training; give them the chance to study in Montenegro. She expressed hope that through trainings, these excellent Chinese students will be able to pursue undergraduate or postgraduate studies at schools like UDG so that they can also become a bridge between Montenegro and China. **Mr. Luka Lakovic** talked about his student experience in China, talking about the similarities and differences between China and Montenegro, telling that the most fascinating thing about living in China was that “the night is precious time used to rest”.

Panel 7:

"The Belt and Road" Initiative and EXPO 2017/2020

EXPO exhibitions are global events aimed at presenting ideas from the future through facilitation of public education, exchanging opinions and innovations, promoting progress and fostering co-operation. University of Donja Gorica have greatly recognized the importance of participating in such initiatives and events. The University of Donja Gorica was present at the world EXPO exhibitions in Shanghai and Milan held in 2010 and 2015. The University of Donja Gorica actively participated in the organization and realization of the specialized exhibition EXPO 2017 with the topic "Future of Energy" held in Astana, Kazakhstan. Professor Veselin Vukotic, Rector of the University of Donja Gorica, participated in the EXPO 2017 as a speaker and as a member of the Steering committee. The University of Donja Gorica is developing and offering a very diverse and dynamic portfolio of study programs, and under the same roof of the university research teams are ready to respond to the ideas and challenges brought by the future ahead. We especially recognize the importance of informatics and biotechnology, and are working on the development of interdisciplinarity both in education and in research work.



Ms. Maha Al Gargawi, a representative of the Ministry of Foreign Affairs of the United Arab Emirates, presented the EXPO 2020, the next world exhibition that will be hosted by Dubai. She provided details about the new EXPO facilities, EXPO 2020 organization, and ways to participate and get involved.

The panel discussion was also honored by the presence of a special guest, Ms. Sanja Damjanovic, the Minister of Science in the Government of Montenegro. Dr. Damjanovic presented her idea about the establishment of a regional research center and described options for implementing the project.



The conclusion of the panel was that the "Belt and Road" initiative and participation in EXPO events definitely open up opportunities that must not be ignored and which should be utilized in the best possible way.