Research on International Cooperation among Countries along the Belt and Road in the New Era Background

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Abstract. China has entered a new stage of socialist development with Chinese characteristics. In such a new era of comprehensive openness and rapid development, the high-quality realization of the "One Belt, One Road" international cooperation is particularly important. This paper firstly describes the background of the new era and the vision and actions of the “Belt and Road Initiative”. By analyzing the status quo of international cooperation among countries along the “Belt and Road”, we find the problems in the process of cooperation and the main risks encountered, and use gravity. The model further analyzes China's potential for exporting goods to countries along the “Belt and Road”. Finally, it proposes specific plans to promote international cooperation among countries along the “Belt and Road” to achieve mutual benefit and win-win results.

Introduction

In September and October 2013, the concept of “One Belt, One Road” first appeared, and it was the collective name of the two initiatives “Silk Road Economic Belt” and “21st Century Maritime Silk Road”. The two cooperation initiatives were proposed by President Xi Jinping during his visit to Kazakhstan and Indonesia. The “Belt and Road Initiative” is in line with the development strategy of the Asia-Europe continent and is highly concerned by all countries. The initiative advocates strengthening infrastructure construction in countries along the route and strengthening cooperation in various fields in the Eurasian region. In March 2015, the Chinese government issued the “Vision and Action for Promoting the Construction of the Silk Road Economic Belt and the 21st Century Maritime Silk Road”, proposing “five policy communication, facility connectivity, trade smoothness, capital finance, and people’s hearts”.

Cooperation between China and Countries along the Belt and Road

The Number of Countries Concerned about the “Belt and Road” is Increasing

According to statistics, as of the end of 2017, there have been 86 countries that have signed cooperation agreements with China, and the number of cooperation documents signed by various international organizations with China has reached 100. The initiative has been proposed for five years, and the “Belt and Road” has been controversial and has been followed and recognized by more and more countries.

Infrastructure Interconnection is a Priority Development Area

Infrastructure construction is the basic condition for the development of the economy. The so-called “get rich, build roads first”, and China’s infrastructure construction in several countries along the route is in full swing, including power, transportation, gas, construction, water production, etc. Investment in infrastructure construction. Especially in the past two or three years, the infrastructure construction projects of the countries along the “Belt and Road” have been favored by international investors, and the development trend has increased significantly.
Smooth Economic and Trade Relations with Countries along the “Belt and Road”

From the proposal of the “One Belt, One Road” development strategy in 2013 to the present, China’s trade with countries along the “Belt and Road” has become increasingly close. In recent years, China’s import and export volume in the countries along the route has reached 6 trillion US dollars, investment in countries along the line has exceeded 80 billion US dollars, 82 trade cooperation zones have been established in the countries along the route, and nearly 4,000 enterprises have landed in the countries along the route. Work, put into production.

According to statistics, from 2014 to 2017, China's trade in the countries along the line totaled more than 4 trillion US dollars, accounting for 25% of the total foreign trade in the same period. China’s investment in countries along the “Belt and Road” has exceeded 60 billion U.S. dollars and foreign direct investment reached 14.4 billion U.S. dollars. By the end of 2017, Chinese companies have established 75 cooperative zones, with 3,789 in the district, creating 219,000 jobs in the region. The "One Belt, One Road" initiative has brought great convenience to China and countries along the route, bringing more economic benefits to the countries and creating conditions for China and the countries along the line to move from a community of interests to a community of destiny.

The Main Risks Encountered by China in International Cooperation with Countries along the Belt and Road Initiative

The proposal of the “Belt and Road” development strategy has provided tremendous opportunities for the development of Chinese enterprises, and it also provides the same opportunities for international companies to cooperate, but it also suffers huge risks. Most countries along the “Belt and Road” have weak development foundations, and there are great differences in social structure, politics, and legal environment. The countries along the cultural concept have their own characteristics, and there are large cultural differences with China. The security of countries along the route is difficult to guarantee, and the investment risk is raised. Moreover, China's financial system and financing conditions are quite different from those along the route and face financial risks. Therefore, China's international cooperation with the countries along the “Belt and Road” has important significance for the development of the countries along the line, the investment environment and the relevant situation in the construction of the “Belt and Road”.

Political Risk

Political risk, that is, a political event in a transnational business activity that could lead to potential loss of profits or assets. Political risks include: risk of regime change, government default risk, mandatory risk, party struggle, terrorism, armed conflict and civil strife.

Most of the areas along the Belt and Road Initiative are economically underdeveloped countries, and the region contains the most volatile regions in the world. Countries along the “Belt and Road” are spread across continents, covering most of the more politically complex countries in the world. These countries are affected by environmental, energy, and religious factors, leading to political instability in the country, frequent wars within the country, maintaining hostility with neighboring countries, or frequent terrorist incidents, etc., for Chinese companies in this region. The investment brings huge risks.

Legal Risks

Most of the countries along the line adopt the legal system of developed countries, including the Anglo-American legal system and the civil law system, and some countries are mainly affected by religion. Therefore, China and its countries along the world often face legal disputes in international cooperation. The types of legal risks mainly include: legal risks such as policy and legal changes, political factors, environmental protection, intellectual property rights, and labor rights protection. According to analysis, due to legal reasons, the investment losses of Chinese enterprises accounted for about 16% of investment losses, of which 30% were mainly due to non-compliance with the legal requirements of the host country, mainly due to improper means to obtain projects, 30%...
mainly because Unfamiliar with the labor laws of the host country. In the process of foreign investment, when affecting the significant interests of the host country, the host country often adopts administrative or judicial means to intervene in the investment projects, mainly in the form of government default and operational restrictions. In addition, due to the imperfections of the host country's laws and judicial systems, Chinese companies often do not choose to use disputes to resolve problems when they negotiate contracts with the host country. When appealing to the host country court, it is often difficult to obtain support. Therefore, when Chinese enterprises invest abroad, they must consider the legal standards of the host country. Only by making adequate preparations can the legal risks be minimized.

Financial Risks

The degree of development of countries along the “Belt and Road” is different, and the financial risks faced by countries are comprehensive and complex. In the "One Belt, One Road" international cooperation, strengthening cooperation between the parties has actually deepened the financial risks of countries along the route. In addition, as an important part of the global economy, the occurrence of financial risks in countries along the route will also have an important impact on global economic development and stability. Therefore, it is particularly important to promote financial risks in the “One Belt, One Road” international cooperation. Financial risk is the most important risk for China's foreign investment. Because China's financial system and financing conditions are different from those along the “Belt and Road” countries, financial risks are inevitably affected by foreign investment. The main types of financial risks are: exchange rate risk, credit risk, investment risk, and liquidity risk.

Currency Risk. Difficulties in returning funds, fluctuations in the exchange rate of the RMB, and fluctuations in commodity prices have exposed the international financial business of the projects along the line to common market risks. For example, in the second half of 2014, the international oil price plummeted, and Russia’s Blu successively depreciated, causing huge losses in exchange rates for Chinese companies and individuals.

Credit Risk. The economic bases of countries along the route are poor, the financial system is imperfect, the bad debts of banks are serious, and the ability to withstand capital outflows is relatively weak, and there is a risk of lowering the credit rating. Therefore, if Chinese banks invest more in these countries, they may not receive credit and face credit risks.

Investment Risk. Chinese enterprises have not got rid of the bad habits used in domestic investment in the investment of countries along the route, resulting in frequent trade disputes with the host country and thus suffering huge economic losses.

Liquidity Risk. In the process of “One Belt, One Road” international cooperation, China's capital exchanges, investment and trade with countries along the route will be more frequent, and the contagion of liquidity risk will have a greater impact.

Whether it is exchange rate risk, credit risk, or investment risk, although there are many factors in the risk, in general, it is closely related to the overall situation of a country's social development.

Cultural Risks

The “Belt and Road” is not only an economic and trade belt, but also a cultural exchange belt and a civilized exchange belt. There are many countries along the route, and different countries have different values, religious beliefs and ways of thinking, all of which have great differences with China. The emotional foundations of the countries along the line are not solid, and sufficient trust has not yet been established. There is a lack of cultural exchanges and cooperation between countries, and there is no deep understanding of the cultures of the countries along the route, thus creating cultural risks.

Language and Culture Differences. There are many different languages in the countries along the route, and there are more than 1,000 kinds of languages. It is easy to cause differences and contradictions in communication and communication.

The Contradiction of Religious Belief. The religious beliefs of the countries along the line are strong. Different countries have different religious beliefs. In the construction of the project, due to
different religious customs and taboos, it is easy to cause contradictions. For example, in 2013, Wanda Group and Spain signed a Spanish building project. Wanda Group intends to demolish the building and rebuild it, which caused strong opposition from the Spanish people. In Spain, the building is not only a building, but also a symbol of Spanish culture and a manifestation of national spirit.

**Differences in Ethics and Customs.** Morality and customs are an important aspect of human social behavior. People of different cultures and nationalities have different customs and lifestyles. The standards for moral evaluation are also different, and it is easy to produce differences and contradictions.

**Suggestions for Promoting Cooperation among Countries along the Route**

**Consolidate the Bilateral Multilateral Cooperation Agreement and Strengthen Inter-governmental Communication and Coordination**

To promote the "One Belt, One Road" international cooperation, we must further improve the coordination mechanism for international cooperation, coordinate international conflicts and interests, reform the traditional international system, and promote the harmonious development and common development of all countries. Deepen the pattern of mutual benefit, cooperation and win-win. We will improve the "One Belt, One Road" international cooperation and communication mechanism, and after signing bilateral multilateral agreements with countries along the line, we must focus on strengthening communication and exchanges with host countries, and continuously consolidate and optimize the bilateral multilateral cooperation agreements. Actively disseminate the positive energy of cooperation and win-win, strengthen coordination and cooperation among countries, and enable countries to further understand the goals, basic principles and values and opportunities brought to countries along the “Belt and Road”, reduce conflicts and avoid wars. Enhance the willingness to cooperate and form a good strategic partnership. The “One Belt, One Road” international cooperation relies on the power of the market to form a strong market mechanism. It should actively adapt to the new market-oriented pattern, actively adapt to the new normal of the market economy, solve market problems in international cooperation, and make up for the shortcomings of the government mechanism. In addition, in international cooperation, Chinese enterprises should actively use domestic and foreign media to spread the positive image of enterprises. In the face of public pressure, take countermeasures, establish friendly cooperative relations with the media, and use the media to solve the crisis.

**Conscientiously Abide by the Laws and Regulations of the Host Country and Improve the Overseas Investment Legal System**

International cooperation along the “Belt and Road” countries must strictly abide by the laws and regulations of the host country, such as intellectual property law, environmental protection, labor standards, etc., understand the laws and regulations of countries along the line, strengthen individual legal awareness, and avoid violations of host countries. Unnecessary risks caused by the law. As far as the government is concerned, it is necessary to speed up the legislative process, strengthen management and improve the relevant legal systems in international cooperation; make good use of the legal systems of international and host countries to further improve the bilateral multilateral cooperation agreements; and open specialized information service platforms in countries along the route. China cooperates in countries along the route to provide more comprehensive information services. As far as enterprises are concerned, they consciously abide by the laws and regulations of their countries, standardize investment and construction behaviors, establish a good corporate image, enhance their core competitiveness, and actively fulfill their social responsibilities. Strengthen the investigation and analysis of local laws and regulations, and provide effective preventive measures to enhance risk management awareness. Actively explore local business strategies and learn from successful experiences to better integrate into local communities.
Strengthening Awareness of Financial Risk Prevention and Strengthening Regional Collaborative Management

Effective prevention of financial risks should be based on the social development of the countries along the route and the regional environment. From a national perspective, financial risks affect the economic development of a country and take targeted preventive measures against financial risks. In countries with relatively complete financial markets and laws in the countries along the line, we should focus on the feasibility study of individual projects, analyze the expected benefits of investment plans, and select the optimal investment plan based on the improvement of the supervision and audit mechanism. In countries with relatively imperfect financial markets and laws, financial supervision systems should be strengthened, financial personnel training should be emphasized, and financial issues should be resolved through friendly communication and consultation. From the perspective of economic cooperation among countries along the route, it is necessary to strengthen regional coordinated management. “One Belt and One Road” puts forward the “Five Links” as the key point of cooperation. It emphasizes that countries along the line can encounter problems in the process of cooperation, can cooperate with each other, help each other, cooperate sincerely, and seek common development. Countries along the line should establish their own financial risk early warning mechanism and timely warning of financial risks such as investment risks and exchange rate risks. At the same time, according to the ability of countries to respond to risks, the system should provide a comprehensive and multi-angle risk sharing and collaborative prevention measures.

Respecting the Differences in Regional Cultural Development and Building a Community of Human Destiny

The lack of communities of peoples from all countries along the line is the main cause of cultural risks. The “Belt and Road” is a multi-cultural, multi-ethnic and multi-lingual gathering belt. Although the development level, political background and regional customs of the countries along the line are different, the common aspiration of the people of all ethnic groups along the line is to realize the prosperity of the nation. Therefore, in the process of international cooperation among countries along the “Belt and Road”, we should gather the value consensus of “sharing, cooperation, tolerance and win-win”, understand and respect the differences in cultural development of different countries, respect local religious beliefs and customs, and actively carry out culture with the host country. Communicate, understand local cultural characteristics, avoid cultural conflicts, cooperate with local enterprises, seek common development, and have problems in cooperation and coordination. Countries along the route should actively carry out cultural cooperation, strengthen cultural exchanges between countries, eliminate prejudice, avoid contradictions arising from cultural differences, establish cooperative relationships of mutual respect and mutual trust, enhance cultural tolerance and cultural identity among countries, and build Community of human destiny.

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