The SWOT Analysis of Liaoning Old Industrial Base Integrating into “The Belt and Road Initiative” Strategy
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Abstract. This article applies SWOT method and analyzes Liaoning’s integration into “the belt and road initiative” strategy, from five aspects including features of geographical location, transportation infrastructure, the base of industrial economy, policy environment, and hinder land as well as market, putting forward the advantages, disadvantages, opportunities, and challenges. Furthermore, according to the conclusion from the SWOT model analysis, from different perspectives, by reviewing Liaoning’s integration into “the belt and road initiative” construction, the author proposes development distribution of Liaoning’s integration into “the belt and road initiative” strategy.

1. General Information
Liaoning’s integration into “the belt and road initiative” strategy, not only concerning internal elements such as transportation basic equipment construction, logistics development, convenience of customs clearance, but also concerning external environment such as international and domestic politics, economy, culture. Furthermore, it requests international, regional, intercity close connection and assurance, thus it is necessary to use scientific analysis method, only when “the belt and road initiative” strategy’s development setting and arrangement are crystal clear, could it function well.

SWOT Model Analysis
The so-called SWOT model analysis, comes from the situation analysis based on internal competition environment and competition conditions, listing elements relevant to research targets, from all kinds of internal advantages, disadvantages, to external opportunities and challenges, with systematic analysis method, combine and allocate all kinds of elements and analyze, so to draw a conclusion of decisive guidance and strategic meaning. By using SWOT method, we can analyze scientifically Liaoning’s status and function in “the belt and road initiative” strategy, in this way, to guide and support the development and goals setting of Liaoning’s transportation development. The elements in the analysis include geographical area, transportation foundation, basis of industrial economy, policy environment, hinterland, market and so on.

Geographical Area Feature
Strengths: Liaoning is located at the south of Northeast China, facing the Bohai Sea and the Yellow Sea from south, facing the DPRK from north with a river in between, at the same time, Liaoning is the most convenient foreign trade channel of China with southeast coast countries, Japan, South Korea, and Europe.
Weaknesses: There are 6 harbors at the coast line of Liaoning: Dalian harbor, Yingkou harbor, Dandong harbor, Jinzhou harbor, Panjin harbor, Huludao harbor. However, due to climate, among
the 6 harbors, only Dalian harbor is non-frozen deep ocean harbor, as of the rest five harbors, 1-2
months freeze up period exists, that may affect standard operation of big channel.

Opportunities: It has been pointed out clearly in *Promote the Construction of Silk Road Economic Belt and the 21st Century Ocean Silk Road Vision and Action*, will strongly strengthen costal harbor construction such as Dalian; policy documents such as *The State Council’s Suggestions about Support Northeast China and Mid and Long term Development Strategy 2014 – 2020*, all contain contents about support strengthen Liaoning transportation big channel construction.

Threats: The advantage of Liaoning comprehensive transportation big tunnel area advantage is not eternal, it will change eventually with the transportation development level. Under current basic pattern of transportation and the lower level, Liaoning comprehensive transportation contains area advantage, however, need to remain the advantage by improving the level of tunnel basic infrastructure construction and innovation of transportation organization style.

**Transportation Infrastructure**

Strengths: The railway network and highway network of Liaoning province is intensive, harbor capacity is strong, the harbor and highway “harbor-station-oneness” connection is strong. Sea and highway cooperation transportation infrastructure level is high, the operation and the developing connection of Asia and Europe Liaoning’s comprehensive transportation tunnel foundation is good.

Weaknesses: Liaoning’s comprehensive transportation tunnel has not grown into modern “comprehensive transportation” system, there’s a lot to improve concerning land-sea through transportation, hub transfer, info sharing, equipment standard, service wholeness and so on. There’re still bottle-neck routes and road sections on some external tunnels.

Opportunities: Liaoning keeps positive attitude and open-mind, strongly advocate transportation infrastructure planning construction. China’s 13th Five-Year Plan period is an important opportunity time for Liaoning to promote multi-transport and development, Dalian, Yingkou are actively in the process of applying national multi-model transport demo project, Yanda ferry, Liaolu land-sea Cargo rollers hang and transport and multimodal transportation project are positively going on, therefore Liaoning will become developed province in advanced transport organization style such as multimodal transportation.

Threats: The operation of Sino-Europe trains such as “Su man ou”, “Yi xin ou”, brings big challenge to Liaoning’s transport. Especially the international train “Su man ou”, under government financial support and Russian Far East transport group support, has become the biggest land channel from Asia to Europe trade.

**Industrial Economy Basis**

Strengths: with equipment manufacturing industry, petrochemical industry, metallurgical industry, farm products processing and so on the pillar industry, can collaborate well with Europe, Russia, Mongolia. There’s an increase on export towards EU, ASEAN, USA and so on, while UK, USA, Russia are main target countries of Liaoning’s external investment.

Weaknesses: compared with eastern developed provinces’ external economics structure, Liaoning’s heavy industry lead to lower need and lower quota in GDP.

Opportunities: the national “the belt and road initiative” strategy brings more chances for Liaoning to “come out” and “bring into”, if we can use well the advantages of Liaoning on location, harbor, resources, transport, we can increase the export scale and promote more industries.

Threats: aging, lose of population, higher cost of labor and so on make Liaoning lose human -added advantage. Must depend on upgrading of industrial transform, the pressure

**Policy Environment**

Strengths: the national and Liaoning launched out a serious of policies such as *Promote the Construction of Silk Road Economic Belt and the 21st Century Ocean Silk Road Vision and Action* and *Guidance on Promoting Internet + and Mid and Long term Development Strategy 2014 – 2020*, provided nice external environment.

Weaknesses: the laws and relevant policies are still not complete, especially regulations are not complete.
Opportunities: the national “the belt and road initiative” strategy brings new development, at the same time, “Silk Road Fund”, and investment banks assured the funding of transportation infrastructure.

Threats: there’re challenges from economic structure, and caused difficulty of implementation, to promote industry transformation, to implement via innovation, reform, market, and open-up. The “four-drive” created more favorable policy environment.

Hinterland and Market

Strengths: As the main marine outfall of Liaoning, Liaoning has grand and stable development hinterland (complete hinterland). Geographical location advantage and the opening of international train “liao man ou”, expanded Liaoning’s coast line harbors and extend to Japan and South Korea (comparative hinterland).

Weaknesses: Liaoning’s hinterland and local industrial structure are similar, which caused more products export, less import, thus exist empty train transport on return route, thus stretches tunnel operation cost, not good for the big tunnel’s sustainable development.

Opportunities: with “the belt and road initiative” chance, can make Liaoning comprehensive transport develop larger, by developing container multimodal advanced transport, further extend hinterland space and types of trade products.

Threats: the implementation of “su man ou” affected “liao man ou’s” hinterland scale; at the same time, “su man ou” attracted high value-added products cargo gather at Suzhou, thus affected Liaoning.

Table 1. SWOT Modal.

<table>
<thead>
<tr>
<th>Own capacity</th>
<th>External environment</th>
<th>Strength (S)</th>
<th>Weakness (W)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>√location features</td>
<td>×industry structure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>√“liao man ou”</td>
<td>×system mechanism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>√industrial feature</td>
<td>×foreign trade “two ends outside”</td>
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<tr>
<td></td>
<td></td>
<td>√policy environment</td>
<td>×big tunnel network not in practice</td>
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<table>
<thead>
<tr>
<th>Opportunity (O)</th>
<th>Growing Strategy (S+O)</th>
<th>Transform strategy (W+O)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>▲ based on “liao man ou”, develop other foreign trade channels, extend Liaoning’s foreign trade channel, develop other foreign trade channels, develop Liaoning’s foreign trade transport tunnel, strengthen and location advantage. ▲ Use transport regional strength, promotion</td>
<td>▲ Seize “the belt and road initiative” strategy, upgrade structure</td>
</tr>
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<td></td>
<td>▲ Use “the belt and road initiative” strategy, build up open style economic growth</td>
<td>▲ Complete west of Liaoning develop north west transport network allocation</td>
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<table>
<thead>
<tr>
<th>Threats (T)</th>
<th>Upgrading Strategy (S+T)</th>
<th>Defense Strategy (W+T)</th>
</tr>
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<tbody>
<tr>
<td>×“su man ou”</td>
<td>▲ improve “liao man ou” transport service standard, develop multimodal</td>
<td>▲ united to face competition via logistics cooperation with Jilin, Heilongjiang, Inner Mongolia construct “three provinces one area” logistics development</td>
</tr>
<tr>
<td>×lose of demographic dividend</td>
<td>▲ Add more routes to Russia and far east, improve service capacity</td>
<td></td>
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<td>×not total open to external</td>
<td></td>
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Development Arrangement

Based on SWOT model analysis conclusion, in China’s “the belt and road initiative” Strategy, different aspects of Liaoning’s “the belt and road initiative” construction, the function and form differs greatly. With global vision, Liaoning is a dot, more like a tunnel and a hub in “the belt and road initiative” Strategy. While domestically, Liaoning is flat, the big tunnel appears as multi channels, multi-layers, multi-function, multi mode comprehensive transport network.

Currently, the main hinterland of Liaoning is south east Asia and Japan and South Korea, the quota in Liaoning’s foreign trade is 65: 35; main market is Russia and Europe. The location and feature of foreign trade, make “the belt and road” direction is west.

Based on above analysis, the hinterland and market element make Liaoning mainly “the belt and road” tunnel shall develop towards the west (Europe, Inner Mongolia, Russia) and north (Russia, Far East).

To realize it, there are 21 useful land ports, and all the ports boarder Russia, Mongolia, Kazakhstan. However, of the ports, compare the geographic factor, area factor, transport and so on, now only Alashan, Erenhot, Manchuria, Sui fen he the four ports are suitable for long-distance container. Therefore, Liaoning’s “the belt and road initiative” strategy mainly uses the three ports of Erenhot, Manchuria, Sui fen he. Concerning current foreign trade of Liaoning mainly face Russia and Europe, the outer tunnel shall be at the west part of Manchuria (Europe direction)’s north direction. In conclusion, the land port arrangement of China decides Liaoning’s comprehensive transport bug tunnel in land shall mainly be in Siping (Manchuria river direction) and Chifeng (Erenhot direction).

Acknowledgement

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