

Current Situation and Countermeasures of Trade Development Between China and “Belt and Road” Countries

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Abstract—In September 2013, the Belt and Road initiative entered the vision of all countries, and strengthened economic exchanges such as facilitating the development of international trade between China and “Belt and Road” countries. The major strategic move complied with the trend of China’s opening up to the outside world, vigorously promoted regional economic integration, and responded to the demand for the transformation of commodity structure. The Belt and Road strategic opened a new door for China’s trade, and promoted the further development of China’s foreign trade. This paper analyzes the opportunities and challenges of trade development between China and “Belt and Road” countries, and puts forward some countermeasures and suggestions on the basis of the analysis of the trade data published on the official website of the Ministry of Commerce and the National Bureau of Statistics of PRC.

Keywords: “Belt and Road”, trade development, influences, countermeasures, regional economic integration

I. INTRODUCTION

With the outbreak of the financial crisis in 2008, the impact of the subprime mortgage crisis has continued. The global economy is anemic, representing slow recovery, sustained low growth, differentiated development and other problems. As a result, some developed countries implement trade restrictions to protect their own interests, such as Green Trade and other hidden non-tariff trade protection measures, which hinder economic globalization to some extent. However, cooperation of all countries is the key to recover trade and accelerate global economy.

In 2013, the Belt and Road initiative entered the vision of all countries. It is to establish a community that integrates politics, culture and economy to further the economic ties between Asia and Europe. Its original intention is, first of all,

to improve the degree of trade facilitation and promote capital flow, then to build some free trade areas such as China-ASEAN free trade area, and finally to achieve regional economic integration. For China’s domestic market, the Belt and Road strategy can enhance the degree of opening to the outside world in the central and western regions of China, which is driving the economic development and enhancing the dynamic of foreign trade, thus narrowing the gap between the eastern and western regions. Moreover, facing with hidden trade protection measures, the Belt and Road strategy can open up new trade markets to deal with overcapacity in China and advance China’s influence on global economy. For China’s external market, China can help “Belt and Road” countries to build infrastructure and accelerate economic development by providing capital and technology, which conforms to their development trend and demand. Furthermore, the abundant resources of the countries along the line can also alleviate the resource problems in China’s economic development. Thus, the mutual benefit and win-win results will achieve.

This paper analyzes the opportunities and challenges of trade development between China and “Belt and Road” countries, and puts forward targeted suggestions on the basis of the analysis of the trade data published on the official website of the Ministry of Commerce and the National Bureau of Statistics of PRC.

II. LITERATURE REVIEW

As China’s national key development strategy, the Belt and Road strategy has attracted worldwide attention as soon as it is put forward. At present, Chinese universities and research institutions have successively established research institutions to study the Belt and Road strategy, and many research results have been put forward accordingly. For example, Wang

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Xuefang (2017) stated the main significance of the Belt and Road strategy and the impact of the initiative on regional economic construction along the surrounding areas, and analyzed the opportunities brought by the plan: closer economic and trade cooperation among countries, more convenient regional transportation, coordinated development of domestic regions, promotion of large-scale infrastructure and other industrial projects, and the increase of capital projects. The adverse effects are also analyzed: trade friction and financial friction are intensified, etc. She also made a comprehensive analysis of the opportunities and challenges of The Belt and Road strategy and gave suggestions for the development of foreign trade [1]. Li Xiaoyan (2016) studied the China's foreign trade pattern and trade friction, analyzed the new challenges affecting China's foreign trade, and then studied the impact of The Belt and Road strategy on China's trade pattern and friction. She pointed out in her article that the large-scale export of China's industrial projects and capital will aggravate the commodity trade friction and financial friction, and put forward several preventive measures [2]. Wang Suqin (2015) believes that China's foreign trade pattern will be changed under The Belt and Road strategy, the overall trade scale will be expanded rapidly, the proportion of foreign trade partners in China's total foreign trade will be changed, and the structure of trade commodities will also be upgraded. She gave some suggestions: establishing a shift in core technology related to goods and capital input as a whole; Timely change to the new competitive advantages, including service quality, technology brands, etc.; Strive to transform from factor indicators to innovative development in the short term. Actively participated in and designed foreign trade rules, rather than passive adaptation [3]. Zhao Binbin (2016) focuses on cultivation of China's foreign trade competitiveness, for analysis of the impact of The Belt and Road strategy on China's foreign trade. The article mentioned the opportunities from the strategy for the development of foreign trade, and put forward suggestions that RMB internationalization should be promoted to strengthen the competitiveness of foreign trade [4].

Foreign scholar Spengler(2017) believes that The Belt and Road strategy drives the upgrading of China's electronic industry and the export of high-tech industrial products through the construction of trade facilitation, bringing China trillions of US dollars in trade and significant development opportunities for China's foreign trade, making western countries dare not belittle China's strategy [5]. Campbell and Charlie (2017) took the corridor of China-Pakistan economic belt as an example, focusing on the impact of China's Silk Road project on the local economy to illustrate the development opportunities and challenges brought by The Belt and Road strategy to Chinese enterprises [6].

III. CURRENT SITUATION OF TRADE DEVELOPMENT BETWEEN CHINA AND "BELT AND ROAD" COUNTRIES

A. Trading Partners are diversified and Commodity Structure is updated

The Belt and Road strategy runs through Asia, Europe and Africa, radiating over 70 countries. Thanks to that, the trade between China and the countries along the line has become

more frequent with an increasing proportion of China's total global foreign trade year by year, making China's foreign trade partners diversified. At the same time, the situation in the "Belt and Road" countries is gratifying. The structure of trade commodities has been upgraded, the technical content of products is getting higher and higher and the added value of products has also increased significantly in recent years. Since the implementation of The Belt and Road strategy, mechanical and electrical products account for more than half of China's export products with the countries along the line, and the overall trend is increasing year by year. Under the influence of the global economic weakness, all kinds of exports have declined overall, but technical products are still firmly in the forefront of export products.

This shows that The Belt and Road strategy has driven the construction of equipment and infrastructure in countries along the route. The demand for related equipment is increasing. The proportion of manufacturing and new technology products and technology enterprises represented by high-speed rail and other cutting-edge technologies is showing a significant upward trend.

B. The total trade volume has increased year by year with a considerable surplus

The Belt and Road strategy has driven the growth of bilateral trade between China and the countries along the line, showing a significant growth in recent years. As shown in Table 1, China's total foreign trade with the countries along the line increased from 894.1 billion US dollars in 2011 to 1.4403 trillion US dollars in 2017. Despite the impact of the world economic environment, the total trade volume in some years drops year on year, but overall it is still higher than that in 2011. It can be seen that the Belt and Road strategy has brought about an increase in trade between China and the countries along the line.

TABLE I. TRADE DATA BETWEEN CHINA AND "BELT AND ROAD" COUNTRIES FROM 2011 TO 2017

Year	Total Trade Volume (\$100 million)	Exports (\$100 million)	Imports (\$100 million)	Surplus (\$100 million)
2011	8941.1	4542	4399.1	142.9
2012	9598.4	5013.5	4584.9	428.6
2013	10405	5690.9	4714.1	976.8
2014	11204	6370.4	4833.6	1536.8
2015	12638	7100.5	5537.5	1563
2016	12695.7	7136	5559.7	1576.3
2017	14403.1	7742.6	6660.5	1082.1

As shown in Table 1, from 2011 to 2017, China's trade surplus with the countries along the line gradually expanded, which is relatively substantial.

C. There Are Regional Differences in Trade Scale

Southeast Asian countries and West Asian and Middle Eastern countries are the countries with the closest trade ties with China. Taking the amount of import and export trade in 2014 as an example, the trade volume between China and Southeast Asian countries accounted for 42.9% of the total trade volume of all the "Belt and Road" countries, amounting

to \$48.05 billion, while the trade volume of West Asia and Middle East countries accounted for about 28%. Countries that have good relations with China and stable and peaceful diplomatic relations with each other will have frequent trade exchanges with China, such as the 11 Southeast Asian countries that have previously established free trade zones with China.

D. Increased depth of trade cooperation

Under the influence of The Belt and Road strategy, the trade cooperation among the countries along the line has been closer. China has already signed bilateral trade agreements with more than 70 countries along the line to build three free trade zones: China-Singapore, China-ASEAN and China-Pakistan. In addition, a series of cooperation such as the Asia-Europe Meeting and the Asia Cooperation Dialogue are also under way. The countries then proposed the concept of a major international corridor and the construction of six major economic corridors, including Mongolia-Russia, China-Central Asia-West Asia, China-Pakistan, the New Eurasian Continental Bridge, China-Indochina Peninsula, Bangladesh, China, India and Myanmar. In addition, trade cooperation between the two sides will continue to deepen with these gradually implemented plans.

IV. OPPORTUNITIES OF TRADE DEVELOPMENT BETWEEN CHINA AND "BELT AND ROAD" COUNTRIES

A. Promoting Industrial Export Growth

The primary task of the Belt and Road strategy is to build infrastructure and implement regional connectivity, because there are over 60 countries along the line, most of which are developing countries, with less experience, technology, capital and backward infrastructure. However, China has accumulated rich experience in transportation system construction, pipeline laying, power generation facilities construction, port construction and energy trade. Exports of industrial products have been improved from statistics from the Ministry of Commerce. It shows that China's foreign contracted projects have driven exports of equipment and materials to \$13.3 billion in 2016 and \$15.39 billion in 2017, an increase of 15.7%. In addition, exports of industrial products such as electrical equipment, parts and motors were the highest, with \$116.59 billion. This shows that the scale of industrial exports will continue to expand in the future [7].

B. Optimizing Trade Pattern

Internationally, most of the countries along the strategic line are emerging markets and developing countries, with 43.4% of the world's total population, while the total economic volume is only about 12 trillion US dollars, accounting for only 16% of the world's share. Therefore, there is a market with huge development potential. It can be predicted that the countries along the line will be in a booming period of economic development in the next ten years. The acceleration of industrialization and urbanization will lead to a strong demand for infrastructure investment. Therefore, these small and medium-sized developing countries along the Asia-Europe line will become important trading partners in the future.

In 2018, the trade in goods between China and "Belt and Road" countries continued to be deepened, and the potential for two-way investment is further released. In 2018, the total import and export volume of goods between China and the countries along the line reached \$1.3 trillion, up 16.3% year on year, 3.7 percentage points higher than the growth rate of China's foreign trade in the same period, accounting for 27.4% of the total foreign trade value.

C. Outputting Capital and Financial Account

Asian Infrastructure Bank has gradually been successfully established under the leadership of China, with a total capital of \$50 billion, half of which held by China. It is a platform for China to export capital to the Asian region and a medium for capital financing to provide a source of capital for "Belt and Road" countries. In addition, the act has also increased the international influence of RMB and is conducive to the internationalization of RMB [8].

The investment of the Belt and Road with infrastructure construction as its core is just helping the large-scale export of Chinese capital. According to the news released by China Securities Network in 2018, the development and investment cooperation in the Belt and Road involved region was successfully and steadily promoted in 2017. In 2017, domestic enterprises made large-scale investments in the countries along the line under the new strategic plan, with a total of 59 countries invested, amounting to 14.36 billion US dollars, and accounting for 12% of the total for the same period. Foreign investment and merger of enterprises are frequent, and the proportion of overseas financing is high [9].

D. Trade Facilitation

Smooth road traffic is the basic to promote smooth trade which is one of the goals of The Belt and Road construction. With the financial support of the Asian Infrastructure Investment Bank, large-scale infrastructure construction has been carried out in countries along the line, including road, railway, shipping, aviation and other transportation facilities, as well as oil and gas pipelines, power transmission network, water pipe network, information and communication, logistics facilities and supporting facilities, etc., to achieve smooth transportation in the region, greatly saving the logistics cost of trade and facilitating trade between the region and the outside world. China has signed 130 bilateral trades and transportation agreements with many countries along the line, and added 356 international roads and passenger transportation lines. At the same time, China has increased flights and direct air flights with 43 countries, increasing the number to 4200 times a week. Moreover, China has also established a number of projects such as China-Europe train service and international mail service. In addition, China has successively established a number of air, sea and land transportation channels. With information high-speed system, China has improved the establishment of ports, pipe networks and other service facilities, and is striving to build a comprehensive and diversified facility framework structure in the short term [10].

With the construction of infrastructure, a network system with advanced science and technology is constructed to realize resource and information sharing and information facilitation.

Trade with “Belt and Road” countries line will be supported by government policies. The government will create a favorable environment and promote trade facilitation by formulating industrial policies, trade policies, improving laws and regulations, and standardizing markets.

E. Accelerating the Transfer of Chinese Industry

The Belt and Road strategy consumes a large amount of China’s overcapacity and at the same time brings opportunities for these related industries to develop foreign markets, thus accelerating the transfer of Chinese industries.

The Belt and Road strategy is conducive to accelerating the cross-border transfer of Chinese industries. China’s era of cheap labor is over, and its comparative advantage is changing. For example, resource-intensive industries can be transferred to countries with relatively rich mineral and oil resources such as the Middle East and Central Asia. In short, The Belt and Road is providing opportunities for the transfer of these industries.

V. CHALLENGES OF TRADE DEVELOPMENT BETWEEN CHINA AND “BELT AND ROAD” COUNTRIES

A. Increased Trade Friction

The Belt and Road strategy increases China’s industrial exports by building infrastructure in the countries along the line. However, it will certainly attract competition from export enterprises in Germany, Japan and other industrialized countries, and even lead to trade disputes, which will undoubtedly aggravate trade frictions. Compared with these developed countries, China’s trade enterprises still have some gaps in technology, and the labor force is relatively cheap. This has resulted in China’s export products being mainly labor-intensive processed products, which are often easily subject to anti-dumping investigations by most countries. Therefore, one of the challenges brought by The Belt and Road strategy is the increasingly fierce competition between Chinese enterprises and enterprises in some developed countries.

B. Strengthened Inter-regional Financial Friction

Under the planning strategy of The Belt and Road, most of the countries passing through are developing countries, where the underdeveloped level of economic construction leads to the pressure of capital on infrastructure construction. In order to demonstrate its support for infrastructure construction in Asian countries, China took the lead in organizing the Asian Infrastructure Investment Bank in 2014, covering a wide range of countries with dozens of members. The Asian Infrastructure Investment Bank provided financial support for the effective implementation of The Belt and Road strategy, but it also virtually threatened the Asian Development Bank headed by US and Japan. It can be seen that The Belt and Road strategy has caused China to face a game with other countries in the economic and financial fields in terms of trade friction from physical trade friction to monetary and financial fields.

C. The political and economic environment of the countries along the line is complicated.

The Belt and Road strategy has shown considerable economic development potential to the countries along the line, with more than 60 countries as members. Most of these countries are in different periods of industrial development and their economic structure is undergoing transformation. Therefore, there is some uncertainty in their development. Even some countries have different political systems and certain political risks. Moreover, the majority of the people in the countries and regions believe in Islam, Christianity, Judaism, etc. They have different religious beliefs, complicated living beliefs and cultural differences such as living habits.

VI. COUNTERMEASURES OF TRADE DEVELOPMENT BETWEEN CHINA AND “BELT AND ROAD” COUNTRIES

A. Strengthen Foreign Direct Investment

The Belt and Road strategy has created a sound environment for foreign capital export. With the depth of The Belt and Road, cooperation with foreign infrastructure and finance must be deepened, which has become an effective channel for Chinese enterprises to invest directly abroad. Through capital export and merger, Chinese foreign trade enterprises can not only have a deeper understanding of the international market, but also have a share in the international market.

In addition, Chinese enterprises can take advantage of low cost to actively introduce mature high-tech and new talents and experience from foreign multinational enterprises, improve their own technology and research, learn advanced theories and technologies to improve the technical content of products, and innovate to cultivate the competitiveness of enterprises, form unique advantages of their own products, and prevent Chinese products from being subject to anti-dumping investigations by other countries due to their low prices. In short, Chinese enterprises should communicate and learn more closely with enterprises from countries along the line.

B. Give Full Play to Regional Value

In the economic construction of “Belt and Road” countries, the local advantages must be brought into full play in time. For example, local particularities need to be considered in the construction of domestic provinces and cities, and their innovative value should be brought into full play to promote economic growth.

Secondly, with the help of the geographical advantages of various provinces, cities and regions, the types and quantities of trade projects with neighboring countries should be increased. For example, with outstanding geographical advantages, Xinjiang can afford a window for domestic trade and trade with western countries. Therefore, it is possible to form an important transportation hub and business and trade center by deepening cooperation between China and Western Asia and other countries. Inner Mongolia is connected with Russia and Mongolia, which plays a role in ensuring the construction of the Sino-Russian railway network. It is needed to strengthen the development of the transport network

between the three provinces of the northeast of China and Russia. Beijing to Moscow high-speed transportation corridor is to be optimized to connect the southern region of the country with the northern market. The southwestern region of China is close to ASEAN countries, so an international channel to and from ASEAN region can be established as a new strategic point for opening up the southwest and central south regions.

C. Optimize the Policy Communication Mechanism of Government Agencies

For the Belt and Road strategy, the countries along the line must issue corresponding safeguard policies in time. Mutual exchanges between governments of various countries can promote their follow-up cooperation and build unified macro policies, which are the basis for safeguarding common interests and can increase trust and understanding among countries to a certain extent. Furthermore, it has a significant impact on the economic development and construction of various countries and the promotion of regional cooperation, and jointly provides a stable platform for the development and implementation of large-scale projects. The purpose of China's proposal of the Belt and Road strategy is to promote the coordinated development of Eurasia, and to put forward the economic construction of neighboring regions, so as to realize the goal of common development and mutual benefit.

D. Continue to Deepen Trade Facilitation

1) Establish Information Sharing System

In the information age, in order to ensure trade convenience, it is necessary to strengthen the efficiency of information exchange and establish a good information exchanging system in time, because this is the key to promote the smooth progress of trade among countries. It is necessary to ensure the systematization and standardization of trade-related regulations and documents, the openness and transparency of the whole process, investment and trade, e-commerce, etc., and to promote the improvement of digitalization and automation systems in a timely manner so as to ensure the establishment of e-commerce platforms that keep pace with the times among countries.

2) Improve the Automatic Customs Declaration System

In view of the widespread implementation of a management system with clear powers and responsibilities among various institutions, and a good horizontal communication mechanism has not yet been established, it is necessary to strengthen the implementation of the integration of supervision, strengthen the optimization and simplification of relevant processes such as supervision standards, and avoid the shackles of the traditional management system. International common regulatory standards referenced, in order to minimize the secondary submission and investigation of similar documents, a foreign trade information platform with automatic submission, automatic identification and information sharing can be set up to establish a three-dimensional regulatory framework system that conforms to the times.

3) Establish a Regionalized Judicial System

Trade and investment are two important factors that appear and function at the same time. In the Belt and Road Initiative's trade practices, various kinds of friction problems easily occur. Therefore, it is necessary to establish a corresponding dispute settlement system, which plays a decisive role in the success or failure of the development of trade practices of various countries. On the basis of considering trade disputes, it is also needed to introduce a regional judicial system so as to integrate financial and trade issues arising from foreign investment into this management system, which includes many institutions, including judicial authentication institutions, bilateral judicial consultation institutions, courts, diplomatic system, etc.. For this reason, "Belt and Road" countries can promptly set up common courts based on the platform, such as the Eurasian Common Court, but its committee members need to refer to the international judicial settlement regulations for the construction of relevant systems.

ACKNOWLEDGMENT

This work was supported by the National Natural Science Foundation of China, under Grant No.71462036, and the Projections of Science Research Foundation of Yunnan University of Finance and Economics, under Grant No. 80059900226.

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