

# ***Discussion about Promoting Regional Cooperation and Investment in Transportation Construction with the Countries of Southeast Asia under the Belt and Road Initiative***

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***Abstract***—With the implement of proactive economic stimulus, as an important maritime line of communication in the world, Southeast Asia has become one of the regions with the most vigorous global economic activities. And at the same time, our country will build a strategic cooperative partnership with the countries in this area under the Belt and Road Initiative.

***Keywords***—*transportation infrastructure construction; regional economic*

## **I. INTRODUCTION**

In the autumn of 2013, President Xi Jinping raised the initiative of jointly building the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Over 2,000 years ago, there were already interactions between the two ends of the Eurasian continent, and that was when the ancient Silk Road began. This period of history gives us something we should carry forward, i.e. the open and inclusive spirit of the Silk Road for peace, mutual learning and win-win cooperation. To maintain profound development of the Chinese economy and realize the “Two Centenary Goals”, our country must be more open to the world in the future.

The Chinese government has drafted and published the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road to promote the implementation of the Initiative, instill the ancient Silk Road, connect Asian, European and African countries more closely and foster mutually beneficial cooperation to a new and high form. Stretching along the Eurasian Continent and having connectivity on its agenda, the Belt and Road links up more tightly the prospering East Asian economies and the highly

developed European economies at the two ends [4]. Countries along the Belt and Road have different resource advantages and their economies are mutually complementary. Therefore, there is a great potential and for cooperation. They should strengthen cooperation with our country in the areas like policy coordination, facilities connectivity, unimpeded trade, financial integration.

There are evidences proved that the Belt and Road Initiative enjoys a promising future. In pursuit of infrastructure connectivity, China's international cooperation on production capacity is well underway in more than 10 key areas, including equipment manufacturing, automobile and electronics. Over a thousand container trains have traveled between China and Central Asia or Europe [1]. The Asian Infrastructure Investment Bank (AIIB) has entered into operation, and the Silk Road Fund and several other multilateral or bilateral cooperation funds are providing continuous financing support to the Belt and Road Initiative [5]. Although we already had good result from implementing the Belt and Road Initiative, the truth is there is a difference of specific economic developing level and political circumstances between different countries. In order to build an effective cooperative relationship with the countries along the route, how to create an appropriate investment pattern which can meet each country's benefits is the primary issue we have to consider. To make sure the interaction between the Southeastern Asian countries and China go smoothly, promoting the transportation construction is the key point our country has to pay attention. As a result, this thesis is mainly going to discuss the opportunities and approaches to cooperate when China involving deeply in the construction of transportation infrastructures of countries in Southeast Asia which is based

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on the analysis of existing circumstances of transportation infrastructure construction in our country and also the countries in Southeast Asia Region.

## II. CONDITIONS OF TRANSPORT (DATE FROM 2016)

Analyzing the regression by utilizing Eviews6, A linear model is set up, with GDP (Gross Domestic Product) as the explanatory variable and the construction of transport facilities in different countries also as the explanatory variable.

Notes:

$Y = \text{GDP}$      $X1 = \text{light rail}$      $X2 = \text{metro}$      $X3 = \text{railway}$   
 $X4 = \text{expressway}$

$X5 = \text{the length overall of countrywide highway}$

$X6 = \text{the amount of motor vehicles (/1000 per person)}$

Equation (1):  $Y = \beta_0 + \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + \beta_4 X4 + \beta_5 X5 + \beta_6 X6$

According to the analysis from E views, we can say that there is a strong causal relationship between the railway, highway and the GDP. The construction of railway and highway are the effective factors contributing to the development of GDP. For this reason, we believe that in order to contribute to a better economic development countries must pay high attention to the construction of metros and railways.

After the forecast of GDP by utilizing Eview6, there is a great possibility for Indonesia to have a better development in the future, whose standard is higher than the average level. By contract, the economic development in countries like Burma, Laos, Cambodia, Brunei will be not very optimistic, which should strengthen the regional economic development with other countries.

Taking Metropolitan Manila, the National Capital Region (NCR) of the Philippines as an example, in which the economic damage caused by the heavy traffic annually could be well over 137.5 billion pesos (matched 17.4 billion RMB about). There are only three lines of urban rail transit available in the whole National Capital Region, which is still cannot transfer swimmingly.

For this reason, increasing input in infrastructures of the primate cities to ensure these cities' safety is the significant interest demand of most of the countries in Southeast Asia. At the same time, standing on the position of China, starting to advance the implement of the Belt and Road Initiative with the construction of infrastructures especially transportation infrastructures can be beneficial for attracting the countries of Southeast Asia to response to the new measures of Chinese government.

## III. POSSIBILITY OF COOPERATION

### A. Technology

In multiple unit aspect, China's high speed rail has developed key technology and supplementary technology

by absorbing and creating. This breakthrough basically formed the two standard systems---the speed 200~250 kilometers per hour and 300~350 kilometers per hour.

In operating management aspect, the scheduling technology control the complex road network conditions and build the passenger service system, which can adapt to large passenger flow and high passenger density. This kind of technology also builds risk prevention system of high speed rail to guarantee the safety operation. In the future, based on the intelligent monitoring of mobile devices and early warning technology, China's high speed rail will develop tractive power supply system which do not need split-phase and can achieve long-distance monitoring.

### B. Natural Resources

The energy cooperation between China and Southeast Asian will produce lots of benefits to multiple fields in our country, like the diversification of energy import, energy import transport security, related energy institutional financing and multi-exchange of energy. A large amount of the dominant resources and main raw materials in our country are on the verge of undersupply or even approaching exhaustion.

Countries like Indonesia, Malaysia, Vietnam and Brunei in the region of Southeast Asian are the supplying countries of oil and natural gas. The proven reserves in Indonesian oil are about five billion barrels, and over seven billion cubic feet of gas reserves can be found in that area. The oil and natural gas reserves in Malaysia are around four million barrels and 0.8 billion cubic feet. The oil reserves in Vietnam are about 0.6 billion barrels and Bruneian gas reserves are over 140 thousand cubic feet.

Accordingly, the countries in the region of Southeast Asia can act as suppliers of natural resources, which may export the essential resources of development to China.

### C. Policy

This seminar, Southeast Asian investment opportunities and challenges under the Belt and Road Initiative was held in Beijing by China and CCG (Center for China and Globalization). Hui Yao Wang, the director of CCG (Center for China and Globalization), and also the State Department counselor had asserted in the conference that the region of Southeast Asia was exactly the center of the Belt and Road Initiative that China proposed. China has a very close relationship in geography with the countries of Southeast Asia. By now, over thirty to forty million Chinese and overseas Chinese living in this region, who can be seen as a huge set of resources used by our country. Most of the countries of Southeast Asia have the similar historical and cultural backgrounds with Chinese traditional culture.

Thailand, for instance, the cooperation around the aspects of infrastructure construction and also trade and investment with China are still promoted steadily. As the key cooperation filed, construction of railway is also the cooperation area which is being widely concerned. In this cooperative project, overall planning, business details, and also human, finance and material resources of the project's

implement are being prepared intensively. At present, in terms of the economic development, Thailand and China have many similar aspects like market maturity and industrial structure. We believe, under the leadership of the Belt and Road Initiative, two countries can burst huge potentials for the cooperative fields of capital construction, economic and trade, and project investment.

#### *D. International Opportunities*

The complementary advantages in economic structure between China and the countries along the routes are keeping emerging, which have provided great potential and vast development to the continuous deepening bilateral and multilateral investment and industry cooperation. At the present stage, countries along the routes are facing the major bottlenecks in the fields of finance, technology and infrastructure construction, while our country has abundant fund and the obvious comparative advantages in the areas of high-end manufacturing equipment and technology like high-speed rail, nuclear power and communication equipment.

### IV. NEW TYPE OF REGIONAL COOPERATION

With the rapid development of regional integration strategy in each country, marketization, opening and innovation, the three motivations promote the regional agreement to comprehensive and high-standard. Under regional agreements, liberalization of trade and products between countries has become wider. Each country in the region adjust tariff, non-tariff measures, market access of service industry and trade and investment facilitation to nondiscrimination direction. Transnational vertical relationship and intra-regional trade investment has become mainstream. Resource Integration by intra-industry trade investment in the world has become the dominant form of international trade and investment.

### V. NECESSITY OF COOPERATION

#### *A. Infrastructure and Transport*

The Belt and Road Initiative helps to find the common interests between China and countries along the routes, while addressing different needs. The Belt and Road Initiative promote infrastructure construction and industrial revolution, which lead to all-round development of infrastructure construction. The Belt and Road Initiative strengthens the interaction between China and the policy, transport, currency circulation of countries along the routes. The broad demand in finance field has become prominent, and the financial support role of Asian Infrastructure Investment Bank (AIIB) has been effectively played.

#### *B. Promotion of the Connection of the Established Market*

Firstly, through the function of financial support of AIIB, interregional cooperation in economy, trade and market will benefit from infrastructure connectivity construction. With the cooperation of countries along the routes and complementary advantages, the financial support function will promote win-win cooperation and expand the

connection between countries along the routes.

In addition, financial support of AIIB build Transportation logistics platform, which boost the flow of energy, material, personnel and fund.

At last, the connection of financial market, economic market and technology market between countries long the routes has become more tight by the AIIB. Besides that, free trade areas will help market economic cooperation of these countries more comprehensively.

#### *C. Accelerating the Process of Capital Export*

On the one hand, capital export enhances China's ability of investment abroad and reduces the risk of currency reserves. On the other hand, it provides a channel to export private capital of China. AIIB will promote Chinese companies go outside to bring new motivations of economic development.

At the same time, we should expand the scope of bilateral currency swap and carry out multilateral financial cooperation in the form of syndicated loans and bank credit. Increasing cross-border exchange and cooperation between credit investigation regulators and credit rating institutions is also essential.

#### *D. Broadening Financing Channels, and Enhancing the Availability of Investment and Financing*

AIIB issues stocks, bonds and sets up other financial instruments. By promoting PPP (Public-Private Partnership) mode to lead private capital to participate in investment, AIIB has addressed the problems of financial difficulties of The Belt and Road Initiative. Based on different situations of each country to make different financing mode, maximum the advantages of capital could boost the development of Asian countries.

#### *E. The participation of Multilateral Institution*

New types of cooperative relationship can strength the communication of new multilateral institutions and the old ones. This kind of relationship can also promote the development of international financial order. In addition, the new institutions can inevitably impact the order of old ones. They have a relationship of both competition and cooperation. Therefore, in order to build a good cooperation relationship, we need to deal with this kind of relationship and have a positive attitude to interact with each other and participate in multilateral institutions, which promote the development of The Belt and Road Initiative.

### VI. CONCLUSION

The Belt and Road Initiative answers the call of our times for joint response to risks and joint efforts to strengthen global economic recovery. The analysis and explanations are part of the cooperation and we can still find other factors to affect the regional cooperation and discover new type of market and opportunities. In fact, only find the possibility and balance the demand and supply can we grasp those new chances and achieve a win-win situation and find

the mutual benefit. Financial integration is an important underpinning to implement this strategy. We should give full play to the unique geographic advantage of Yunnan province, advance the construction of the international transport corridor connecting China with neighboring countries, making it a pivot of China's opening-up to South and Southeast Asia. To avert risks and boost mutual investment and trade, countries must cooperate in good faith to build up synergy.

#### ACKNOWLEDGEMENT

We appreciate the authors who did a great job on their research field and so generous to share with us. At the same time, because of the existence of the limited literary standard, there might be some mistakes in this article. We sincerely welcome all the critical suggestions from readers. Your advice will be important for us to achieve a bigger improvement in the future.

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