Research on International Cooperation between China and Asian Countries under the Background of the Belt and Road Initiative

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Keywords: “One Belt and One Road;” Asian economic integration.

Abstract. With the continuous advancement of the “Belt and Road” initiative in Asia, it has brought new opportunities to the development of the Asian region. However, the fulfillment of functional cooperation requires the continuous enhancement of the Asian region and the continuous enhancement of the political will to promote Asian economic integration. Common sense and identity; further develop new modes of cooperation, continuously enhance the basic supporting role of interconnection and interoperability in Asian economic integration; further expand existing FTA networks, continuously strengthen institutional integration of sub-regional economies; further promote regional economic integration. The integration of the mechanism has continuously strengthened the interaction with the construction of the "Belt and Road", and in a way that is more in line with the characteristics of Asia, through the construction of the "Belt and Road" initiative, we will actively break through the real dilemma of the development of Asian economic integration.

The “Belt and Road Initiative” Promotes Asian Economic Integration

"One Belt, One Road" Construction Brings New Opportunities to Asian Development

The “Belt and Road Initiative” is a new type of cooperation initiative to promote the common development of Asia and the world economy. The “Belt and Road Initiative” has first become an important driving force for regional economic integration in Asia. The Asian region has always been the focus of world geopolitics and plays a pivotal role in the diplomatic layout of China. The “Belt and Road Initiative” is a concentrated expression of China’s policy of “good neighborliness, rich neighbors and good neighbors.” It has built a new regional cooperation framework for Asian development, which has brought new development opportunities, which is conducive to deepening the community of destiny and helping to achieve regional Enduring peace and prosperity.

The “Belt and Road” Initiative will Promote the Asian Security and Cooperation Mechanism

The “Belt and Road” initiative is conducive to enlightening the wisdom of the people in the Asian region and helping them to make rational choices about the establishment of Asian security and cooperation mechanisms. In modern times, most Asian countries have not only been bullied by the powers, but also suffered long-term losses caused by regional security and cooperation mechanisms. In this historical process, China can be said to bear the pain of the security and cooperation mechanism that has no structural unity in the various periods in Asia due to structural opposition at the greatest cost. Therefore, China's security and cooperation in the Asian region is also the country with the most specified development direction and historical lessons. Under this premise, China has entered the stage of rapid accumulation and promotion of relevant experience in this regard. Since the end of the 20th century, the rescue of the Asian financial crisis and the creation of the AIIB, China has fully demonstrated its ability to fully integrate the regional economy and successfully provide the urgent need for international public goods. Therefore, we can optimistically look forward to the broader “One Belt, One Road” construction, which will enable China to “generate new concepts and new models of international cooperation, build efficient infrastructure, provide new international currencies, and establish new international financial organizations.” On the one hand, contributing more international public goods to the international community including Asia.
can also prove that China has the capabilities needed to reconstruct Asian security and cooperation mechanisms.

**“One Belt, One Road” Construction Upgrade and Expansion of Industrial Structure**

Through the “Belt and Road” construction, China's excellent production capacity will be transferred to countries or regions along the line to expand the external space for the upgrading of China's industrial structure. On the other hand, through foreign direct investment, it will help the country's infrastructure construction along the line, promote its industrialization, and achieve win-win development with countries along the route. How to promote the “One Belt, One Road” strategy, according to the current situation, we can focus on strengthening the construction of three aspects, namely, strengthening the infrastructure construction of countries along the line and deepening financial cooperation; achieving seamless integration with development strategies along the line; strengthening complementary advantages and building new openness pattern. The “Belt and Road” strategy, as a new model of division of labor, is significantly different from the geese pattern established by Japan from its own development interests. China actively shoulders the heavy responsibility of the recovery of the world economy and always maintains a big country posture. Especially after the outbreak of the Asian financial crisis, China adhered to the policy of non-depreciation of the Renminbi, which enabled East Asian countries to emerge from the gloom of the Asian financial crisis as soon as possible, in stark contrast to Japan's conservative economic policies. As a rising power, China is a responsible big country with the ability and obligation to lead the countries along the “Belt and Road” to achieve common development.

"One Belt, One Road" Construction is Conducive to Solving the Contradiction between China, Japan and Korea

The three countries of China, Japan and South Korea are the first echelon of economic development in Asia. Firstly, they should make breakthroughs in building a free trade zone and reach a free trade agreement between China, Japan and South Korea as soon as possible. Secondly, we should guide the direction and progress of economic cooperation throughout Asia and promote the early conclusion of the Asian Free Trade Agreement. Once again, China, Japan and South Korea can cooperate with each other and extend investment and cooperation in the “One Belt, One Road” policy.

If the three countries of China, Japan and South Korea cannot coordinate their economic cooperation well and seek substantive breakthroughs in economic and trade relations, the current situation of the relations between the three countries will continue to have a negative impact on the respective development of the three economies. Therefore, strengthening economic cooperation among the three countries and using the strategic opportunity of the “Belt and Road” construction to seek breakthroughs in economic cooperation between the three countries is in line with the respective interests of China, Japan and Korea.

The Economic Development Status of International Cooperation between China and Asia under the Background of “Belt and Road”

The Status Quo of Bilateral Trade Development between China and Japan

**Sino-Japanese Bilateral Trade Volume Continues to Grow.** According to Japanese Customs statistics, in 2013-2018, the bilateral trade volume between China and Japan showed a trend of decreasing first and then increasing. In September 2012, the Japanese government announced the so-called “nationalization” of the Diaoyu Islands, which led to a sharp deterioration of Sino-Japanese relations. Sino-Japanese trade, Japan’s direct investment in China declined significantly, and cooperation in the financial sector slowed down, giving economic and social development to both countries. And the well-being of the people has a significant negative impact. Therefore, since 2012, the trade volume between China and Japan has decreased year after year, until the trade volume between China and Japan has rebounded slightly in 2016. In 2018, the import
and export volume of bilateral goods between Japan and China was US$317.53 billion, an increase of 6.8% year-on-year.

**Japan’s Trade Deficit with China has Shrunk Significantly.** According to data from the Japanese Customs, Japan has maintained a trade deficit with China for 2013-2018, and the trade deficit has been shrinking year by year since 2015. In 2018, Japan’s trade deficit with China was US$29.55 billion, a decrease of 6.37% from the same period last year.

**China-South Korea Bilateral Trade Development Status**

**The Bilateral Trade Volume between China and South Korea Rebounded Rapidly.** According to the statistics of the Korean Customs, the bilateral trade volume between China and South Korea has a slight growth trend in 2013-2018. In 2015 and 2016, China’s trade volume declined significantly due to China’s economic slowdown and South Korea’s strong opposition to the US’s joint deployment of the Sade missile system. In 2017, the trade volume between China and South Korea rebounded rapidly; in 2018, South Korea and the import and export volume of bilateral goods in China was US$268.64 billion, an increase of 11.9% year-on-year, and continued to maintain a relatively fast growth rate.

**South Korea Continues to Maintain Trade Surplus with China.** According to data from the Korean Customs, South Korea has maintained a trade surplus with China in 2013-2018. In 2018, South Korea’s trade surplus with China was US$55.68 billion, a sharp increase of 25.8% from the same period last year.

**The Risk of International Cooperation between China and Asia in the Context of the “Belt and Road”**

**The Level of Political and Economic Development Varies among Countries along the Way, and the Social Environment is Complicated**

There are many Asian countries involved in the “Belt and Road,” but the economic development level, religious beliefs and living customs of these countries are different, and there are big differences, especially the differences in religious beliefs, which will specifically formulate bilateral or multilateral trade. When the cooperation strategy brings certain constraints, China cannot use the same foreign trade policy. The differentiated strategy should be formulated according to the specific economic development level and religious beliefs of each country. Only in the early stage, we can fully consider the various problems that we may encounter, and we will be able to do everything in the future implementation process in order to get more done with less.

**Chinese Enterprises Face Many Risks in Foreign Investment**

In the Asian region, infrastructure investment in many Asian countries along the “Belt and Road” is not perfect, and labor costs are relatively low. Although it provides a broad space for Chinese enterprises to invest abroad, at the same time, there are many Asian countries along the “Belt and Road.” For developing countries, the risks faced by Chinese enterprises in foreign investment and trade are significantly higher than those of domestic businesses. The risks they face include: economic risks, political risks, and legal risks. The risks faced are:

Firstly, economic risks are caused by economic fluctuations in countries along the “Belt and Road.” In many countries along the “Belt and Road,” infrastructure construction is backward, the industrial structure is relatively simple, and the domestic economy is greatly affected by fluctuations in international energy prices. The investment of Chinese enterprises is vulnerable to losses. At the same time, the large-scale infrastructure invested by Chinese enterprises is usually in areas with sparse population and backward economic level. The investment income is unclear. It is difficult to make up for the investment deficit in the past few years or even ten years, and there is a high economic risk.

Secondly, political risks are caused by changes in national security policies and political transformation in countries along the route. Some countries along the line have separated the
national security strategy from the development strategy, and implemented a swing policy of “taking two steps and stepping back” for China’s investment. At the same time, in Southeast Asia and other regions, political turmoil has occurred in most countries, and social and ethnic conflicts are complex, which has created many uncertainties for the investment of Chinese enterprises.

Thirdly, the legal risk is caused by the incomplete laws of the countries along the line and the difficulty of connecting with international law. The overseas investment of Chinese enterprises mainly faces legal risks such as labor relations, safety and environmental protection, bidding procedures, and mergers and acquisitions. For example, although India's labor force is low, the country's labor strikes are protected by the state; Mongolia and other countries have made major changes to the national laws because of changes in development strategies, causing major damage to foreign capital rights.

**Risk Response Strategies for International Cooperation between China and Asia in the Context of the “Belt and Road”**

**Further Improve Relevant Policies and Regulations**

The “One Belt, One Road” strategic plan involves many countries in Asia and benefits 60% of the world’s population. Therefore, the implementation of strategic planning must be planned and integrated.

First of all, it is necessary to adopt a flexible and prudent approach in the formulation of policies. At the national level, it is only necessary to make clear provisions on principles and objectives, to plan in terms of guidelines and paths, to give certain preferential treatment to relevant enterprises in taxation, and to adopt policies such as tax rebates. Facilitate the import and export trade. However, the specific implementation of the policy and the specific implementation of the enterprise should not be too detailed, and the market should be left free to play. The relevant departments should also avoid the introduction of too detailed industrial implementation plans, and should strictly eliminate the local government's construction of the “Belt and Road.” Blind investment and over-exploitation planning, so as not to cause waste of resources, as long as the company does not violate relevant laws and regulations, the policy must be adequately supported.

Secondly, at the legal level, the government should introduce relevant laws and regulations, provide corresponding legal basis and guarantee for the “Belt and Road” economic and trade exchanges, and provide common legal protection and dispute resolution basis for bilateral and multilateral trade cooperation and investment. By promoting the signing of bilateral and multilateral investment protection agreements, we will relax market access conditions and expand the scope of cooperation with countries along the route. For countries with mature conditions, bilateral free trade agreements and sub-regional cooperation agreements can be signed to further enhance the demonstration role for other countries. The signing of the agreement shall be based on the actual situation and adopt the principles and forms of openness, pluralism, difficulty in the first place, flexible and diverse, and gradually promote and gradually strengthen the community of interests with the participating countries.

Finally, under the premise of legal and policy support, we should improve the efficiency of customs clearance, reduce the cost of commodity circulation, promote trade and investment liberalization and facilitation, and create a more free and open trade and investment environment. At the same time, it is necessary to provide enterprises with legal guidance for investment countries, so that enterprises have clear guidelines and avoid legal issues when selecting trade and investment areas and projects.

**Strengthening the Construction of Transportation Infrastructure**

Smooth roads are the top priority of economic and trade cooperation. Only when the roads are smooth, can countries further ensure and develop the circulation of goods and services trade. In today’s society, relying on China's own strength and influence in the world, the smoothness of the “Belt and Road” is no longer a problem. At this stage, on the basis of smoothness, the requirements
for speed are higher, transportation time is shorter, and speed is faster. In order to be more competitive. In order to improve China's international competitiveness, transportation infrastructure has become particularly important, but the infrastructure construction of many developing countries along the “Belt and Road” is relatively poor. Therefore, the cooperation between China and the countries along the way in the construction of transportation infrastructure is “The first step of the implementation of the Strategic Plan of the Belt and Road.” The preliminary goal of the “One Belt, One Road” strategic plan is to achieve interconnection between countries and regions along the way, which is also the basis for the smooth implementation of the later planning.

First of all, China must assume the responsibility of the big countries, based on the current situation of transportation infrastructure in various countries, and concentrate on the advantages of capital and technology of China's infrastructure construction enterprises, and invest in these countries with relatively poor transportation infrastructure and establish supporting facilities for these countries. The industrial parks and the national level should also provide corresponding policy support so that the countries and regions along the “Belt and Road” can realize the smooth flow of roads and railways, and the port and air links, and realize the convenient customs clearance of customs gates and ports.

Secondly, the construction of supporting facilities such as electricity and communications should be followed up in a timely manner. While ensuring smooth traffic, it is also necessary to improve the living conditions of local residents and improve the image of our country in the hearts of local people.

Finally, the development level of countries and regions along the Belt and Road is very different, and the construction funding gap is large. In order to solve the funding sources of infrastructure construction, China has established an Asian investment bank together with many countries, and should give full play to the financial support role of the AIIB. The construction of the infrastructure can be carried out smoothly.

**Strengthen Energy Cooperation with Countries along the Way**

“One Belt and One Road” runs through the entire Eurasia through sea and land. Many countries along the way contain a large amount of natural resources such as coal, oil and natural gas, such as Russia's natural gas reserves, oil reserves in the Middle East, coal in Southeast Asia and colored Metal reserves are among the highest in the world, and these countries are important energy producers and exporters in the world. In recent years, the rapid development of China and India and other countries has become a huge energy consumer in the world. As a result, many countries, mainly China and India, have become huge energy consumers and importers. By strengthening energy cooperation with these countries along the way, China can also raise the economic and trade development between China and other countries to a new height while ensuring that its energy supply is sufficient.

In the process of energy cooperation with countries along the route, first of all, we must follow the idea of gradual progress, mutual benefit and win-win. The countries along the “Belt and Road” have great differences. The political situation in many countries in the Middle East and Southeast Asia is not stable, and there is even the danger of war. Therefore, in the process of energy cooperation, we should steadily advance under the premise of setting a big strategy and a general direction, and we can give priority to cooperation in areas with less risk or relatively controllable risks.

Secondly, we must adopt a market- and enterprise-based approach to cooperation. In the “One Belt, One Road” energy cooperation, we must handle the relationship between the government and the market. The government determines the general direction by formulating relevant policies. Enterprises, especially private enterprises, should play a major role in the specific implementation process. The way of the stock strengthens cooperation with local businesses and governments.

Finally, we should also play the role of checks and balances between big and bigger powers. The “Belt and Road” involves many countries. The Malacca Strait in Southeast Asia is an international energy channel. The Middle East is rich in oil resources. Each country is also an important oil
importer in the United States and Europe. Therefore, China can establish cooperation mechanisms with major countries such as the European Union, the United States, and India to ensure the smooth progress of energy cooperation and the security of energy supply.

Create a Mutually Beneficial and Win-win Cooperation Model

Traditionally, China’s trade with other developing countries in Asia has mostly exported cheap goods and imported mineral resources from these countries. However, under the background of China's industrial structure upgrading and economic transformation, this model is not advisable. China and the countries along the “Belt and Road” are pursuing economic transformation. Therefore, the cooperation model should also focus on realizing the economic modernization of China and countries along the route, while meeting the needs of modernization of China and countries along the way, and creating a healthy long-term mutual benefit mode. In the process of creating a mutually beneficial and win-win cooperation model, it is necessary to give preferential treatment to other developing countries and underdeveloped countries in Asia. On the export side, on the basis of consolidating and stabilizing the existing market, actively explore new markets, avoid excessive concentration of exports and cause unnecessary panic to the corresponding importing countries; and, in terms of imports, grant MFN status to other developing countries and underdeveloped countries in Asia. Through the experience and lessons of China’s reform and opening up, we will promote the common development of these regions.

Acknowledgement

Fund Sources: 1. The new era actively promotes the study of international cooperation among countries along the “Belt and Road,” and the key project of the basic theory research of philosophy and social sciences under the guidance of Marxism in Fujian Province (Project No.: FJ2018MGCAO036); 2. In August 2018, he was selected as the “Outstanding Young Scientists Training Program” in Fujian Province [2018] No.47, Fujian Provincial Department of Education; 3.2018.12. School-level scientific research team-International Trade Research Team, project number: 2018KYTD-11.

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