

The Impact of China's Direct Investment in Countries along the Belt and Road Initiative

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Abstract. This article discusses the impact of China's direct investment in the countries surrounding the route on the international political environment on the basis of the road and highway strategy. Research shows that China's massive investment projects in the road and highway sector have promoted economic cooperation and development in the region and have a significant impact on the global political environment. China's direct investment has led to changes in the political environment and economic conditions of the countries along the ROW, expanding the economic relationship between these countries and China and changing the regional balance of power to some extent. The economic and infrastructural development brought by investment activities has provided a better internationalization path in the international arena, challenged the traditional dominance of the US dollar, and promoted the development of a diversified financial system. China's capital is changing China's international political environment A Western-oriented and different climate not only affects foreign relations, but also poses new demands and challenges for global governance. The final section emphasizes that China's road strategy is to build a new international political and economic order through direct investment. This process brings opportunities and challenges and requires all parties to respond to the emerging political and economic changes.

Keywords: Belt and Road Direct investment; International political ecology; RMB internationalization; Dollar deglobalization.

1. Introduction

Since its establishment in 2013, the Belt and Road Initiative has become a new paradigm of economic cooperation in China. The aim is to improve the economic and social well-being of the countries surrounding the ROW and the Highway and to create a new type of international cooperation through integration. The implementation of these measures cannot be separated from China's large investments in the countries surrounding the ROW, which not only develop the regional economy but also have a significant impact on the global political environment. This section aims to lay the foundation for the following sections by examining the macro context, the factors driving foreign direct investment in China, and the potential impact on the international political environment under the ROW. The "Belt and Road" initiative has not only improved trade relations between China and the countries along the Belt and Road, but also created new opportunities for China and developed countries to invest in countries along the route. On the trade front, countries along the route can benefit from the Belt and Road Initiative and reduce trade costs through trade policies such as tax cuts. Moreover, based on China's development philosophy of "development first, distribution second" and "multiple consultations, joint construction and sharing of solutions", Highway and Highway countries can better understand the rights of trade laws and determine prices, and avoid the hegemony of trade. traditional 'core-periphery' trading rules. This new set of trade rules has greatly increased the excitement of countries trading with China. According to statistics, since the launch of the Belt and Road Initiative, the trade rate with countries along the Belt and Road has continued to increase. Over the past decade, China's imports and exports from countries along the Road and the Road have rapidly increased from 6.46 trillion in 2013 to 13.76 trillion in 2022, an increase of 1.1 times. In terms of direct investment, the 'five channels' goal cannot be achieved without direct investment in the countries surrounding the route, especially in infrastructure integration; political integration, financial integration and people-to-people exchanges will also provide full opportunities. parties. We support



direct investment in the following countries. In 2022, China's investment in countries along the corridor exceeded 180 billion US dollars, and the total investment in China and countries along the corridor exceeded 80 billion US dollars, clearly demonstrating the power and potential of China's direct investment. in countries moving forward.

China's direct investments, especially in countries along the Belt and Road, have shifted from early resource exploration to market research and environmental concerns. This change shows Chinese companies how they affect the state of the world and the economy of the host country. The Belt and Road initiative has further strengthened this trend. Thanks to the construction of infrastructure and economic and commercial cooperation, economic relations between China and countries in this process and the economic situation in the region will complement and improve each other.

During 2013-2022, the value of China's investment and construction contracts in these countries has increased significantly, and nine out of ten countries in the Six Economic Partnership countries are located in this corridor. Investment and construction contracts in Pakistan rank first among countries around roads and highways. Investment and construction contracts in Pakistan have doubled in the last five years compared to the previous five years. The value of China's investment and construction contracts in Malaysia, Laos, Singapore and the United Arab Emirates also nearly doubled, Indonesia increased by more than 50%, and Bangladesh and Israel were also the fastest growing countries. The total value of investment and construction contracts between China and Kazakhstan did not increase significantly and decreased slightly, but this is because China has already invested in these two countries in the past. Of the construction agreements signed between China and the countries on the 'Belt and Road', Pakistan, Nigeria, Bangladesh, Indonesia and Malaysia are the five countries that signed the most agreements, while Pakistan is the central country in China's 'Belt'. Road" program has become China's largest country in construction cooperation. China's trade and investment with countries along the Belt and Road are getting closer. From 2013 to 2022, China's goods trade with countries is expected to increase from 1.04 trillion to 2.29 trillion. As shown, trade in goods will increase by more than \$12 billion between 2013 and 2022, while trade in services will increase from \$74.8 billion to \$98.6 billion between 2015 and 2021 [1].

Such investment activities also put forward new governance needs for the international political ecology. mid the expanding global footprint of Chinese capital, the challenges facing the global governance structure include effectively managing cross-border investment risks, balancing economic interests and political stability in host countries, and coordinating interest conflicts among various nations. These have emerged as novel and pressing issues requiring urgent attention.

The international community needs to build a more inclusive and flexible international cooperation mechanism while respecting the sovereignty and development needs of all countries, so as to cope with the complexity and opportunities brought by the Belt and Road Initiative.

This paper will provide an in-depth analysis of how China's direct investment in countries along the route shapes the international political ecology, and analyze its multiple impacts on regional power structures, monetary systems, and global governance. Through the discussion of relevant theories and the analysis of empirical data, we will reveal the role of the "Belt and Road" strategy in promoting the transformation of the global economic structure, as well as the challenges faced in the process and the possible development trends in the future.

2. Overview of the Belt and Road Strategy

2.1. The Proposal and Objectives of the Belt and Road Strategy

The strategic concept of 'One Direction, One Direction' derives from China's role in the global economy and its strong sense of international cooperation. The initiative was launched by the Chinese government in 2013 with the aim of breaking traditional economic and trade barriers and promoting regional relations and economic cooperation. Its main goal is to create a new platform for openness,

integration, cooperation and success in the world through infrastructure development, trade and investment and people-to-people exchange.

Chinese state-owned enterprises and financial institutions played an important role in the development of the "One Road, One Road" strategy by providing countries along the route with the necessary financial and technical support that enabled the rapid development of the basic economy.

The Belt and Road Initiative is also responsible for international development. Increasing China's direct investment, especially in countries along the corridor, will create a broader market for China's exports of goods and services, as well as provide more opportunities for cross-border trade, reducing the dominance of the US dollar in the global system. The implementation of these measures is aimed not only at promoting the economic development of the countries along the way, but also at the pursuit of innovation in world governance. We want to create a diverse and balanced international system.

2.2. The Situation and Pattern of China's Direct Investment in Road and Road Land

China's investment in road and road land has shown significant growth in recent years. This development trend demonstrates the important role of road and highway projects in investment decisions, especially in resource-rich countries with good relations with China [2]. China's OFDI industry is widespread and includes infrastructure, energy, manufacturing and other sectors, especially in East Asia and Southeast Asia, where investment activities are active.

China is closely linked to export trade by investing in countries around the "Belt and Road"; and the growth of investment often goes hand in hand with the growth of export trade. This fact shows that China can change and develop its export structure to meet the needs of the country's markets through direct investment, thus increasing the depth and breadth of bilateral relations.

As a result, China's investments in countries along the Road and Highway are in a process of rapid development; This not only promotes the economic development of countries along the Road and Highway, but also has a significant impact on China's export trade and economy. external political environment. In the future, China will continue to develop beneficial cooperation with countries along the highway through its investment strategy and build an open and integrated international economic system.

2.3. Proposal and Purpose of the Belt and Road Initiative

The proposal and implementation of the "Belt and Road" strategy is China's pursuit of new international cooperation aimed at building openness, inclusiveness and development of the world in the new world. economy through deep economic cooperation. These measures will not only increase China's power in the world, but also provide new opportunities for the development of countries along the way, showing that cultural distance has a great impact on Chinese products, good political relations between the two countries also contribute to Chinese products. development. Foreign Direct Investment The correlation between economic and trade relations is highly positive; This shows that economic and commercial exchanges are an important factor in promoting the development of OFDI. As shown in Table 1, China's direct investment inflow, investment share and exports to countries around the Belt and Road have achieved rapid growth of % in the eight years from 2013 to 2020. In comparison, the development of OFDI and export trade seems to be at a certain level, and initially it can be seen that there is a positive relationship between the two. In the last eight years, the value of OFDI has increased approximately 1.8 times and the value of export activities has increased 1.3 times. Global trade slowed in 2015 and 2016; Direct investment and exports decreased slightly.

Table 1. Scale and growth rate of China's investment and export trade to countries along the Belt and Road from 2013 to 2020 [3]

A given year	Investment flow		Investment deposit		Export trade	
	The amount (Hundreds of millions of dollars)	Speed increase (%)	The amount (Hundreds of millions of dollars)	Speed increase (%)	The forehead (Hundreds of millions of dollars)	Speed increase (%)
2013	126.3	—	723	—	5690.1	—
2014	136.6	8.16%	936.7	29.56%	6369.9	11.95%
2015	189.3	38.58%	1156.8	23.50%	6142.7	-3.57%
2016	153.4	-18.96%	1295.1	11.96%	5817.8	-5.29%
2017	201.7	31.49%	1543.98	19.22%	6355.6	9.24%
2018	178.9	-11.30%	1727.7	11.90%	7070.4	11.25%
2019	186.9	4.47%	1794.7	3.88%	7362.48	4.13%
2020	225.4	20.60%	2007.9	11.88%	7598.08	3.20%

Regional comparison in countries around the Belt and Road, Chinese investments play an important role in economic growth and exports, and the regional distribution varies significantly. East Asia and Southeast Asia are China's focus for direct trade and exports; It is slightly higher than that of West Asia and North Africa, South Asia, South Asia, Central, Central and Eastern Europe and the four member states of the Quadilateral Community. China can develop the regional markets mentioned above. It is clear that the distribution of the investment sector has a strong relationship with export activities.

Economic and financial cooperation between China and Latin America can change political relations, draw the attention of the international community to the visible cooperation relationship, and affect the world's economic and financial situation. In the future, the role of the currency in Latin America will increase as China continues to expand financial relations with China in Latin America and the coordination of the development strategy of the Chinese community in Latin America in the future [4].

3. The Impact of Chinese Direct Investment on the Political Ecology of Countries along the Belt and Road

China's direct investment in the countries along the routes has profoundly changed their economic structure and market dynamics. This economic impact is mainly reflected in the following aspects: The promotion of infrastructure construction is a core part of investment activities China's investment in countries along the route has been heavily invested in infrastructure projects such as transport, energy, and communications, such as Han Minchun and Jiang Congcong's analysis shows [5]. These investments have improved local infrastructure, increased trade efficiency, and laid a solid foundation for economic development. For example, the newly built railways and ports have not only increased the speed of logistics and reduced transportation costs, but also provided jobs for countries along the routes and promoted the rapid growth of local economies.

China's direct investment has promoted industrial transformation and upgrading in countries along the Belt and Road. Xiang Yunshan 's analysis shows that Chinese investment tends to those industries with market size advantages, labor resources, and energy endowments, which promotes the industrialization process of countries along the Belt and Road [3]. Such industrial transfer and upgrading help to improve the industrial structure of the host country, enhance its position in the global value chain, and create conditions for the diversification of the local economy.

Chinese investment has also had an important impact on the trade patterns of the countries along the route. As shown by the research of Fang Jianguo and Lin Hongjie [6], the improvement of trade facilitation promotes trade cooperation with countries along the Belt and Road through China's OFDI. Especially in the trade of primary commodities and manufactured goods, the increase of Chinese

investment helps to optimize the export structure of the countries along the Belt and Road, enhance the trade complementarity between the two sides, and improve the scale and quality of regional trade.

China's direct investment in the countries along the routes has had a profound impact on the economic level, promoting the economic development of the countries along the routes through infrastructure construction, industrial transfer, and trade cooperation. However, this development is also accompanied by economic restructuring and changes in trade relations, posing new challenges for policymakers to focus on the short-term benefits of investment, as well as long-term economic sustainability and balanced development of regional economies.

4. The Change of International Political Ecology and RMB Internationalization

In Chapter 4, will explore in depth how China's direct investment in countries along the "Belt and Road" affects the changes in the international political ecology, and analyze the process of RMB internationalization in this context.

China's direct investment in countries along the BRI, in addition to promoting regional economic cooperation and infrastructure construction, has also had a significant impact on the global monetary system, and has particularly challenged the US dollar regime. Wang Jinbin and 'Li Yantong's research has shown that international currency has a long way to go, and foreign investment in China, especially in countries along the BRI, has a long way to go [7]. It provides a broad platform for international use. As economic relations between China and countries around the corridor expand, the use of currency in cross-border trade and investment is increasingly common, which helps reduce exchange rate risk and has a positive effect on multipolar. China is trade cooperation with countries in this direction of the global monetary system, especially through the expansion of foreign exchange agreements, has opened a new path for the introduction of foreign currencies and promoted various international financial systems. Socialism and Its Characteristics China has entered a new era, coinciding with the birth of digital currency. Nowadays, digital currency is a revolutionary factor in China's new development stage. Xi Jinping thought that China has entered a new era in its development, and that the currency system of the technology economy, which is an important part of the new era, meets more than requirements. Under the leadership of Xi Jinping's leading economic thinker, digital currency should closely follow the direction of The Times, make full use of the opportunities of technology and technology revolution, and promote the innovation and development of China's technology economy [8].

China's investment projects in the Belt and Road sector provide international development opportunities to promote economic development and regional cooperation in the following countries. However, this process also brings with it challenges such as how to balance the economic benefits of investments with potential political risks, how to reflect the power of international responsibility, and how to reconcile countries' conflicting interests in the use of money.

In short, China's investments in countries along the BRI are significantly changing the international political environment, creating economic cooperation in the region, and challenging traditional power structures, especially the role of the US dollar in the monetary system for the global economy. The acceleration of internationalization is not only the result of economic integration, but also a reflection of international political and environmental changes. In response to this trend, China should develop international relations by paying attention to political instability and economic sustainability, and work together to build a diverse and fair financial system only through transparency and cooperation.

Based on the decline of the dollar's monetary power and the acceleration of the global "de-dollarization" trend, this paper predicts that the international monetary system led by the United States is undergoing a transition to a multi-polar monetary system. The key lies in how to promote the cooperation between RMB and euro in the "post-dollar" era, which is not only of great significance for the internationalization of RMB, but also in the future. In particular, in the global monetary system, China's investment in countries along the route provides an important opportunity for the

internationalization of RMB, poses a challenge to the hegemony of the US dollar, and promotes the diversified development of the global monetary system [9]. Through the international sister-city relationship, the political friendship between the two countries will be more deeply rooted in the hearts of the people, and the political risks of direct investment in countries along the Belt and Road will be reduced [10].

5. Conclusion

This article examines the impact of China's direct investment based on the 'One Road, One Way' strategy on the international political environment. This is based on the fact that China's direct investment in the countries along the BRI not only promotes economic development, infrastructure development, industrial development and modernization, but also has a significant impact on the global political climate. With the capital of China, the economic relations between the BRI countries and China have increased, and political changes have also changed regional administrative relations to some extent, and strengthened China's political role in the world. From an economic perspective, China's direct investment has led to regional integration through infrastructure construction, promoted industrial development and changed the business environment of the following countries. However, investments have also led to changes in the economic environment and affected trade, requiring policymakers to find better ways to balance investment and export trade.

China's investment in the One Way, One Road model is creating a new international political and economic system, and its effects are multifaceted and far-reaching. In the future, China should continue to develop strategies for cooperation and dialogue, play a greater role in the interests of the international community, and establish good political relations with countries along the Road and the Road. In order to broaden the consensus of relations between the two countries and increase political trust, we actively carry out political and diplomatic activities with countries in the field of roads and highways, and regularly meet or hold bilateral meetings between senior government officials of the two countries. Gaining benefits from countries along the way, while also offering Chinese wisdom and solutions for global governance.

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