

Development Status, Challenges, and Countermeasures in the 'Smooth Trade' Mode of China's Belt and Road Initiative

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Abstract. The "the Belt and Road" is a bridge and link connecting economic and trade exchanges between Asia, Africa and Europe. It concerns billions of people around the world. It is also one of the largest comprehensive development planning projects in the big world. In 2013, the General Secretary put forth the vision of collaboratively building the "Belt and Road" Initiative. Over the ensuing 11 years, this concept has transitioned from being a mere idea to being actively implemented, evolving from broad strokes into intricate details. It grounded in the principles of joint consultation, contribution, and shared benefits, has forged friendly cooperation with numerous nations. This paper delves into the current developmental progress of the "unimpeded trade," "financial connectivity," aspects within this Initiative. By examining their practical applications in exemplary collaboration cases, we seek to identify underlying challenges and offer well-considered strategies, thereby laying a theoretical foundation for future cooperative endeavors.

Keywords: One Belt and One Road; smooth trade; Finance.

1. Introduction

The "Belt and Road" Initiative functions as a critical bridge and link, facilitating economic and trade exchanges between Asia, Africa, and Europe. Encompassing billions of individuals globally, it stands out as one of the most extensive comprehensive development undertakings. This ambitious project aims to bolster infrastructure developments, including roads, railways, ports, energy facilities, as well as healthcare and educational institutions, in the participating countries. By extending support to nations in need, the Initiative fosters collaborative growth. Moreover, it catalyzes international investment, trade, and cultural exchanges. Institutions provide essential financing for these collaborative efforts, while also opening avenues for private enterprises to explore numerous investment opportunities. The "Belt and Road" Initiative is replete with commercial possibilities, as evidenced by the over 3,000 cooperation projects established between China and its partner countries [1]. Together, they share opportunities, embracing development and prosperity within a framework of open, inclusive, balanced, and mutually beneficial regional economic cooperation.

2. Based on the development status of China's "Belt and Road" Initiative "smooth trade" model

2.1. Smooth trade : to create a new pattern of all-round trade

The essence of building the "Belt and Road" is to smooth trade. Countries should tear down more walls, build fewer walls, break trade barriers, and work together to be neighbors. The Belt and Road Initiative helps foreign small and medium-sized enterprises to cooperate with China in a more convenient form and integrate into the markets of countries along the Belt and Road, unleashing development potential and building a new pattern of trade among countries and regions along the Belt and Road.

First, the level of trade liberalization and facilitation has been continuously improved, and China has made a lot of efforts to this end, including increasing quarantine access for agricultural products, upgrading economic and trade cooperation agreements, and exploring the construction of free trade



ports [2]. Secondly, the trade has continued to expand, the level of economic and trade has increased, and the import and export trade index between China and the countries along the route has grown steadily, as shown in table 1; finally, the process of trade mode innovation is accelerating, and the first to bear the brunt is the Silk Road e-commerce. With the integration and connection, the market space of Chinese enterprises has increased significantly [3]. Relying on the Internet and big data, an online Silk Road is bringing global people into a common trade circle.

Table 1. Import and export trade index between China and countries along the route from 2014 to 2022

	2014	2016	2018	2020	2022
Export Trade	157.69	144.97	153.18	195.46	212.21
Import Trade	125.31	119.58	115.80	143.78	160.93
Export and Import Trade	141.64	132.39	134.66	169.85	186.80

At the same time, the People's Bank of China has signed bilateral currency swap agreements with the central banks of 21 countries along the route [4]. It is more common for countries around the world to use China's mobile payment methods. Funds also provide strong support for unimpeded trade. People only need to use mobile payment methods to achieve global buying and global selling; third cooperation with multilateral financial organizations to expand funding sources; the docking of financial markets and financial institutions to achieve international one-click trading, the process of RMB internationalization is accelerating; China finances in the international market and opens up trade channels, so as to guide global capital to gather in the "Belt and Road" and support infrastructure and interconnection projects, providing long-term stability and sustainable financial security for the "Belt and Road" construction.

From promoting the smooth flow of traditional bilateral trade, to the investment of major construction projects, to the landing of free trade zones, now, with a more open and inclusive attitude, 'The Belt and Road' is creating a trade route shared by all parties [5]. China actively promotes the negotiation of trade relations among regional economic partners, injects new vitality into economic growth, adds new impetus to open economic development, and opens a new world for smooth trade.

3. Based on China's "Belt and Road" Initiative "smooth trade" model application case

3.1. Unimpeded trade between China and Europe to achieve mutual benefit and win-win situation

On March 19, 2011, the Chongqing-Xinjiang-Europe International Trade Train, which was full of Chongqing's manufacturing electronic products, started from Chongqing Tuanjie Village and successfully arrived in Duisburg, Germany, opening the prelude to Sino-European trade.

From Zhang Qian's mission to the Western Regions to the current China Railway Express, in just ten years, the China Railway Express transportation service network has evolved into an international land logistics system with 82 routes, spanning 24 countries and reaching 196 cities in Europe [6]. As a vital freight corridor connecting Asia and Europe, the China Railway Express, often referred to as the steel camel team, consistently transports textiles, electronic products, auto parts, and a growing variety of goods to foreign destinations daily. From 2013 to 2021, the number of China Railway Express increased from 80 to 15183, nearly 190 times the growth rate, as shown in Figure 1, which is enough to prove that many countries and regions, including China, have a strong demand for communication and trade. China Railway Express has opened up new channels of international trade, and the attraction of the logistics channel to the agglomeration of global capital, resources, technology, talents and other industrial elements has continued to rise [7]. The railway, logistics and other related industries along the route have also recovered, stimulating bilateral and multilateral trade.

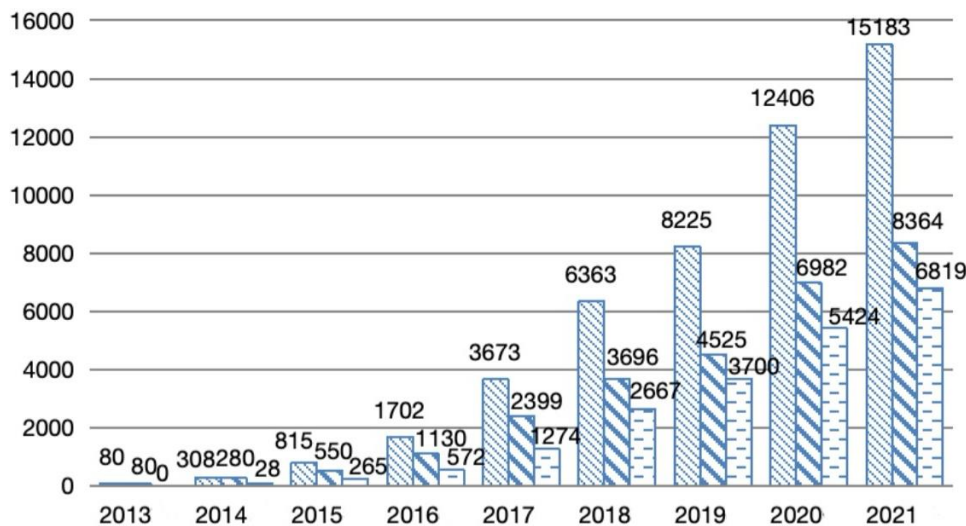


Figure 1. Number of China Europe freight trains operating from 2013 year to 2021 year

It is precisely because of the smooth flow of trade that the economic and trade cooperation between countries has become increasingly close. It not only sends Chinese manufacturing to the world, but also ushers in Chinese opportunities. Ordinary people can also benefit from it. Trade liberalization has become increasingly prominent, building a safe and efficient customs clearance, building a convenient and smooth channel.

4. Based on the development of China's "Belt and Road" Initiative "smooth trade" model

4.1. Increased trade protection

In recent years, trade protectionism has prevailed in some western countries, trade protectionism tensions have risen, economic growth has slowed down, and the global outlook for the economy has been significantly affected by downward risks in the short term [8]. The cross-border flow of goods and trade and investment have been difficult, which has had a more serious impact on international trade.

4.2. Economic and trade ties tight

Most countries are developing countries or backward countries, with serious poverty problems and poor production capacity, which limit the export of products, and the market size is small, which hinders their import capacity. Among the 'Belt and Road' countries, countries with higher levels of risk account for nearly 1/3 [9]. These countries face higher political, economic, business environment and other risks. For market players, whether it is trade or trade and investment, they will be extremely cautious when facing risks. To some extent, this has affected the establishment and exchange of economic and trade relations between countries.

4.3. Difficulties in resource acquisition

With the development of the "Belt and Road", the trade between countries is gradually close. Trade resources enter China, with a single channel. China's cooperation with other important resources is not deep enough, economic and trade cooperation is not widely carried out, resource supply is unstable, and diversified resources are difficult to obtain.

5. Development countermeasures based on China's "Belt and Road" initiative "smooth trade" model

5.1. Resisting trade protection

Under the background of intensified global trade frictions and partial deterioration of the trade environment, special attention should be paid to the realization of two-way trade balance among countries. China needs to continue to build a good platform for economic and trade exchanges, cooperate with countries to resist trade protectionism, eliminate trade barriers, improve the level of trade liberalization, improve economic strength, and actively open free trade markets to the world.

5.2. Close economic and trade ties

China has always adhered to the reform and opening up and attached great importance to the construction of the "Belt and Road". Each participating country is an important partner [10]. In the short term, it is necessary to do a good job in China's international import fair, promote the rapid and convenient entry of goods from the "Belt and Road" countries into the Chinese market, and strengthen cooperation with relevant countries in cross-border e-commerce, so that more countries and people can share the benefits of the digital economy; in the long run, it has been necessary to continuously optimize the environment for innovation and entrepreneurship, create a good environment for economic and trade cooperation, create unlimited business opportunities for cooperation, and strengthen economic and trade relations.

5.3. Build economic globalization

China focus on the development of productive forces, improve the ability of independent development, promote the construction of an open world economy, improve the reform of the economic system of each country, adhere to the concept of win-win cooperation, share development cooperation opportunities with neighboring countries, share development achievements, promote the flow and allocation of resources on a global scale, promote the development of international division of labor, provide opportunities for developing countries to achieve leapfrog development, interconnection, create economic globalization, and help trade development.

6. Conclusion

The "Belt and Road" initiative will improve the infrastructure construction of countries along the route, such as roads, railways, ports, energy facilities, healthcare, and education, providing support for countries in urgent need of assistance to achieve common development. It will also promote international investment, trade, and cultural exchanges. The Asian Infrastructure Investment Bank and the Silk Road Fund will provide financing support for coordinated development. At the same time, these fields are also open to private enterprises, containing numerous investment opportunities.

Led by China's Belt and Road Initiative, we have achieved smooth trade flows, forging a new trade landscape across various sectors in China [11]. An increasing number of enterprises are venturing overseas, driving the steady expansion of import and export scales. Consequently, China's economic development is on an upward trajectory. However, challenges such as intensified trade protectionism, strained economic relations, and difficulties in resource acquisition have emerged in this process. To address these, we are progressively adopting measures including countering trade protectionism, bolstering economic ties, and advancing economic globalization. The Belt and Road is full of business opportunities. China and the countries along the Belt and Road have formed more than 3000 cooperation projects. In cooperation, countries share opportunities, development and prosperity, and jointly build an open, inclusive, balanced and inclusive regional economic cooperation framework.

The development priorities of projects across various countries and Chinese enterprises are mutually reinforcing. They carry Chinese manufacturing global and bring back global products. As they accelerate high-quality development in China's western inland regions, the deepening and expansion

of these cooperation projects have become a breakthrough for China's further opening up. We firmly believe that with policy coordination, infrastructure connectivity, financial integration, and people-to-people exchanges between China and other nations, all obstacles will be overcome in the future.

As a Chinese, we need to contribute our own strength, inherit the spirit of the Silk Road, work hard, and build and share the development of the 'Belt and Road'.

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