

Research on Opportunities and Challenges of Maritime Silk Road in the 21st Century

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Abstract

With the globalization of the economy and the continuous advancement of China's opening up to the outside world, the blue economy has gradually become an indispensable part of the economic development of China and the world. The Silk Road on the Sea and the Silk Road on Ice are the 21st Century Maritime Silk Road. Important development, it provides an important platform for blue economic cooperation between China and countries along the route. This paper has conducted in-depth research on the status quo of the Maritime Silk Road, opportunities with China, and existing problems. It has found that China and regional countries exist in five areas: industrial investment, infrastructure investment, resource development and cooperation, overseas economic and trade parks and maritime economy. There are deeper opportunities for cooperation, but there are outstanding problems in three aspects: uncoordinated executives, insufficient financial support, and lack of a complete talent team. Finally, combining the national conditions and common needs of China and the countries in the region, it puts forward some suggestions on strengthening the construction of the Maritime Silk Road.

Keywords

The Belt and Road Initiative; The 21st Century Maritime Silk Road; The Silk Road Economic Belt.

1. Introduction

Since the proposal of the "Belt and Road Initiative", most relevant countries have officially supported the initiative and expressed their active participation. The "Belt and Road Initiative" has achieved fruitful results. Judging from the effect, the Chinese government has achieved good results in promoting the construction of the "Belt and Road", and has won wide international acclaim. At present, China has built 56 economic and trade cooperation zones with 20 countries along the route. Central enterprises have actively participated in the construction of the "Belt and Road" in three major areas including railway, highway, communication network and other infrastructure, energy and resource cooperation, industrial investment and park construction. Significant progress and obvious results have been achieved. The construction of the ports built by China covers Myanmar, Bangladesh, Malaysia, Singapore, Sri Lanka and other countries. China's financial support for the "Belt and Road" initiative is very significant. As of the end of 2016, the Asian Investment Bank had provided US \$ 1.7 billion in loans to nine projects, and China had invested US \$ 40 billion to establish the Silk Road Fund. As of the end of 2016, the total committed investment amounted to approximately US \$ 6 billion, and local currency swap agreements were signed with 22 countries and regions along the route, totaling 982.2 billion yuan. The vast majority of countries along the Maritime Silk Road are emerging economies that have emerged under this change and have huge economic potential. Although there is a large gap between these countries in terms of economic size, population size, industrial structure, etc., the impact of the countries along the route is significant.

2. The impact of the "Belt and Road" on countries along the route

2.1 Good economic growth

In recent years, the economic growth of the regions and countries related to the Maritime Silk Road has been good, mainly reflected in the economic growth and urbanization. In 2016, the GDP growth rate of the countries related to the Maritime Silk Road was higher than the 2.2% year-on-year growth rate of the world economy, and the average growth rate of Southeast Asia, South Asia and East Africa was all above 5%. If viewed from a longer period of time, the average growth rate of Southeast Asia and East Africa in the past five years and the past ten years has been above 6%. In terms of urbanization, the level of urbanization varies among regions, the development trend remains basically stable, and the speed of development varies. Judging from the level of urbanization, the rate of urbanization in the Middle East and North Africa is the highest, exceeding 50%. This is followed by Southeast Asia, where the average urbanization rate is 43.9%. However, the level of urbanization rate in Southeast Asia is quite different, and Malaysia's urbanization rate has exceeded 70%. From the perspective of development trends, the urbanization process in various regions and related countries has basically maintained a steady upward trend in the past five years.[1] The schematic diagram of the Belt and Road Initiative is shown in 0.



Routes of the China-proposed Belt and Road initiative

2.2 Has great development potential

Countries related to the Maritime Silk Road have relatively large economic development potential. The urbanization rate in most countries is still at a relatively low level, around 30% to 40%. At the same time, the relevant countries also have obvious advantages in terms of population age structure and labor quality. This provides important support for the future rapid economic development. Among them, the population of 15-59 years old in Southeast Asia accounts for 66.9% of the total population, Malaysia and Vietnam are close to 70%, and Thailand has reached 71.7%. The average proportion of the population aged 15-59 years in South Asia and the Middle East and North Africa is 65.1% and 64.4% respectively, which is also at a relatively high level. From the perspective of labor quality, the quality of labor in Southeast Asia and South Asia is relatively high.[2] The labor population in these countries has basically completed most of the junior high school education, which will help related countries to undertake more transferred middle and low-end labor in the future Intensive industries.

3. Opportunities for the construction of the "Belt and Road"

3.1 Expand foreign investment

There are various types of industries in the countries related to the Maritime Silk Road. The advantageous industries cover various industries such as agriculture, manufacturing, tourism, and apparel and textile industries, and contain many opportunities for foreign investment in industries. Taking ASEAN countries as an example, Malaysia has continued to optimize and upgrade its industrial structure in recent years, and has formed a new economic structure with manufacturing, service and tourism as its three pillar industries. At present, well-known domestic e-commerce companies such as Xiaomi and Huawei have settled in Malaysia, which will greatly promote the

further development of the local technology industry and manufacturing industry. Thailand has always been known as a major agricultural country and is currently one of the world's top five agricultural product exporters. As the most populous country in the world, China urgently needs a breakthrough in agricultural planting technology. China and Thailand have a good foundation for cooperation in agriculture. Since the proposal of the "Belt and Road" initiative, China and Thailand have further strengthened agricultural trade cooperation. This kind of good cooperation will not only improve China's agricultural technology and grain output, but also drive the Thai economy into a new stage of development. In the South Asian subcontinent, Bangladesh is one of the countries that have developed rapidly in recent years. Bangladesh has a large population and low labor costs, making it very suitable for the development of labor-intensive industries. With the rapid growth of labor costs in China, low value-added industries such as apparel and textiles are facing tremendous domestic survival pressure, and urgently need to achieve transformation. [3] In the future, labor-intensive and low value-added industries will gradually move to Bangladesh, a win-win development opportunity for both China and the country. Industrial transfer can promote the upgrading of China's domestic industry, and Bangladesh can also use this to expand the domestic job market and drive its own economic development. At the same time, with the deepening of the "Belt and Road" initiative, Bangladesh's tourism industry has also started to develop. This provides a good way for Bangladesh to establish a new national image under the new world pattern. In addition, China and Pakistan, Sri Lanka and other countries also have broad prospects for industrial cooperation.

3.2 Increase the infrastructure construction of countries along the route

The infrastructure construction in the countries along the "Belt and Road" has problems of technological lag, low coverage, low efficiency, and difficulty in positioning construction funds. That is, there are both technical gaps and capital gaps. Specifically, the lack of infrastructure in most countries is reflected in the lack of transportation, power, and communications infrastructure. Vietnam's transportation infrastructure is relatively backward, with low traffic coverage, only 0.8 kilometers of railways are built per 100 square kilometers; road construction is not perfect, and 173 of the 658 national highway bridges.[4]

The bridge needs to be rebuilt to be safe for traffic; road transportation is inefficient, and the average speed of transportation vehicles is only 35 kilometers per hour.

Compared with the infrastructure gap in countries along the Silk Road, China has a clear comparative advantage in the field of infrastructure construction. At present, China's domestic infrastructure construction is relatively complete, and it has advanced experience in the construction of difficult projects. China has a vast territory and diverse terrain. It has overcome huge technical difficulties in transportation facilities construction projects in some areas, and has accumulated rich and advanced experience for China's infrastructure industry. Such as the world's longest sea-crossing bridge, the Qingdao Bay Bridge, the world's highest bridge, the Guizhou Beipanjiang Bridge, and the Qinghai-Tibet Railway across the plateau.

Chinese enterprises in the infrastructure industry are more capable of overcoming technical difficulties in the construction process when cooperating with countries along the Silk Road. Therefore, China has the ability and conditions to carry out extensive cooperation with relevant countries in the field of infrastructure construction, actively explore new cooperation models in major project contracting, and achieve a win-win cooperation between China and relevant countries.

3.3 Expand the construction of economic and trade cooperation parks

Chinese enterprises have established 56 overseas economic and trade cooperation zones in 20 countries related to the "Belt and Road". The main types are processing and manufacturing, resource utilization, agricultural industry, trade and logistics, science and technology research and development, and comprehensive development. According to the data platform of the Ministry of Commerce, 17 of the overseas economic and trade cooperation zones constructed in countries related to the "Belt and Road" have passed the assessment, and 10 of them are in countries along the Silk Road. At present, the enterprises entering the park are still dominated by processing and

manufacturing and agricultural industries, and there are few science and technology R & D or comprehensive parks. The construction of the existing overseas economic and trade cooperation park is mainly divided into three steps. The first step is to help park-intentioned companies enter the park smoothly. According to the content of the "Model Service Guide for Overseas Economic and Trade Cooperation Zones", park-building enterprises should provide information consultation, operation management, property management, and emergency services for enterprises entering the park. The admission procedure basically includes: five steps: field visits—reaching intent—registering licenses—leasing or buying land to build a factory—pilot production. The parks provide one-stop services. In addition, many parks include administrative service departments, so that enterprises in the park can go through procedures without leaving the park, which saves enterprise costs. The second step is to formally launch production activities with the support of preferential policies. Enterprises in the park can usually enjoy multiple preferential tax policies. The third step is to achieve smooth sales of the product. In this link, in addition to import and export tax incentives, the Ethiopian Oriental Industrial Park also innovatively provides the park order contract model.[5]

3.4 Promote the cooperative development and rational use of resources

Among the countries along the Silk Road, many countries have obvious comparative advantages in terms of natural resources. On the basis of adhering to the principle of mutual benefit and reciprocity, China should seize strategic opportunities in the field of resource cooperation and development, and actively cooperate with relevant countries to jointly complete the sustainable development and utilization of natural resources. At present, Chinese enterprises include six main modes of overseas resource development: First, Sino-foreign joint venture development refers to the establishment of a joint venture between a Chinese enterprise and a local enterprise to establish a resource development enterprise. Domestic enterprises can choose the funding method and their own risk tolerance The amount of funds, while providing design, equipment and services for the project; Second, the capacity purchase model refers to the enterprise's investment in foreign resource development companies, in return, the foreign resource development company provides domestic resource supply; Third, the merger and acquisition model Refers to Chinese companies acquiring foreign resource development companies 'controlling shares by purchasing equity of foreign resource development companies, occupying long-term underwriting rights of mining products, and taking resource products back to the Chinese market; Fourth, the risk exploration model is mainly through The venture capital model obtains the host country 's resource exploration and exploitation rights; fifth, the lease operation model refers to the enterprise 's independent operation through lease, thereby obtaining the host country 's resource exploitation authority for a certain period of time; sixth, the resource exchange model, which refers to the enterprise 's use Own brand influence Resources for the construction Loaning host enterprise resources, as an au pair, host companies to give Chinese companies the right to develop resources. In addition, Chinese companies have also explored a four-in-one development model of "government promotion, bank financing, corporate loan, and credit guarantee", which is effective

Reduced the difficulties encountered by enterprises in the development of overseas resources.

3.5 Strengthening the marine economy

In the development and utilization of marine resources, one is the trade in energy resources such as oil, natural gas and metal minerals with the countries along the route, especially in the Middle East, West Asia and other regions rich in oil and gas resources; the second is the participation in oil and gas in the development and investment of marine resources Division of resources in the global industrial chain of resource development, increase investment in resource exploration, development, processing, transportation and other links, while extending cooperation in the field of development and deep processing to the high-end link of the industrial chain; third, in the area of shore energy channels, strengthen The cooperation of the countries along the channel will jointly rebuild the transportation channel of marine energy resources and ensure a safe energy supply.

In terms of marine science and technology cooperation, China has strong scientific and technological strength. On this basis, it has further deepened international exchanges and cooperation in marine science and technology, and actively cooperated with countries along the route to explore technologies in marine engineering, seawater desalination, marine environmental monitoring, marine oil and gas exploitation, offshore platforms, etc. Innovation. China can increase R & D investment in the field of marine science and technology, introduce international academic institutions studying marine economy and science and technology, and hold activities such as the International Marine Science and Technology Forum to strengthen international cooperation in marine science and technology and education. In terms of port construction, it will promote the cooperation between China and key port cities along the route to develop port-based industrial clusters and build a supporting platform for international production capacity cooperation. Industrial park is an important carrier to undertake industrial transfer and industrial agglomeration. In the process of "going out", Chinese companies have gradually explored a capacity cooperation model in which leading industries drive domestic upstream and downstream or related industries to "go out in groups". Relying on the location advantages of the port and the hinterland economy, the port-based industrial agglomeration zone can improve the infrastructure of the port and the park through the cooperation between the governments, parks and enterprises of China and foreign countries. International capacity cooperation along the Silk Road.

3.6 Strengthening China's international influence

The Chinese government actively promotes the construction of the "Belt and Road" initiative, which will greatly improve the economic development of the countries along the Belt and Road, improve the quality of life of the people, promote economic cooperation and cultural exchanges, embody the responsibility of major powers, and will re-establish China's international image and increase international The status and influence and the enhancement of the international voice have a landmark three-dimensional significance for the great rejuvenation of the Chinese nation.

4. The main challenges of the "Belt and Road" construction

4.1 Armed conflicts in countries along the route

For a long time, terrorist organizations such as Al Qaeda and the Taliban have been active in Southeast Asia. After the large withdrawal of NATO coalition forces in Afghanistan in 2014, terrorist activities in Afghanistan have spread to other Asian countries and regions. In addition, the Middle East has long been affected by factors such as territorial disputes, religious conflicts, ethnic conflicts and resource disputes.

In the most chaotic and turbulent area, various contradictions gather here. The Syrian refugee crisis, the Yemeni civil war, the Iraq war, the Iranian nuclear issue, and Qatar's diplomatic ties have been in constant trouble. As some scholars have said: "The contemporary map of the Middle East as a political and economic axis of the international order is collapsing, and competing organizations and ideologies are tearing apart. Regions. "[6]In addition, terrorist or extremist organizations such as the "Islamic prayer group" and "Abu Sayyaf" are active in Southeast Asia. [7]

4.2 Main political risks

The important nodes in the construction of the "21st Century Maritime Silk Road" all face political risks due to unstable domestic political factors, including democratic political transformation, non-traditional security issues, ethnic and religious conflicts, and imperfect systems. For example, with the increasing development of economic globalization and the rapid progress of science and technology, the traditional culture and traditional politics of Southeast Asian and South Asian countries are being impacted, the political ecology has undergone major changes, and political transformation has become a development trend. Take Myanmar as an example. The people of Myanmar are dissatisfied with the long-term ruling government and are used by some forces to direct their spearhead to China. This is a typical example of the failure of China's Myitsone hydropower project in Myanmar. In Sri Lanka, affected by political risks, the project of the Port City of Lunpo

has undergone ups and downs and restarts, and is also affected by political risks. In early 2015, during the election campaign of the new Sri Lankan government, it accused the pro-China Rajapaksa government of “selling out national interests” and will reassess new major projects. These political risks are not exactly the same: some countries are in a period of political, economic and social transformation, unstable political situation, government corruption, changeable policies, and unsound laws; some countries have differences in race, region, and culture. This has led to political instability and social instability. [8]

Table 1 Opportunities and challenges

Numble	Opportunities	Scheme 2
1	Expand foreign investment	Armed conflicts in countries along the route
2	Increase the infrastructure construction of countries along the route	
3	Expand the construction of economic and trade cooperation parks	Political risk
4	Promote the cooperative development and rational use of resources	
5	Strengthening the marine economy	
6	Strengthening China's international influence	

5. Conclusion

As a major strategic concept, the "Belt and Road" initiative cannot be completed overnight. In advancing the construction of the “Belt and Road”, more emphasis should be placed on long-term control, rather than the realization of short-term concrete results. This requires an appropriate grasp of the pace of strategic advancement, weakening the emphasis on short-term results, and at the same time clarifying the division of labor among different executive bodies and coordinating the participation of "central-local-enterprise". The central level should pay more attention to the control of strategic directions, create a favorable political environment at the macro level, and reduce the emphasis on specific affairs and short-term tasks. Secondly, local governments should take the initiative to combine their respective characteristics, accurately position their industrial advantages, and participate in the construction of the “Belt and Road” in a targeted manner[9]. The most important thing in the construction of the “Belt and Road” is not the starting point, but the key node.

Promote financial institutions to play a greater role. Further relax the restrictions on commercial banks' overseas loans, encourage commercial banks to participate more in the investment and financing activities of offshore Silk Road related projects, and improve the assessment and control of related project risks. Optimize the settlement platform, promote cooperation between commercial banks, commercial banks and Asian investment banks, and Silk Road funds in the financial field, and strengthen cooperation with monetary authorities. Central banks of all countries should cooperate to explore the establishment of bilateral and multilateral financial coordination and cooperation mechanisms, and continue to promote the signing of bilateral local currency swap agreements and bilateral trade local currency settlement agreements with countries along the route to reduce transaction costs. Promote interconnection between financial markets in relevant regions. Encourage domestic financial institutions to establish normal communication mechanisms with local financial institutions and multilateral international financial institutions.

Establish a joint training mechanism for universities and enterprise institutions, and encourage domestic professional universities (such as Ocean University) and leading companies in related industries to carry out joint education. In the process of talent training, we pay attention to field visits and investigations. The government should set up a special funding fund to focus on supporting research on topics related to the Maritime Silk Road, and appropriately relax the management of funds for related topics. There are many countries along the Maritime Silk Road, and the political, economic, religious and other factors affect the formation of a large environment. Similarly, it is unrealistic to train people behind closed doors in China[10]. It is necessary to strengthen

communication with countries along the route, and establish a normalized cooperation mechanism with relevant subjects such as governments, academic institutions, think tanks, and enterprises of the countries along the route as soon as possible.

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