

Research on the Development of Belt and Road Initiative's International economy and its risks and Preventive Countermeasures

Junjie Ling

Economic and Management School of Wuhan University, Wuhan, China

Keywords: The ministry of foreign trade, Prevention countermeasures, Regression analysis, Economic globalization

Abstract: Under the operating environment of "Belt and Road Initiative" international trade, certain changes have taken place in the international economy and trade industry. In order to achieve the national strategic goal, the international trade space under "Belt and Road Initiative" should be excavated, the economic globalization should be promoted, the national trade policy should be perfected, and the era value of the international trade cooperation mode should be brought into full play. Such a macro environment has created a better environment for the development of China's international trade business. But at the same time, with the increase of the total volume of business, many risks in international trade have gradually emerged. From the perspective of the development of China's foreign trade, an objective, scientific and clear judgment of the positive impact of world economic integration on China's foreign trade can help our country to achieve the strategic goal of efficient and healthy development of foreign trade. In view of the above situation, this paper launches a series of discussions, focusing on putting forward the corresponding countermeasures for the development of China's foreign trade based on the environment of world economic integration from eight aspects, so as to help our country to achieve sustainable economic development. The acceleration of the process of global integration has promoted the development of world economic integration, which also virtually promotes the development of foreign trade of various countries.

1. Introduction

The "One Belt And One Road" initiative is an important symbol that China's economic development has entered a new stage. It is of great significance for China's economic structural reform to promote multilateralism cooperation and realize the stable growth of the international economy [1]. According to the analysis from the perspective of international trade and economic development, most of the countries in the "One Belt And One Road" initiative are in the stage of rapid economic growth. Through the trade cooperation and economic dialogue between various countries, the high-quality development of national economy can be promoted and an important subject in the international economy can be formed [2].

China has played a bridge role in the "One Belt And One Road" initiative, accelerated the cooperation between countries in different regions, enhanced the mutual trust between countries in trade, and promoted the stable growth of the world economy [3].

International trade is booming, and the total amount of business has been increasing year by year. But at the same time, the contract risk, policy risk and exchange rate risk also have a great impact on the development of China's foreign trade enterprises. In the increasingly complex industry environment and increasingly fierce market competition, China's foreign trade enterprises want to occupy more shares in the international market, we should pay attention to various risk factors, we should pay attention to the identification and resolution of risks[4]. However, from the analysis of the current situation, the managers of many foreign trade enterprises do not pay enough attention to the risk and lack the necessary early warning mechanism, which directly hinders the enhancement of the competitive strength of enterprises.

China is also gradually becoming the object of foreign enterprises to develop foreign trade, through this way to improve the development of China's economy, is also an effective way to constantly enhance the competitiveness of China's foreign trade [5]. In addition, with the increasing number of

large enterprises in China, they are also actively participating in the international market competition. Some Chinese enterprises have become the investment objects of large foreign enterprises. In the process of carrying out trade cooperation, the development of China's foreign investment has been promoted [6].

2. Model establishment and empirical analysis

2.1. Model building

From a theoretical perspective, the larger the foreign trade volume, the larger the foreign market share, and the greater the demand for product production and supply, thus driving more employment opportunities. In addition, the increase in trade gains will raise the wage level of the employed and thus increase the number of people in employment. Through the previous correlation analysis, it is found that the total amount of import and export is highly correlated with the number of employed persons. Therefore, a model is established with the number of employed persons as the dependent variable and the total amount of import and export as the independent variable.

$$L = \alpha_1 + \alpha_2 \cdot TMX + u . \quad (1)$$

In addition, in order to avoid the existence of heteroscedasticity, the natural logarithm of the two variables, the number of employed persons and the total import and export volume, was taken. The model is as follows:

$$\ln L = \alpha_1 + \alpha_2 \cdot \ln TMX + u \quad (2)$$

Where, u is the error term, $\ln L$ represents the logarithm of the number of employed persons, represents the logarithm of the total import and export volume, and α_1 and α_2 are regression coefficients respectively.

2.2. Regression results

Both the determination coefficient and the modified determination coefficient are above 98%, and the model has a high degree of goodness of fit. The adjoint probability of t value of $\ln TMX$ variable of total import and export volume is less than 1% significance level. It can be seen that the variable of total import and export has a significant impact on the employment level. Thus, the co-integration equation between the number of employed persons and the total import and export volume can be obtained:

$$\ln = 1.564351 + 0.033564 \cdot \ln \quad (3)$$

3. Common risk categories in international trade

First, contract risk. In international trade contract terms, the price terms are expressed in trade terms. As the convention of trade, trade terms not only stipulate the rights of both parties, but also stipulate the obligations of both parties. Therefore, domestic enterprises must master relevant trade terms in trade communication. Once domestic enterprises are not familiar with trade terms or operate improperly, they are easy to be used by foreign enterprises, which will lead to unnecessary disputes and even cause huge economic losses.

Second, policy risks. Policy risks are usually accompanied by international trade frictions, anti-dumping cases and technical barriers to trade. In order to strengthen international cooperation, many countries have gradually reduced their own tariffs, but some developed countries restrict competitors with technical barriers to trade, and even some developed countries question the qualifications of enterprises, thus crowding out competitors.

Third, exchange rate risk. At present, most countries in the world have adopted a floating exchange rate system. This kind of floating exchange rate is made produce change as market supply and demand relation, and international trade contract from contract until fulfills a contract to need certain time. During this period, the currency of account may fluctuate with the fluctuation of the exchange rate in

the international market, which will also make the real income of enterprises fluctuate with it.

4. Policies and measures under Belt and Road Initiative

Under the "One Belt And One Road" cooperation initiative, in order to promote the development of international trade cooperation, we should perfect and optimize the national foreign trade policy, highlight the mutual trust of international economic and trade cooperation, and give play to the advantages of regional international trade cooperation. Based on the strategic needs of China's economic development and the trade cooperation model of the "Belt and Road" initiative, it is believed that the national government can gradually improve and optimize the national trade policies in the following areas.

First, cooperate with "One Belt And One Road" cooperative countries to build an international regulatory system to ensure the fairness of international trade cooperation and guarantee the basic rights and interests of cooperative countries. Due to international regulatory system for all countries with constrained regulatory power cooperation, because every country should be involved in the regulatory system, build a meeting on the risk of the international trade cooperation refinement, with architectural scientific, comprehensive, rigorous, the international regulatory system, to ensure that every members voluntarily comply with the cooperation, ensure the orderly running all the way "area" of international cooperation. At the same time, in the subsequent operation and supervision process, the regulatory system should be reasonably optimized in view of some emergencies, so as to enhance the authority and fairness of the international regulatory system.

Second, we should continue to strengthen the trade cooperation mechanism among countries, promote the optimization of the trade mechanism among cooperative countries, reduce the constraint of trade tariffs, and unleash the maximum economic potential of trade cooperation among countries. International economic and trade relations are very complex, involving many influencing factors, such as exchange rate changes, tariff transparency, trade dumping, goods information, etc. If any of the link problems, will indirectly affect the trade cooperation between countries. Under the "region" cooperation initiative, to take the initiative to eliminate hidden dangers and risks of international trade cooperation, should build national dialogue platform directly, through policy adjustment and enterprise cooperation, improve trade cooperation mechanism optimization, for cooperation between countries to build "green" trade passage, deepen the cooperation efficiency between countries, the market value of the release of the international economic cooperation.

With the acceleration of the world economic integration process, China has deeply realized the importance of the development of foreign trade in its economic construction. In the actual development, it has formulated relevant laws, regulations and policies to further standardize the development of foreign trade, and has played a promoting role in it. Can be seen from the perspective of policy in China, the trade strategy, export trade as the key development direction, and the export trade in our country play a role in the construction of the whole national economy is huge, although compared with Europe and the United States developed countries, China's export trade form lags behind, but mainly labor-intensive products export trade, has been regarded as a "world factory" in the world. At the same time, China's export products are generally low in science and technology content, which does not take any advantage in the fierce international trade market environment. In view of the situation, our country should be keep the original export advantage, on the basis of grasping the development of world economic integration, continuously introducing advanced science and technology and management experience, and form and structure of our export products to improve and adjust accordingly, to output with high-tech products trade market, in order to enhance the comprehensive strength of the our country foreign trade export, improve the comprehensive national strength of our country

In the economic and trade development, service trade, as the content of the tertiary industry, plays a significant role. By developing service trade in the tertiary industry, it can ensure that the strength and competitiveness of foreign trade can be improved under the environment of world economic integration. Therefore, in the process of building foreign trade, China should timely encourage trade in services, and give corresponding support, no matter in terms of capital, system policy, or

technology, to improve the benign and healthy development of trade in services, and apply it to the development and construction of China's foreign trade. At the same time, China should continue to improve the construction of service trade related systems, in order to ensure that service trade can serve foreign trade work well, optimize and upgrade the structure of service trade, and lay a solid foundation for enhancing the comprehensive trade strength.

5. Conclusions

In a word, under the environment of world economic integration, it shortens the distance between China and other countries in the world, and makes economic cooperation closer. In the development of China's foreign trade, we must stand from the perspective of long-term development, formulate strategic goals for sustainable development, and be able to move unswervingly towards this goal. International trade is a double-edged sword. It not only brings huge economic benefits to participating countries or regions, but also brings a lot of trade risks. The avoidance of various risks in international trade requires not only the efforts of enterprises, but also the active regulation and effective guidance of the government. And based on the actual situation of China's economy, formulate effective strategic measures to enhance China's foreign trade capacity and promote the take-off of China's economic construction.

References

- [1] Zhao Xin. Research on the new mode of trade financing based on blockchain technology [J]. Trade Show economy, 2021 (03): 67-69.
- [2] Asadullah Khaskheli,Yushi Jiang,Syed Ali Raza,Komal Akram Khan,Muhammad Asif Qureshi. Financial development, international trade, and environmental degradation: a nonlinear threshold model based on panel smooth transition regression [J]. Environmental Science and Pollution Research, 2021 (prepublish).
- [3] Byasdeb Dasgupta,Archita Ghosh,Bishakha Ghosh. Neoliberalism in the Emerging Economy of India: The Political Economy of International Trade, Investment and final [M]. Taylor and Francis: 2021-01-22.
- [4] Fan Chao. Research on intellectual property Protection in International Trade under the background of Economic Globalization [D]. Northeast University of Finance and Economics, 2011.
- [5] Fan Gang, Guan Zhixiong, Yao Zhizhong. Analysis of international trade structure: technical distribution of trade goods [J]. Economic Research, 2006 (08): 70-80.
- [6] Yu Jinping. Comparative advantage and trade complementarity between China and major East Asian countries and regions [J]. World economy, 2003 (05): 33-4080.