

## Research on the Construction of Yunnan Cross-Border Economic Cooperation Zone under the Background of “One Belt and One Road” Strategy

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**Abstract:** The purpose of the article is to explore the countermeasures for the construction of Yunnan's cross-border economic cooperation zone under the background of “one belt and one road” strategy so as to provide policy references for government departments and provide policy recommendations for the development of cross-border border trade enterprises. Through the research, the following conclusions are drawn: the construction of Yunnan cross-border economic cooperation zone mainly faces three problems: 1) the lag of dispute settlement mechanism; 2) the prominent problem of trade imbalance; and 3) the uncertain risks of investment. In view of the above problems, the path of Yunnan's cross border economic cooperation zone under the background of “one belt and one road” strategy includes: 1) improving the dispute settlement mechanism; 2) constructing a transnational industrial chain; 3) establishing mutually beneficial mechanism of interest.

### 1. Introduction

Yunnan connects the Silk Road Economic Belt in the north and the maritime Silk Road in the south. It is the only province in China that can connect Southeast Asia and South Asia on land simultaneously, and connect Europe and Africa through the Middle East. The unique location advantage, coupled with the support of the state in recent years to build Yunnan into an important bridgehead for China's opening up to the southwest, makes Yunnan from the “end” of opening up to the “front”. The bridgehead construction, the upgrading of the Greater Mekong sub regional cooperation, the promotion of economic cooperation between Bangladesh and China, the construction of a cross border economic cooperation zone and other measures have provided an important guarantee for Yunnan to play a strategic fulcrum role in the “one belt and one road” construction and strive to integrate into the national “one belt and one road” construction plan.

At present, there are three cross-border economic cooperation zones under construction in Yunnan Province: China Myanmar Ruili Muse cross-border economic cooperation zone, China Vietnam estuary Laojie cross-border economic cooperation zone and China Laos Mohan boting cross-border economic cooperation zone. However, the three cross-border economic cooperation zones are still in the initial stage of construction, and the substantive progress is slow, especially the deep-seated substantive issues such as the management system and dispute settlement mechanism of the cooperation zones need to be carefully designed by both parties.

### 2. Development Status of Yunnan Cross Border Economic Cooperation Zone

#### 2.1 China Myanmar Ruili Muse Cross Border Economic Cooperation Zone

In 2000, with the approval of the State Council, Ruili Jiegao border trade zone was established on the border between China and Myanmar, and the special management mode of “domestic and overseas customs” was launched officially. The border trade zone implemented preferential policies in terms of entry-exit management, tax and other aspects, and implemented management according to the special mode integrating the four functions of trade, processing, storage and tourism. The “domestic and overseas” policy has shown a strong policy effect and achieved remarkable

economic and social benefits. Economic and trade cooperation has expanded from single import and export trade in the past to two-way investment and service trade, which has promoted the growth of trade volume between China and Myanmar greatly. The location advantage of Ruili port is more and more obvious. It has become a frontier inland port with the highest trade volume, the largest cargo throughput, the largest number of inbound and outbound personnel and the largest number of inbound and outbound vehicles in China, and an important hub of people flow, logistics and information flow in Southwest China [1].

### **2.1.1 Cross Border Free Trade Zone Established**

The cross-border cooperation zone will transform unilateral economic behavior into bilateral cooperation behavior. The free and open policy of goods trade, service trade and investment will be implemented in the zone. Goods and articles originating in the two countries will be allowed to enter the border cooperation zone free of tariff and link tax. The cross-border cooperation zone will be taxed according to the relevant provisions of the imported goods of each country. Ruili has become China's first land port to Myanmar, a transportation hub and a center of people flow, logistics, capital flow and information flow open to the outside world.

### **2.1.2 Cross Border Processing Trade Zone Has Been Established**

A series of preferential policies on tariffs, investment, personnel management, etc. are offered in the cooperation zone. To develop port type processing trade, expand the single border trade function to productive function, and form a pattern of combining internal base and external market [2]. Ruili makes use of its location advantages to develop characteristic industrial clusters, relies on market forces to activate endogenous power, and develops an open economy with market outside, resources outside, technology outside and labor outside.

### **2.1.3 Establish a Multi-Functional Economic Zone Integrating Logistics, Warehousing, Tourism, Exhibition, Finance, Etc**

The multi-functional economic zone will expand the trade of single goods to the trade of services and other fields. We will implement the policy of “inside and outside the customs area”, free trade for foreign goods, tax refund for domestic goods, and establish bonded warehouses. Both sides can set up banks in the cooperation zone, the currencies of the two countries and major international currencies can freely circulate in the zone, and the pilot of RMB settlement can be implemented in the cross-border economic cooperation zone. Those with valid identity documents approved by the competent authorities can move within the cooperation zone and carry out barrier free tourism freely.

## **2.2 Cross Border Cooperation Zone in China Vietnam Hekou and Laojie**

In 2010, Yunnan Province of China and Laojie city of Vietnam signed the framework agreement on accelerating the research and construction cooperation of China Hekou Laojie cross border economic cooperation zone, and decided to carry out cooperation in transportation infrastructure, industry and investment, trade facilitation, cross-border direct transportation and other fields. According to the agreement, the Beishan area of 2.85 square kilometers in Hekou county, China, across the Red River, and the Jincheng trade area of 2.5 square kilometers in Laojie city, Vietnam, will be connected by the Honghe highway bridge between China and Vietnam to form a “fenced closed” core area.

### **2.2.1 Improve Transportation Infrastructures**

In 2012, the Hekou (Beishan) - Laojie (Jincheng) highway bridge was put into operation officially, the infrastructure construction was improved day by day, the software and hardware conditions were enhanced continuously, the port traffic, connection, radiation, service and other functions were improved, and the functions were more specialized. The customs clearance order has been standardized, and measures such as immigration diversion, separate inspection of people and vehicles, separate inspection of light and heavy goods, flow operation and straight-line customs

clearance have been taken, greatly reducing the waiting time for inspection [3].

### **2.2.2 Promote Trade Facilitation**

The port is equipped with an electronic monitoring system, and the inspection system of the vehicle bottom reduces the inspection time of freight cars from half an hour to three minutes, thus improving the efficiency of customs clearance greatly. The China Vietnam border economic and Trade Fair takes turns to be held in Hekou of China and Laojie of Vietnam every year.

### **2.2.3 Cross Border Tourism Becomes a New Hot Spot**

Yunnan Province and Vietnam Laojie have great cooperation space in developing cross-border tourism, jointly developing tourism routes and marketing, and attracting third country tourists. By simplifying the customs clearance procedures, improving the efficiency of certificate handling, and promoting the facilitation measures such as “one-stop service for outbound tourism” and “green barrier free customs clearance”, cross-border tourism in the estuary has become the main growth point.

### **2.2.4 Continuous Optimization of Import and Export Commodity Structure**

In terms of the trade structure of the two sides, the classification and composition of the import and export commodities of Honghe Prefecture to Vietnam have a trend of gradual optimization and upgrading. The import is mainly small-scale border trade, and the main import commodities are some resource products and agricultural products, including iron ore, cassava, copper and sulfur, fruit, lead-zinc ore, rubber, etc.; the export is mainly general trade mode, and the export commodities are mainly general trade mode More than 250 varieties of 14 categories, including electric power, chemical fertilizer, tobacco, agricultural products and tin products, all belong to products with comparative advantages in Honghe Prefecture.

## **2.3 China Laos Mohan - Boten Cross Border Economic Cooperation Zone**

In 2010, China and Laos signed the framework agreement formally on China Mohan Laos Boten cross border economic cooperation. According to the plan, the scope of China Laos cross border economic cooperation zone is determined as the core area and the supporting area. The core area of China is Mohan border economic and Trade Zone, and the surrounding supporting area is Xishuangbanna; the core area of Laos is Boting Golden City Special Economic Zone, and the surrounding supporting area is Nanta province. The cooperation zone will rely on the construction of Kunming Singapore International Corridor and economic corridor, which is composed of five parts: port tourism and trade service area, warehousing and logistics, bonded area, alternative industry processing area and comprehensive service area [4].

### **2.3.1 Construction of Cross Border Economic Cooperation Zone is Promoted Orderly**

In 2011, China approved Mohan Laos Boten as one of the three cross-border economic cooperation zones in Yunnan Province. Laos responded positively. The port of Boten in Laos was upgraded to the national special economic zone of the country, enjoying a series of preferential policies. The customs and other joint inspection departments have retreated 18 kilometers, forming a special management area “inside and outside the customs”. Mohan town is under the management of Mohan Economic Development Zone in Yunnan Province. The area of the park has been expanded from 98 square kilometers to 803 square kilometers. Explore a comprehensive industrial park development mode of “two countries, one area, separate management, overall coordination, one area and multiple parks”, give relevant policy support, promote the development of industrial agglomeration, build a modern industrial system, and promote the rapid economic development of both sides.

### **2.3.2 The Economic Benefits of Kunman Channel to Port Trade**

In 2012, the construction of ports, logistics and other infrastructure between China and Laos accelerated significantly. Most of Thailand's tropical fruits are exported from Thailand's qingkong

port. They can arrive at Mohan port in about 5 hours via Kunman highway, and Kunming in 10 hours from Mohan port. It has the advantages of short distance and fast time by land transportation.

### **3. Problems in the Construction of Yunnan Cross Border Economic Cooperation Zone**

#### **3.1 Delay in Dispute Settlement Mechanism**

Although China has signed the dispute settlement mechanism agreement of China ASEAN comprehensive economic cooperation framework agreement with ten ASEAN member countries including Vietnam, Laos and Myanmar, the content of the agreement can directly or indirectly provide a binding reference for the settlement of trade disputes in Yunnan cross border economic cooperation zone, but there is no upper level legal guidance, so in cooperation No relevant dispute settlement body has been established in the work area. This undoubtedly brings a lot of inconvenience to the settlement of economic and trade cooperation disputes in the cooperation zone, which is also an important factor hindering the development of the cross-border economic cooperation zone.

#### **3.2 Prominent Trade Imbalance**

The imbalance is mainly reflected in three aspects: the imbalance of import and export, the imbalance of revenue and expenditure, and the imbalance of regional development [5]. Yunnan's exports are mainly industrial manufactured products, mechanical and electrical products, and its imports are mainly raw materials and agricultural products. Especially, there has been a long-term trade surplus in Yunnan Province, which makes it difficult for the trade to continue to grow. At present, the basis of bilateral trade is general resource complementarity, which restricts the cooperation between Yunnan Province and Vietnam, Laos and Myanmar to some extent. The long-term trade imbalance and trade surplus will put the three countries in a disadvantageous position, which will lead to losses in related fields and industries. They will be protected by non-tariff barriers.

#### **3.3 Investment Faces Uncertain Risks**

Although Yunnan's investment in Vietnam, Laos and Myanmar has grown rapidly, most of the “going out” enterprises focus on resource cooperation and contracting projects, especially in the fields of hydropower and mineral resources. They do not form an overall “going out” of the industrial chain, fail to play the role of production network expansion, and work with the three countries in the distribution of interests, ecological protection, and improvement of people's livelihood There is a big controversy. The investment of enterprises in Yunnan Province will lead to the readjustment of local industry and traditional competition pattern and even price order, and the investment will face uncertain risks.

### **4. Path of Building Yunnan's Cross Border Economic Cooperation Zone under the “One Belt and One Way” Strategy**

The “one belt and one way” strategy is an important strategic layout facing China's opening up to the southwest under the new situation, which is in line with the needs of all-round opening-up and the development of the western region. Yunnan is the only province in China that can connect Southeast Asia and South Asia from land to land. This makes Yunnan one of the provinces with “one belt and one road” to build a prominent geopolitical advantage.

#### **4.1 Improve the Dispute Settlement Mechanism**

Different dispute settlement institutions should be set up according to the different nature of various disputes or cases. When there are different interpretations or disputes on the implementation of the legal provisions of the cross-border economic cooperation zone, or the economic subjects are dissatisfied with the administrative acts of the administrative organs of the cooperation zone, according to the usual practice of the international bilateral economic and trade agreements, first of

all, according to the specially established dispute settlement provisions of the cooperation agreement, or through a common neutral Agency (mixed committee) Propose “administrative reconsideration” for consultation. When the two ways can not solve the dispute, both parties should reach an arbitration agreement in writing and submit the dispute to the International Commercial Arbitration Commission for arbitration.

#### **4.2 Build Transnational Industrial Chain and Improve the Interaction of Regional Cooperation**

Yunnan and the neighboring countries in Southeast Asia have great convergence and competitiveness in resource structure and industrial structure. We must solve this problem through the integration and distribution of transnational industrial chain, that is, both sides form a whole to share the interests of transnational industrial chain. Guided by the reasonable extension of industrial chain regionalization, it is not a simple addition and subtraction method that one part of national industries enter and another part of national industries exit. Instead, we should develop together and form a new type of cross-border industrial chain that is interdependent and complementary to each other. Transnational industrial chain is the most active element in deepening regional economic integration. It can not only deepen international division of labor, but also rely on product division and scale economy to bring in intra industry trade. It can strengthen the relationship between countries, develop and deepen the cooperative relationship in production, exchange, circulation, consumption, technological product development and research between countries. It can improve industrial region It can accelerate the regional integration and reorganization, promote the effective division of labor and reasonable layout of industrial regionalization, make the cooperation between the two sides pay more attention to integrate into the international market, and establish an international business environment of mutual benefit, win-win and harmonious development.

#### **4.3 Establish Mutually Beneficial Interest Mechanism**

The interests of Yunnan, Myanmar, Laos and Vietnam are intertwined. The core of a win-win opening strategy is to take into account the interests of both China and other countries. Mutual benefit and win-win is a new strategy of cooperation and opening-up, and also an open strategy that can be sustained for a long time. The cooperation between Yunnan and its neighboring countries should be balanced, inclusive and win-win. We can combine foreign aid projects with the development of local resources. With more help and win-win results, the road of cooperation will be wider and wider. People in the surrounding countries can prove that cooperation is a new win-win and mutually beneficial relationship with their own feelings, so as to achieve the purpose of reducing investment risk [6].

### **5. Conclusion**

As a gateway and link linking China with many neighboring countries, the border area has a unique position and role in the construction of “one belt and one road”. The construction of “one belt and one road” needs to be protected by the peace and stability of the border areas, and the interconnection of the border areas is the support of the “one belt and one road” construction.

As a new form of regional economic cooperation, cross-border economic cooperation zone has been actively constructed and tested by many countries and regions, which has become an effective way to improve the welfare of the people in the border areas. The study of cross border economic cooperation in Yunnan under the background of “one belt and one road” strategy has important practical significance in the present era. It will help to effectively integrate the complementary potential advantages of the border areas, and eventually transform them into strong competitive advantages. Thus, the competitive industrial chain can be extended to overseas area to promote the economic and social development of the border areas and improve the efficiency of economic operation. We will strengthen the degree of opening to the outside world and promote the transformation of border areas from a closed natural economy to an open market economy. At the same time, it is conducive to the political, economic and cultural exchanges in the border areas,

eliminating the security risks in the border areas of Yunnan Province, and maintaining the stability of the surrounding environment and relations.

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