

Financing and investment issue of the “One Belt & One Road” initiative and countermeasures

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Abstract: Against the current social development background, financing and investment of “One Belt & One Road” initiative has drawn wide attention from the international community, exerting a decisive influence on China’s comprehensive construction, future development, etc. In order to create higher value, avoid emergence of unnecessary problems, and maximum promotion of the national comprehensive strength, and diversify international cooperation modes, the financing and investment issue of the “One Belt & One Road” initiative should be improved based on a scientific and reasonable model. This paper mainly examines the financing and investment issue of the “One Belt & One Road” initiative and the countermeasures.

Introduction

Financing and investment deployment of the “One Belt & One Road” initiative is analyzed objectively. To ensure sustainable development of the whole project, everything should be considered with a long-term perspective and handled by the correct means. On the other hand, during implementation of the investment and financing plan for the “One Belt & One Road” initiative, intrinsic problems call for more attention. Besides, diverse methods should be employed to tackle with the situation and to eliminate any potential loophole.

Financing and investment characteristics of the “One Belt & One Road” initiative

International cooperation under the new situations must proceed from the innovative perspective. If the outdated concepts are still stuck to, the current work will see no progress. Worse still, new challenges might be posed to the work arrangement. Analysis shows that financing and investment of the “One Belt & One Road” initiative has the following characteristics: (1) In the initial financing and investment period of the “One Belt & One Road” initiative, a large input is required. The “One Road & One Belt” initiative is in itself a cross-border cooperation project, which can exert a positive influence on improvement of various countries’ comprehensive strength. However, it is not every place that is willing to invest a lot in the very beginning. A high input is usually associated with a high risk. Meanwhile, in the specific control process, many issues might be presented as varied phenomena. Therefore, the initial financing and investment of the “One Belt & One Road” initiative is confronted with numerous difficulties. In controlling and coping with influencing factors, countries involved in the “One Road & One Belt” initiative should adhere to a scientific and reasonable model. Otherwise, a high efficacy can be hardly achieved. Second, the financing and investment model and content of the “One Belt & One Road” initiative should be continuously improved. More satisfactory replies should be given to the disputable content in particular. This can help coordinate opinions of different sides and guarantee more fruitful final achievements.

Financing and investment issue of the “One Belt & One Road” initiative

Objectively, the financing and investment process of the “One Belt & One Road” initiative should pay more attention to improvement of cooperation. The current survey and research results indicate that not every place can provide adequate support for financing and investment of the “One Belt & One Road” initiative. When the degree of cooperation is low, financing and investment objectives of the “One Belt & One Road” initiative will see no hope of materialization. Finally, a

series of negative influences might be incurred, and the consequence will be terrible. Why? First, under a low degree of cooperation, financing and investment deployment of the “One Belt & One Road” initiative is fully implemented according to theoretical standards. Consequently, challenges and problems arising from the implementation process cannot be fully rooted out. This will undoubtedly impede further progress of the project. Second, a high degree of cooperation relies on a complete cooperation plan. If every place implements the project according to its scope of duties, the work outcomes might be largely varied. Because of the failure of the cooperation content to be implemented in accordance with the agreed method, the final results might be impaired. Worse still, conflicts might be unavoidable in achieving short-term and long-term objectives.

Sustainability is also a main concern of financing and investment of the “One Belt & One Road” initiative. In the long run, financing and investment of the “One Belt & One Road” initiative, though capable of creating short-term value, should follow a long-term development track. Nevertheless, some regions’ sustainable support is still lacking, or some of their capabilities are still inadequate. This cannot ensure sustainable consolidation of financing and investment of the “One Belt & One Road” initiative. First, if the financing and investment chain of the “One Belt & One Road” initiative is interrupted, the previous work outcomes can hardly be retained. Meanwhile, many loopholes can easily arise from the follow-up deployment. This will undoubtedly deal a new blow to China’s economic development and social construction. Moreover, if the society is unsatisfied with the reply, implementation of the follow-up work might require re-planning. Second, under the condition of no favorable method to improve financing and investment sustainability, influence of some dynamic factors might strengthen, which can impose a huge negative influence on scientific management of the follow-up work and implementation of relevant control measures.

Countermeasures for financing and investment of the “One Belt & One Road” initiative

As mentioned above, financing and investment of the “One Belt & One Road” initiative cannot be implemented by a simple model but should proceed from multiple perspectives and provide reasonable planning for different content. In this way, operation of content can create a high value. This paper holds the idea that successful financing and investment of the “One Belt & One Road” initiative should stick to scientific project settings. To start up, the “One Belt & One Road” financing and investment project should be carried out combining strengths and weaknesses of different places. To be specific, different places should, on the one hand, give full play to their strengths. On the other hand, they should make up their weaknesses to achieve sustainability of project earnings and alleviate negative effects of unilateral investment and financing. Besides, during the process of project setting, relevant work outcomes should be further monitored. For example, the project progress in some places might be optimistic at the current stage, but these projects can bring little benefit to future development and might be easily eliminated by technological advanced. Under the condition, more prudence should be shown to project financing and investment. Otherwise, financing and investment of the “One Belt & One Road” initiative might be unable to achieve substantial improvement. This suggests that financing and investment project settings of the “One Belt & One Road” initiative will be decisive to scientific planning and reform.

Financing and investment of the “One Belt & One Road” initiative is not only difficult, but also capable of exerting an obvious influence on many regions. To achieve better performance, expansion of the financing and investment service scope is suggested. For example, Chinese financial institutions can be encouraged to set up branches along the “One Belt & One Road;” multiple channels can be set up to jointly serve the “One Belt & One Road” initiative. Organization of innovative financial services, including international M&A loans, engineering project loans and interactional factoring, can all be introduced. Additionally, cross-border RMB financial products can be launched to increase trade activeness of offshore RMB and promote two-way connection between onshore RMB and offshore RMB. China can stimulate commercial banks to provide loans for “One Belt & One Road” infrastructure-related projects and enterprises through bad debt subsidies. This means that there will be more financial support for “One Belt & One Road”

investment and financing after expansion of financing and investment service. At the same time, it can lay a solid foundation for improvement and solution of existing problems. Nevertheless, in the process of investment and financing, relevant projects and enterprises should keep on improving their own systems. In resolving emergencies, they should not demonstrate any inadequacy but build a positive image. This can further clarify guidance of financing and investment services.

Different from the previous development models, inter-government cooperation can bring favorable results for financing and investment of the “One Belt & One Road” initiative. Though China has become a major country in the international community, it has not yet got rid of its identity as a developing country, which is subject to limitations of many factors. Under the condition, in order to improve the “One Belt & One Road” financing and investment level, significant improvement of inter-government cooperation is necessary. This can promote implementation of every task, which can in turn provide adequate bases and guidance to further consolidate efficacy creation. For example, policy coordination between the Chinese and Chinese government in the field of infrastructure and public services can be strengthened, and investment and financing cooperation can be launched as an important issue of the bilateral cooperation mechanism in Sino-foreign strategic dialogues to guide project implementation. Bilateral investment treaties with countries along the “One Belt & One Road” can be promoted. Infrastructure investment can be included into the protection scope of bilateral investment agreements. Apart from strengthening of state or provincial government interaction between China and abroad, “dual-track diplomatic” channels, including think-tanks, commercial chambers, industrial associations and NGOs, can be fully utilized to participate in the pre-project design process in advance and jointly promote project cooperation. Hence, scientific improvement of inter-government coordination can acquire more guarantees for the “One Belt & One Road” investment and financing.

Reforms carried out in the process of “One Belt & One Road” financing and investment can ensure effective solutions of many problems. The whole project can be accomplished according to the preliminary expectation. Considering many challenges existing in future work, it is suggested that cooperation should be lifted to a new level in the process of “One Belt & One Road” financing and investment. This can ensure a high recognition of the ongoing of comprehensive work. Vertical integration of links, including construction, operation and maintenance can generate a synergistic effect and improve the overall benefits of project investment. The traditional engineering contracting thinking model should be transferred. The financing and investment advantages of China’s “going global” strategies and projects should be combined to lead subcontractors or affiliated enterprises to participate in project equity investment, thus participating in the project’s long-term cooperation. The

The financing model of “Subsidize in Building, Operate and Transfer” (SOT) emerging in recent years calls for further exploration. Under the operation model, the funds of the whole project come from the government, private departments and at least one financing bank. This has alleviated Chinese enterprises’ financing dilemma and improved probability of project success.

“One Belt & One Road” financing and investment development trend

Current achievements show that deployment of the “One Belt & One Road” financing and investment can basically fare well. No serious problems will occur. In the future, efforts should be intensified in “One Belt & One Road” financing and investment. First, the “One Belt & One Road” financing and investment system planning should stick to more communication and exchange so that potential problems and dangerous should be efficiently resolved. Without occurrence of avoidable problems, “One Belt & One Road” financing and investment can continuously promote social progress. Second, “One Belt & One Road” financing and investment project operation must gain control of periodical working objectives. Implementation of any task should be put in records so that adequate evidences can be obtained, and that comprehensive value of the whole project can be improved. Third, as to the connotation of “One Belt & One Road” financing and investment, technological input should be strengthened. As technology keeps updating on a daily basis,

technology can play a bigger role in many projects. Therefore, a more scientific planning also relies on good technological guidance.

Conclusions

Through efficient control of the “One Belt & One Road” financing and investment, the author believes that the project efficacy can scale a new height. Meanwhile, more attention should be paid to “One Belt & One Road” financing and investment. Integration between the “One Belt & One Road” initiative and other fields can contribute to a positive control of the overall picture.

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