

Research on "The Belt and Road" Construction and Its Financial Support

Jiani Wang

School of Economics and Management, Jiangsu College of Tourism, Yangzhou, 225000, China

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Abstract: "B&R"(The Belt and Road) is closely related to the power of financial support from vision to taking root. In recent years, with the continuous expansion of "B&R" financing, financial support has been gradually enhanced. The research on the role of finance in supporting the construction of "B&R" is of great strategic significance for improving the efficiency of resource allocation, promoting regional integration along the route and building an open world economy. Based on this, this paper analyzes the function of financial support for "B&R", then expounds the characteristics of financial demand in the construction of "B&R", and on this basis, discusses some suggestions on supporting the financial role in the construction of "B&R". That is, strengthen overseas capital cooperation, develop green finance, establish a financial market system, and accelerate the internationalization of RMB for reference.

1. Introduction

The proposal of the "B&R" (The Belt and Road) construction initiative not only directly promotes China's economic development, but also plays a great role in promoting the neighboring countries along the "B&R". "B&R" is closely related to the power of financial support from vision to taking root [1]. "The "B&R" strategy is a long-term plan. The goal is to form a safe and efficient strategic channel network by the middle of this century, and basically establish a new pattern of "B&R" regional economic integration with China as the mainstay. The implementation of the "B&R" initiative has deepened China's active foreign trade [2-3]. Subsequently, some problems have gradually emerged, and finance plays an irreplaceable supporting role in solving these problems. The research on the role of finance in supporting the construction of "B&R" is of great strategic significance for improving the efficiency of resource allocation, promoting regional integration along the route and building an open world economy.

2. Functional analysis of financial support "B&R"

In the process of "B&R" construction, the investment period and construction time of some infrastructure construction are long and the investment amount is large, which is inseparable from the financial support. Optimizing resource allocation is one of the most important functions of finance. The economic and social development of "B&R" region is very different, so we can make full use of the function of finance to optimize resource allocation. Giving full play to the function of finance in resource allocation also provides a strong guarantee for the mutually beneficial development of countries along the route [4]. Based on financial institutions, we can promote their common development and progress, and actively construct the current development goals based on the actual development strategies of countries along the route, so that we can be determined as better partners as a whole.

In recent years, with the continuous expansion of "B&R" financing, financial support has been gradually enhanced. For the financial industry, the construction of "B&R" will enhance the openness of the financial market and give more and more financial institutions the opportunity to participate in international financial cooperation, thus enhancing the core competitiveness of China's financial industry in the international financial market. It is the best choice for China's financial institutions to develop themselves in the overall situation of serving the construction of "B&R". The construction of "B&R" is inseparable from financial services and support such as

capital investment, pricing, financing, exchange, settlement, hedging and insurance [5-6].

With the development of "B&R" initiative from the planning stage to the implementation stage, the implementation of the policy of "capital first" has provided a foundation. According to the strategic deployment of the country, the Export-Import Bank of China has formulated a scientific plan, fully played the role of a policy bank and contributed an important force to the concrete implementation of the "B&R" concept.

3. Characteristics of financial demand in "B&R" construction

3.1. There is a large demand for funds

In the construction of "B&R", finance is one of the prerequisites for its sustainable development. In the construction of "B&R", domestic financial institutions in China have given different financial support, which requires a lot of money for resource development, transportation and infrastructure construction, and because of the uneven economic development of many countries along the "B&R", it is difficult and unable to provide economic support for road construction [7].

In this process, China's foreign exchange reserves have become more and more diversified, including entrusted loans from enterprises, entrusted loans from banks and international cooperation, and "going out" deployment through multilateral platforms, including targeted financing and large-scale national projects. These projects are funded by foreign exchange reserves. And if we want to realize all-round infrastructure construction, we need to invest a lot of money.

3.2. Lack of willingness to cooperate in finance

For some large-scale construction projects, financial means is the basic guarantee. Some domestic commercial banks can provide companies with many kinds of services such as cross-border settlement, financing and risk avoidance, which enhances the competitiveness of Chinese engineering contractors. Financial institutions have provided important assistance for enterprises to open up overseas markets by innovating service types and financial products. No matter in the provinces along the "B&R" in China or in the countries along the "B&R" outside China, they are scattered [8]. This distribution easily leads to the problem of uneven pace, that is, the provinces along the line in China are enthusiastic and actively participate in the construction of "B&R", while the countries along the line either have doubts about the "B&R" advocated by China, or their enthusiasm for participation is not high.

3.3. Financial innovation is weak

At present, financial institutions are still weak in innovation, product design and talent reserve in the construction of "B&R". For example, compared with the demand of China enterprises for capital scale and financial services in the "B&R" construction, the support of financial institutions is still not matched. Especially for small and medium-sized enterprises, there is a big gap in financing requirements and service speed [9].

In the process of "B&R" construction, we must strengthen currency circulation, actively carry out financial cooperation, and constantly strengthen the level of regional financial development while providing public financial products to ensure the overall improvement of the efficiency of financial resource allocation. In addition, because most countries related to "B&R" are emerging economies and developing countries, the level of economic development and marketization are uneven. Legal risks and security risks are brand-new challenges for financial institutions in China, and the ability of the financial industry to cope with them needs to be improved.

4. Strengthen financial support for the construction of "B&R"

4.1. Strengthen overseas capital cooperation

At present, all kinds of financial institutions at home and abroad have provided strong support for the financing of "B&R" construction, but they still face many constraints, such as China's

current challenges that the capital market has not yet played an effective role, the economic development of countries along the route is unbalanced, and some countries have high political risks. At present, on the one hand, we need to increase opening up, open up new markets outside the traditional markets in the United States and Europe, focus on promoting the construction of "B&R", and tap the market potential of countries along the route. On the other hand, strengthen financial support, pay equal attention to "bringing in" and "going out", lower the threshold of financial opening to the outside world, help enterprises "go out", realize the optimal allocation of domestic and foreign resources, and build a higher-level open system.

By improving the financial cooperation mechanism, we will further enhance the financing participation of countries and international financial institutions along the route. On the one hand, strengthen cooperation with countries and financial institutions along the route. Cooperation with international financial institutions should be strengthened. Promote cooperation with international development financial institutions and expand cooperation with large international commercial financial institutions. In the future, we should further spread risks through syndicated loans, joint financing, and the establishment of guarantee mechanisms, so as to enhance the willingness of international commercial financial institutions to participate in the financing of "B&R" projects [10].

4.2. Develop green finance

Promoting the construction of green "B&R" is the inherent requirement for the high-quality development of "B&R", and green finance is an important driving force to achieve this goal. The mechanism of green finance is shown in Figure 1. In recent years, all parties have attached great importance to tackling climate change and promoting green transformation.

In this context, supporting the green development of "B&R" through green investment and financing faces new challenges and opportunities, and green finance has reached a consensus globally. However, in terms of the popularity of green finance, financial support for the construction of "B&R" green projects still needs efforts.

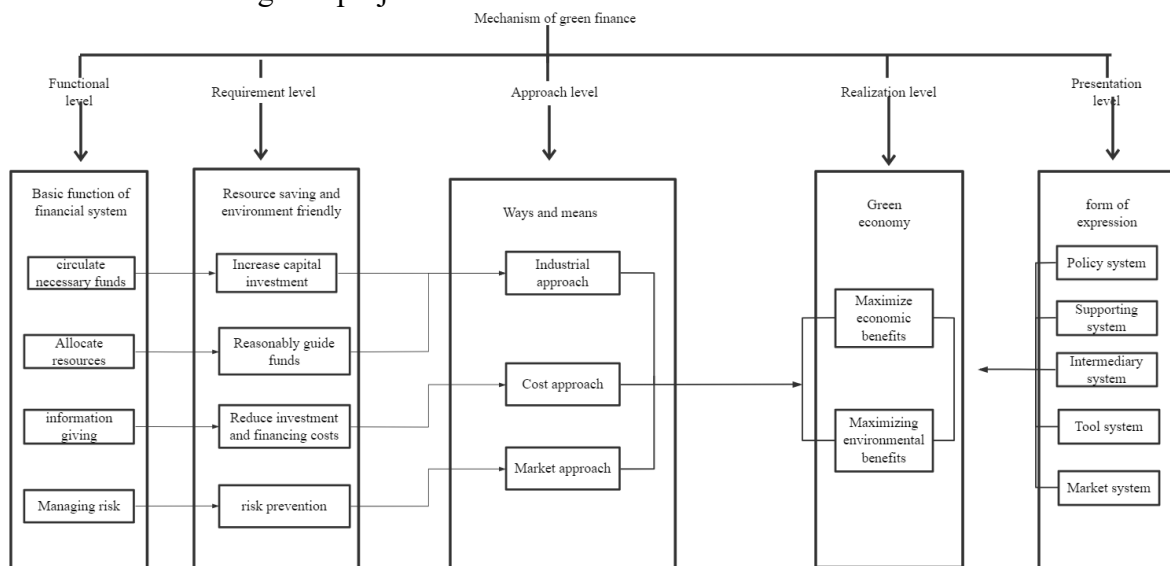


Figure 1 The mechanism of green finance

Together with countries along the "B&R", we will actively promote the best experience in the field of green finance and promote capacity building in the field of green finance through mechanisms and platforms such as inter-country cooperation organizations. It will further improve the green level of foreign investment. Provide convenience for international investors to invest in green projects in China through various channels, and share the fruits of green finance development in China.

Strengthen the third-party cooperation of green finance. This will not only help to learn from the existing experience of multilateral development institutions in "B&R" areas, but also make full use of the advantages of developed countries in terms of capital, talents and technology, improve the

allocation of resources, improve the efficiency of resource utilization, and achieve win-win results for all parties. We will continue to improve the awareness and coping ability of decision makers in countries along the route on climate change-related issues through multi-channel training and technical assistance. Encourage financial institutions to give full play to their own advantages and carry out capacity building related to green finance.

4.3. Establish a financial market system

We should optimize various development institutions, realize the linkage service mode of policy finance and commercial finance, expand the use scope of RMB, establish corresponding systems to encourage the use of RMB for settlement, and take corresponding measures to broaden the return channels of RMB for enterprises to use. At the same time, financial institutions need to strengthen risk management and study the political and economic situation of the corresponding countries in order to improve the risk response plan. Improve the multi-level financial market system. Reduce the barriers to market entry and improve the institutional system of factor market; Reduce transaction costs and improve the radiation ability of factor market; Combine the tangible market with the intangible market, strengthen the construction of relevant systems for the development of the intangible market, and deepen guidance and supervision; Promote factor market innovation, optimize operating mechanism, and explore sustainable business models.

4.4. Accelerate the internationalization of RMB

China should expand the scale of currency swap agreements with countries along the route and improve the currency swap mechanism; On the one hand, we should encourage the export of RMB, actively support RMB cross-border investment, encourage RMB lending, and encourage and promote the issuance of bonds with RMB as the settlement currency. On the other hand, it is necessary to explore the mechanism of RMB withdrawal and include countries along the Silk Road in the scope of RMB qualified foreign institutional investors. Establish a cross-border RMB product system covering local and foreign currency retail business, bank cards and online banking services, and provide various channels for ordinary investors and consumers to return overseas RMB.

Take the internationalization of RMB as an opportunity to deepen financial cooperation and promote the development of financial market business. Deepen the cooperation of financial institutions in financial market business, and promote the development of money market, bond investment and financing, spot bond trading, foreign exchange trading, precious metal trading, derivative product trading, bill discounting and other businesses in the border pilot zone. At the same time, we will promote the rational distribution of Chinese-funded financial institutions in countries along the route through mergers and acquisitions, joint ventures, self-management and agency, and provide service support for local Chinese-funded enterprises engaged in "B&R" construction. China should reach a memorandum of understanding on supervision cooperation with the financial supervision departments of countries along the route to ensure the smooth development of cross-border services of financial institutions of all parties.

5. Conclusions

"The implementation of the "B&R" initiative has deepened China's active foreign trade. Subsequently, some problems have gradually emerged, and finance plays an irreplaceable supporting role in solving these problems. For the financial industry, the construction of "B&R" will enhance the openness of the financial market and give more and more financial institutions the opportunity to participate in international financial cooperation, thus enhancing the core competitiveness of China's financial industry in the international financial market. And if we want to realize all-round infrastructure construction, we need to invest a lot of money. Financial institutions should take the initiative to "go out" and make efforts to deploy countries along the "B&R" to provide efficient and perfect financial services for trade and investment, so as to realize the benign interaction between finance and economy and promote the development of the financial sector of the host country. The research on the role of finance in supporting the construction of

"B&R" plays an important role in improving the efficiency of resource allocation, promoting regional integration along the route and building an open world economy. Therefore, China's financial sector should adopt the above methods to improve the support level of "B&R" construction.

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