

# Beijing's Integration into the Belt and Road Initiative



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## I. The Belt and Road and the Regional Economic Development

The Belt and Road, the collective name of the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road Economic Belt”, is the development concept and initiative proposed by President Xi Jinping when he visited Central Asian and Southeast Asian countries. This initiative covers most Chinese provinces, and integrates and connects China’s multilateral economic and trade relations with Central Asia, Northeast Asia, Southeast Asia and West Asia via land and sea. Its wide coverage has a profound impact on the regional economic development of Eurasia.<sup>1</sup>

### (I) The framework of the Belt and Road Initiative

In the face of the current weak economic recovery globally, strengthening regional cooperation has become an important driving force for the world’s economic development. The Belt and Road Initiative was put forward by the Chinese government in the context of profound international and regional changes on economy, politics and society. It reflects the Chinese government’s commitment to maintaining the global free trade system and open economic system, and expresses China’s cooperative development concept of promoting cooperation, overcoming difficulties and seeking common development among countries along the Belt and Road.

The Belt and Road, originating in China, connects Central Asia, Southeast Asia, South Asia, Western Asia and some parts of Europe, neighbors the Asia Pacific Economic Circle in the east and links with the European economic circle in the west. It is the economic belt with the most development potential in the world. Along the Belt and Road there are mostly emerging economies and developing countries, with a total population of about 4.4 billion, accounting for 63% of the world’s total;

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<sup>1</sup> The Belt and Road research series of the Chinese Academy of Social Sciences: China Think Tank [J]. *Economic Research Journal*, 2015 (6): 194.

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and an economic aggregate of about USD21 trillion, accounting for 29% of the world's total. Countries in the economic belt have different development stages, different natural resource endowments, obvious trade comparative advantages, strong economic complementarity, and broad prospects for reciprocal cooperation.<sup>2</sup>

There are three key cooperation directions for the Silk Road Economic Belt: the northern route is from China to Europe (Baltic Sea) via central Asia and Russia; the middle route is from China to Central Asia and West Asia to the Persian Gulf and Mediterranean Sea; and the southern route is from China to Southeast Asia, South Asia and the Indian Ocean. In the twenty-first century, there are two key cooperation directions for the maritime Silk Road: the western route is from China's coastal ports across the South China Sea to the Indian Ocean and extends to Europe; and the eastern route is from China's coastal ports to the South Pacific via the South China Sea.

Following the directions of the Belt and Road and relying on the great international channels, the Belt and Road Initiative aims to jointly create the New Eurasian Continental Bridge, China-Mongolia-Russia, China-Central Asia-Western Asia, China-Indochina Peninsular, and other international economic cooperation corridors by taking the central cities along the Belt and Road as backup and key economic and trade industrial parks as cooperation platforms; and jointly build safe and efficient transportation corridors by taking key ports as nodes. The two directions eventually lead to Europe, forming a closed loop of sea and land.

Innovation is the biggest drive of economic growth. In fact, the Belt and Road Initiative is the exploration and innovation of China on the regional cooperation mode and the economic growth mode. In the post financial crisis era, as the locomotive of world economic growth, China has transformed its own advantages in production capacity, technology and capital, experience and mode into market and cooperation advantages, and opened up comprehensively. Through the Belt and Road Initiative, China shares with its neighboring countries the dividend of China's reform and development, the experience and lessons of China's development. The Belt and Road Initiative has innovated on inter-regional economic cooperation patterns, and, different from the "economic zone" and "economic alliance",<sup>3</sup> the concept of economic belt and economic corridor put forward by the Belt and Road Initiative is designed to explore the cultivation of economic growth poles to radiate the surrounding areas and promote economic development. It is more flexible, applicable and operable.

The Belt and Road Initiative aims to improve regional infrastructure and build a safe and efficient land, sea and air access network as soon as possible, so as to achieve regional connectivity and bring investment and trade facilitation to a new level, forming a high-standard free trade area network, making the economic ties between countries closer to each other, and deepening mutual trust and cultural

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<sup>2</sup> The Seminar on the "Belt and Road" and Economic Development [J]., *Comparative Economic & Social Systems*, 2015 (3): 2.

<sup>3</sup> The Economic zone is a regional economic unit with different levels and characteristics formed on the basis of regional division of labor. The; economic alliance is an organization that establishes some supranational regulatory structures, such as ASEAN, the Gulf Co-operation Council, the Organization of American States, etc.

exchanges. The new pattern of regional economic integration, which covers a wider range, involves a wider range of fields and is featured with a deeper level, will promote the rise of Asia and realize the rebalancing of globalization.

## (II) Priorities of the Belt and Road Initiative

The connotation of the Belt and Road Initiative can be summed up as “five-pronged approach and three communities”. The “five-pronged approach” are policy coordination, connectivity of infrastructure and facilities, unimpeded trade, financial integration, and closer people-to-people ties. The “three communities” refer to communities of shared interests, shared future and shared responsibility. This is an undividable unity. Only through all-round practical cooperation based on the “five-pronged approach”, can countries along the Belt and Road work to build a community of shared interests, destiny and responsibility featuring mutual political trust, economic integration and cultural inclusiveness. Therefore, the realization of the “five-pronged approach” are the strategic focus of the Belt and Road Initiative.<sup>4</sup>

### 1. Enhancing policy coordination is an important guarantee for implementing the Initiative

The Belt and Road Initiative involves multilateral cooperation in many countries, which may have different policies on related issues, and even different technical standards and quality standards. Therefore, it's necessary to promote intergovernmental cooperation, build a multilevel intergovernmental macro policy exchange and communication mechanism, expand shared interests, enhance mutual political trust, and reach new cooperation consensus. Countries along the Belt and Road may fully coordinate their economic development strategies and policies, work out plans and measures for regional cooperation, and negotiate to solve cooperation-related issues. In communication, they should not only make good use of positive factors, but also try to resolve negative ones, so as to form the “biggest common denominator” for cooperation, seek common ground while shelving differences, and jointly provide policy support for the implementation of practical cooperation and large-scale projects.

### 2. Facilities connectivity is a priority area for implementing the Initiative

Countries along the Belt and Road are generally underdeveloped in infrastructure, especially transportation facilities. The mountains, deserts and rivers are blocking traffic from time to time, causing inconvenience to the flow of goods and personnel. These countries should jointly promote the construction of infrastructure network. In terms of traffic facilities construction, we should give priority to linking up unconnected road sections, removing transport bottlenecks, advancing road safety facilities and traffic management facilities and equipment; push forward port infrastructure construction, build smooth land–water transportation channels, and enhance information technology cooperation in maritime logistics; expand and build platforms and mechanisms for comprehensive civil aviation cooperation, and quicken the pace in improving aviation infrastructure. In the construction of energy and power facilities,

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<sup>4</sup> This part is based the Baidu Encyclopedia on the “Belt and Road”.

it is necessary to promote cooperation in the connectivity of energy infrastructure, work in concert to ensure the security of oil and gas pipelines and other transport routes, build cross-border power supply networks and power-transmission routes, and cooperate in regional power grid upgrading and transformation. In terms of construction of communication facilities, it is necessary to jointly advance the construction of cross-border optical cables and other communications trunk line networks, plan transcontinental submarine optical cable projects, improve spatial (satellite) information passageways to expand information exchanges and cooperation, and create an Information Silk Road.

### 3. Investment and trade cooperation is a major task in building the Belt and Road

In recent years, the trade between China and the countries along the Belt and Road has made great progress, but various trade barriers still hinder the expansion of exchanges. Therefore, it is necessary to facilitate trade, investment and personnel exchanges, and strengthen cooperation in information exchange, customs, certification and other aspects to broaden trade and investment. Countries along the Belt and Road should organically combine investment and trade, drive trade development with investment, and conduct in-depth cooperation in the fields of agriculture, forestry, animal husbandry and fisheries, agricultural machinery manufacturing and farm produce processing, exploration, development and deep processing of energy resources, information, biology, new materials, etc. It is necessary to improve trade structure, explore new growth areas of trade, and develop cross-border e-commerce and other modern business models. It is necessary to increase the openness of the service industry to each other to accelerate the development of regional service industries; explore a new mode of investment cooperation, working together to build all forms of industrial parks such as overseas economic and trade cooperation zones and cross-border economic cooperation zones, and promote industrial cluster development.

### 4. Financial integration is an important underpinning for implementing the Belt and Road Initiative

The Belt and Road Initiative involves investments amounting to hundreds of billions of dollars or even trillions of dollars. No country can afford such a huge amount, which can only be raised through market operation. On the one hand, it plans to establish the Asian Infrastructure Investment Bank (AIIB), BRICS New Development Bank and the Silk Road Fund, and negotiate on establishing SCO financing institution. On the other hand, it will carry out multilateral financial cooperation in the form of syndicated loans and bank credit, support the efforts of governments of the countries along the Belt and Road and their companies and financial institutions with good credit-rating to issue bonds at home and abroad. The Belt and Road Initiative is to arouse the enthusiasm of all countries to enter private capital and guide commercial equity investment funds and social capital to participate in “the Belt and Road Initiative”. All the relevant countries can reduce costs by means of local currency swap. In the meantime, it is necessary to strengthen the financial regulation cooperation and build a regional financial risk early-warning system.

### 5. People-to-people bond provides the public support for implementing the Initiative

It is self-evident that the Belt and Road Initiative will progress smoothly with the extensive support of the peoples along the road and belt, otherwise it cannot move a single step. Therefore, we should carry forward the spirit of friendly cooperation of the Silk Road and promote extensive cultural and academic exchanges, scientific and technological cooperation, personnel exchange and cooperation, media cooperation, public health management cooperation and volunteer services to enhance mutual cooperation and understanding so as to jointly promote the construction of the Belt and Road.

#### (III) Impact of the Belt and Road Initiative on regional economic development.

The Belt and Road Initiative responds to the call of the times and meets the desire of countries for faster development, and fully takes into account both domestic and overseas strategic needs. Following the millennium-old tradition of “economy, culture and commerce” along the Silk Road and relying on the existing regional cooperation platform, the establishment of the economic corridor along the land and maritime “Silk Roads” in the new historical period brings common development opportunities to and expands broader development space for China and the countries and regions along the routes. This is of great strategic significance to the economic construction of the countries along the Belt and Road, regional prosperity and even the balance of the world economy, and will bring about the integration and comprehensive rejuvenation of Eurasia, the largest continent in the world.<sup>5</sup>

#### 1. Maintaining an open economic system and promoting the orderly and free flow of economic factors in the region

Strengthening regional cooperation has become a major trend of world economic development. China, as the source of the Belt and Road, and its neighboring countries signed open economic cooperation agreements such as the Asia Pacific Trade Agreement and China ASEAN Free Trade Area. However, there are still trade barriers and other factors hindering the development of open economic cooperation among these regions. The Belt and Road links countries along the route to form a regional economic cooperation organization across the Eurasian Continent, which has protected the development of open economy in the region, facilitated the exchange of resources between the countries along the Belt and Road, and promoted the orderly and free flow of economic elements in the region.

Domestically, over the more than 30 years after the reform and opening up, eastern regions have been leading China's economic development by virtue of its regional advantages and economic polarization effect. Although the Chinese government supports the economic development of the central and western regions through policies such as the large-scale development in the western region and the strategy for the rise of central China, due to the incomplete infrastructure, poor attractiveness to talents, and high transportation and logistics costs, the western regions failed to effectively curb the eastward transfer of talents, resources and other elements.

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<sup>5</sup> Sun Wei (2015).

The Belt and Road Initiative emphasizes regional linkage, links the various sectors through economic ties, and promotes regional interaction through market forces. Domestic segments of the Belt and Road cover most parts of central and western China, bringing the vast region from the original “inland hinterland” to the current “open front”, providing an opportunity for the central and western regions to further open up and promote their steady and healthy economic development.

## 2. Building a new Flying-Geese Paradigm<sup>6</sup> to realize the efficient allocation of resources in the region

As China kept upgrading its industrial structure and Japan’s economy declined continuously, the mode of industrial division and industrial relocation in Asia, which used to be dominated by Japan, was gradually broken. If the Silk Road Economic Belt aims to connect Central Asia and other vast Asian hinterland, the basic requirement is “road connectivity”, which means that the countries along the Belt and Road will soon usher in a construction climax of transportation infrastructure. Southeast Asia is rich in labor force and has obvious comparative advantages in export-oriented economy. It is one of the key regions for industrial relocation of various countries. Some industries with no comparative advantage can be transferred from eastern China through the maritime Silk Road. China’s steel, cement and other industries currently with relative overcapacity may well meet infrastructure construction needs of developing regions such as Central Asia, Southeast Asia, South Asia and Africa. Moreover, infrastructure construction needs a lot of capital investment, while China, with the largest foreign exchange reserve in the world, is abundant in capital. Therefore, the Belt and Road Initiative will shift some of China’s surplus capacity to these countries, which can not only promote the transformation and upgrading of China’s economy, but also provide a rare opportunity for the development of the countries along the Belt and Road.

According to the comparative advantage of labor cost and natural resources endowment of countries, China’s labor- and capital-intensive industries are expected to be transferred to countries along the Belt and Road in the next few years, forming the new Flying-Geese Paradigm with China as the leading goose. In the meantime, the development of high-speed rail in landlocked countries will make up for the disadvantage of economic geography. India and Southeast Asian countries are more suitable to undertake the textile industry because of low labor cost and abundant labor. The Seven Countries Across the Middle East, which are rich in oil and other resources, are suitable for undertaking the oil processing and coking industry, the chemical and chemical products industry, rubber and the plastic products industry. The five countries in central Asia, which are rich in mineral resources and have a wide area, are more suitable for the development of metals and metal products, means of transportation and equipment. The Caucasus, with a certain industrial base

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<sup>6</sup> The Flying-Geese Paradigm, originated from theory of “the Flying-Geese Patterns of Industrial Development” put forward by Japanese economist Kaname Akamatsu. It is roughly expressed as that Japan’s industrial development has gone through four stages: import, import substitution, export and re-import, which is similar to the flying geese on the chart.

and a higher wage level, is suitable for undertaking electrical, electronic, optical and mechanical equipment industries.

3. Expanding multi-level exchanges among countries along the Belt and Road, and promoting a high degree of market integration within the region

The cooperation between China and countries along the Belt and Road is extensive and deep. There are complementary advantages and dislocation competitions between China and other emerging market economics and some developed countries along the Belt and Road. China has technological advantages in high-speed rail, highway, nuclear power, hydropower, equipment manufacturing and other fields. It can export technology and infrastructure to emerging markets and some developed markets, well meeting the needs of these emerging markets and developed countries. The Middle East countries have obvious technological advantages in the fields such as the water-saving agriculture in Middle East countries and the information industry in India create a great potential for cooperation and exchange. Central Asia has abundant technological and cultural heritages from the Soviet Union in the fields such as aerospace and precision machinery, and even now, some of their technical equipment still leads the world's level. However, the industrial structure and market demand of Central Asia have made the local technology and equipment stagnate for a long time. The Belt and Road links East Asia to the vast areas of Europe. Huge market space and technological cooperation potential will revitalize these technological heritages. However, there are still many obstacles for European advanced technology and talents to enter China, while the Belt and Road Initiative has provided wide room of transition between China and Europe.

## **II. The Logical Structure of Integrating Beijing into the Belt and Road Initiative**

At the end of 2014, the Belt and Road Initiative, the Coordinated Development of the Beijing-Tianjin-Hebei Region and the Yangtze River Economic Belt as the three major strategies for optimizing the economic development pattern were established in the Central Conference on Economic Work.<sup>7</sup> The state has given Beijing the statuses of “four centers”, i.e. the national political center, cultural center, center for international exchanges, and center for science and technological innovation. It is right because of such positioning that Beijing, which is not along the Belt and Road, can be integrated into the Belt and Road Initiative by insisting on promoting the construction of the “four centers” and the coordinated development for the Beijing-Tianjin-Hebei region.

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<sup>7</sup> The Central Conference on Economic Work was held in Beijing from December 9 to 11, 2014.

(I) Beijing and “Coordinated Development of the Beijing-Tianjin-Hebei Region”.

1. The dilemma of the Beijing-Tianjin-Hebei regional development

The Beijing-Tianjin-Hebei region, located in the center of the Bohai Rim region, is an important engine of national economic development and a leading region for participating in international competition and cooperation. As one of China’s three major economic growth poles, the Beijing-Tianjin-Hebei region accommodates 8% of the country’s population with 2.3% of the country’s land, and creates 11% of the country’s GDP. The economy of the Beijing-Tianjin-Hebei region plays an important role in China’s economic map.

Since the reform and opening up, the development of regional economic integration of the Beijing-Tianjin-Hebei region has drawn much attention and involved a lot of planning. However, it is a pity that after more than 20 years of development, this regional economic integration is still in the stage of natural development, with greater regional economic decentralization than integration, stronger segmentation than dependence, and more exclusion than cooperation. Some unreasonable and unequal factors within the region, especially between urban groups, are still playing a role and constantly strengthening, forming a spatial form featured with “dual centers, two extremes and decentralization”.

At present, the development of the Beijing-Tianjin-Hebei region is facing an urgent dilemma. Firstly, compared with the Yangtze River Delta and the Pearl River Delta, the Beijing-Tianjin-Hebei region has poor transportation infrastructure and low expressway density, and has just started the integration of high-speed rail, ports and airports, showing a prominent contradiction between the connectivity of transportation facilities and the acceleration of economic integration. In the case of core cities-based outward radiation of both railway and highway networks in the Beijing-Tianjin-Hebei region, the internal and external exchanges (passenger and freight exchanges between Northeast China, Inner Mongolia and the Yellow River, Yangtze River Basin and Southeast Coast) must pass through Beijing hub or Tianjin hub. A huge amount of transit transportation seriously interferes with the smooth operation of the transportation system of Beijing and Tianjin. Secondly, the internal development of the Beijing-Tianjin-Hebei region is unbalanced. Such imbalance is firstly manifested in the imbalance of economic development. The two municipalities directly under the central government have not driven the economic growth of Hebei Province, and even formed a “poverty belt around Beijing and Tianjin” rarely seen in the world.<sup>8</sup> The imbalance is also manifested in the unbalanced distribution of resources. The suction of talent, capital, water resources and land resources by Beijing and Tianjin has weakened the foundation of Hebei’s economic development. In addition, the imbalance of development within the region is also reflected in the serious administrative barriers. For a long time, the confrontation of administrative

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<sup>8</sup> According to the survey of Asian Development Bank, there are 25 impoverished counties and more than 2 million people living in poverty in Hebei Province around Beijing and Tianjin, which are concentrated in contiguous areas. These areas are at the same level of development as the poorest Hexi region, Dingxi region and Xiji-Haiyuan-Guyuan region in the western area. Therefore, the concept of “poverty belt around Beijing and Tianjin” is put forward.



status in the Beijing-Tianjin-Hebei region has led to that the situation of “division of labor—cooperation—common development” cannot be formed. The old pattern of economic closure in the administrative region still has a strong influence, and there is a lack of internal motivation for cooperation among the three regions. Administrative functions and institutional barriers have become the main problems to be overcome in the process of integration within the Beijing-Tianjin-Hebei Cluster. Thirdly, in the Beijing-Tianjin-Hebei region, the urban structure has an unreasonable gradient. Beijing and Tianjin are in the absolute advantage, there are no transitional medium-sized cities, and the relatively independent small urban agglomerations in the surrounding areas are divorced from each other and seek closed development, failing to form a perfect network system. The most direct outcome is that the industrial agglomeration, industrial scale and industrial chain formed in the developed areas are unable to spread to the surrounding backward areas because they cannot find a suitable environment for survival and development. Fourthly, the lack of cooperation concept and the division of administrative divisions have resulted into the convergence of leading industries in the process of regional economic development. Moreover, the long-lasting dominant position of state-owned enterprises and separated regional economic development have resulted into a large industrial gradient gap between Beijing and Tianjin and the surrounding areas, the more than enough “dual-core” competition and insufficient complementary power between Beijing and Tianjin. Many industries have been in a state of low-level competition for a long time, which is not conducive to the coordinated development of regional economy and the sustainable development of urban agglomeration. Fifthly, the current situation of ecological environment in the Beijing-Tianjin-Hebei region urgently needs joint prevention and control of environmental protection. The overall terrain of the Beijing-Tianjin-Hebei region is high in the northwest and low in the southeast, which is basically composed of southeast plain area, western Hebei and northern Hebei mountain area, and Bashang Plateau area. Northwest Hebei is not only the ecological hinterland of the whole Beijing-Tianjin-Hebei region, but also the core area of the poverty belt around Beijing and Tianjin. How to achieve the dual goals of poverty alleviation, income increase and environmental protection is a big problem.

## 2. The strategic significance of “coordinated development of the Beijing-Tianjin-Hebei region”

The strategy of “Coordinated Development of the Beijing-Tianjin-Hebei Region” is right a solution to the above problem. This strategy makes it clear that the construction goal of the region is to build a world-class metropolitan area with capital as the core, and to build a networked spatial pattern with “one core, two cities, three axes, four districts and multiple nodes” as the skeleton, with important cities as the fulcrum, strategic functional area platforms as the carrier, and transportation trunk lines and ecological corridors as the link.<sup>9</sup>

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<sup>9</sup> This part is based on the Outline of the Plan for Coordinated Development for the Beijing-Tianjin-Hebei Region deliberated and approved by the Political Bureau of the CPC Central Committee on April 30, 2015.

The rapid development of the “Pearl River Delta” and “Yangtze River Delta” economic zones has gradually pushed up the investment costs of foreign enterprises in the land, labor, infrastructure, etc. of these two regions and accelerated the momentum of foreign capital’s northward migration and inter-regional industrial relocation. The national departments concerned pay more and more attention to the “third pole” of the development of the Beijing-Tianjin-Hebei region, which is an inevitable choice in line with the objective law of the regional economic development and the industrial relocation. As the core area of the northern economic territory, the Beijing-Tianjin-Hebei region occupies an irreplaceable position in the regional planning of China.

To a certain extent, the “Coordinated Development of the Beijing-Tianjin-Hebei Region” is also a national exploration to establish a scientific and sustainable, coordinately developed, mutual benefit and win-win regional development demonstration zone. On the one hand, in view of the deep-seated contradictions and problems in terms of the system and mechanism of cross-provincial regional cooperation between Beijing, Tianjin and Hebei, efforts should be made to explore the new mechanism of inter-regional governance, collaborative development and the combination of government and market regulation; on the other hand, efforts should be made to explore a model, i.e. building a eco-friendly and harmonious society with a beautiful and livable environment to tackle the prominent contradiction between the rapid economic and social development of Beijing, Tianjin and Hebei and the serious situation of resources and environment. In the meantime, efforts should be made to explore a new path to realize symbiotic interaction between the center and its periphery through decentralization of non-essential functions and optimization of special layouts, aiming to tackling the “big city diseases” such as smog pollution and water shortage in Beijing.

### 3. Beijing’s important position in the strategy of “Coordinated Development of the Beijing-Tianjin-Hebei Region”

The importance of Beijing in this strategy is self-evident. In the construction of regional network spatial structure, “one core”, “two cities” and “three axes” are closely related to Beijing.

First, as the core of development, Beijing has entered a post-industrialization society and has incomparable advantages in innovation, finance, commerce, information, education and culture, as well as other high-end service industries. With Beijing as the core, it can attract international high-end elements to gather and enhance international status and functions, optimize regional resource allocation, and relieve the incompatible functions of the central city in its economic and social development stage, so as to lead the whole urban agglomeration to achieve comprehensive, coordinated and sustainable development. To this end, the core functions of the capital as the country’s political center, cultural center, center for international exchanges, and center for science and technological innovation (“Four Centers”) should be strengthened, and the primary tasks of the coordinated development of the Beijing-Tianjin-Hebei region should serve to orderly relieve Beijing of functions nonessential to its role as the capital, optimize and improve its essential functions as the capital, and solve the problem of “big city disease”.

Secondly, Beijing, one of the “two cities”, is the main engine for the coordinated development of the Beijing-Tianjin-Hebei region. The linkage effect between Beijing and Tianjin is related to the breadth and depth of all-round cooperation. Tianjin is a mature central city in the urban system of the Beijing-Tianjin-Hebei region. It has unique advantages in port trade, R&D of productive technology, modern manufacturing and logistics. In the meantime, it also has the potential to cultivate high-end service industries such as finance, information, business, and exhibition which are relied on the local advantages. In the urban system, Tianjin is not only the center that plays a radiating role and drives the development of surrounding secondary cities such as Cangzhou, Langfang and Tangshan, but also a core city that carries on some of Beijing's roles and gives full play to the advantages of port and economic foundation and assists Beijing to drive the coordinated development of the whole Beijing-Tianjin-Hebei urban cluster. The two places can accelerate development as a city cluster, and jointly play a leading and radiating role in high-end development.

Thirdly, Beijing also plays the role of the axis of Beijing-Tianjin, Beijing-Baoding-Shijiazhuang, and Beijing-Tangshan-Qinhuangdao industrial development belts and urban agglomeration axis, supporting the main framework of the coordinated development of the Beijing-Tianjin-Hebei region. The Beijing-Tianjin development axis, which is distributed in Beijing, Langfang, Tianjin and other nodes, is an important support for the Beijing-Tianjin-Hebei region to communicate inside and outside, radiation driven, and scale growth. Qinhuangdao, Tangshan and other nodes are distributed along the Beijing-Tangshan-Qinhuangdao development axis, including Qinhuangdao, Tangshan and other nodes, connects the new growth areas such as Beidaihe New Area and Caoheidian New Area in turn, and is an important support for the industrial development of the Beijing-Tianjin-Hebei region. There are great spaces and development potential in port logistics development, intensive and economical utilization of coastline resources, protection of beach, wetland and aquatic biological resources. The Beijing-Baoding-Shijiazhuang development axis extends along Taihang Mountains, with Beijing, Baoding, Shijiazhuang and other nodes. The node cities of this economic belt take the heavy chemical industry as the leading industry. Affected by Taihang Mountains and Yanshan Mountain, the air pollution caused by the heavy chemical industry in these cities cannot spread outward, which aggravates the air pollution in the Beijing-Tianjin-Hebei region. Therefore, industrial transformation and upgrading and environmental protection in the Beijing-Tianjin-Hebei region have become top priorities of joint prevention and control.

## (II) The Belt and Road Initiative, Coordinated Development of the Beijing-Tianjin-Hebei Region, and the interaction between the “Four Centers”

Although in the Belt and Road Initiative, the Beijing-Tianjin-Hebei region has not been directly designated as a province, there is a big triangle interaction between “the

Belt and Road Initiative”, “Coordinated Development of the Beijing-Tianjin-Hebei Region” and the city development strategy of “Four Centers” in Beijing.<sup>10</sup>

1. The Belt and Road Initiative and “Coordinated Development of the Beijing-Tianjin-Hebei Region” share the same goal of economic development.

The Belt and Road Initiative and “Coordinated Development of the Beijing-Tianjin-Hebei Region”, as related strategies for developing regional economy, in spite of their different sizes of coverage, share the same goal of promoting regional economic integration.

On the one hand, in order to achieve this goal, it is necessary to firstly promote transportation-based infrastructure construction. Countries and regions along the Belt and Road, especially less developed ones, are eager to improve their infrastructure and build a road to wealth and prosperity through the construction of the Belt and Road. In the Beijing-Tianjin-Hebei region as a whole, the layout of traffic network is unreasonable. Due to the restriction of administrative region, there are more than 2,300 km of “dead-end roads” to be built and improved, failing to form an efficient, economic and reliable transportation system.

On the other hand, the regional economic integration is aimed to efficiently allocate resources in the region, which needs to be completed through industrial relocation. Along with the external transfer of China’s excess capacity, the economic fruits of the Belt and Road Initiative is right the result of industrial relocation featured with the new Flying-Geese Paradigm with China as the leading goose. The Beijing-Tianjin-Hebei region is not only a region with obvious economic development gradient and a great potential for coordinated economic development, but also a region with prominent overcapacity problem and great pressure for transformation and upgrading. The coordinated development of the Beijing-Tianjin-Hebei region will promote industrial gradient relocation, orderly resolve excess capacity and drive industrial transformation and upgrading, which will provide many useful references for China’s connotative economic growth.

2. Defining the positioning of Beijing’s “Four Centers” as the core content of “the Coordinated Development of the Beijing-Tianjin-Hebei Region”

The urban development strategy of the “Four Centers” defines the functional orientation of Beijing. At present, Beijing’s “big city diseases” are obvious to all. Carrying too much functional positioning, it is just like a bloated giant that moves slowly and only the relief can solve the problem. It is the most important task for the coordinated development of the Beijing-Tianjin-Hebei region to orderly relieve Beijing of functions nonessential to its role as the capital. The key is to adjust the economic structure and spatial structure, to control and relieve the basic industries that are not in line with the functional orientation of Beijing, and then to control its population size. Therefore, we need to take industrial relocation as a breakthrough. From

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<sup>10</sup> Three “points” which are not on the same straight line are connected with each other to form a triangle with “stability”. For Beijing specifically, the connection between the Belt and Road Initiative, the “Four Centers” and the “Coordinated Development of the Beijing-Tianjin-Hebei Region” illustrates their interaction, and implies “stability”—the consistency of economic goals.

the perspective of economic development stage, Beijing is at the highest level of the regional economic gradient of the Beijing-Tianjin-Hebei region. Some general manufacturing industry, regional logistics base and regional wholesale market, some public service functions such as education and medical care, and some administrative and institutional service institutions are not the necessary resources of Beijing. If they are transferred to Tianjin and Hebei, they will generate greater economic effects.

### 3. Beijing's "Four Centers" are the development drive of the Belt and Road Initiative.

As the political center of the country for formulating guidelines and policies on domestic and foreign development, Beijing is like a bridge tower of China to strengthen communication on policies with countries along the Belt and Road. In addition to the role of business and trade, the "ancient Silk Road" played a more important role in cultural communication in history. The ancient land and maritime silk roads not only carried silk and porcelain of China, alfalfa and grapes of the western regions, treasures of South Asia and Southeast Asia, glass and sculpture of Europe, but also carried cultural exchanges of technology, music, painting, dance, religion and so on. Beijing, as an ancient capital of civilization with a long history on the "Silk Road", witnessed Marco Polo's visit to the Yuan Dynasty and the western science and technology brought by Western missionaries. Zheng He's seven voyages to the west also started here, pushing the ancient "maritime Silk Road" to the peak. Beijing, as a cultural center, center for international exchanges, and center for science and technological innovation, connects the past and the present, and inherits the millennium-old tradition of friendly exchanges on commerce, culture and technology along "the Silk Road", creating a better platform for the cultural exchanges among countries along the Belt and Road.

#### (III) The alignment of Beijing with the Belt and Road Initiative.

Although the Belt and Road Initiative does not mention the role and positioning of Beijing, as the capital and municipality directly under the central government, it has always been very special in the regional strategy because of its dual attributes. For the Belt and Road as a development strategy between countries and regions focusing on economic cooperation, if Beijing wants to actively get integrated into it, it must grasp the conjunction of Beijing's advantages as a capital city, its economic advantages and location advantages.

#### 1. Getting integrated into the Belt and Road Initiative based on Beijing's advantages as the capital

The capital is usually the seat of a country's central government, the central city of political and economic activities, and the centralized location of various state-level organs. From the worldwide perspective, whether it is a single functional capital city cluster like Washington or a comprehensive multi-functional capital city cluster like London, the capital city cluster with the capital as the core of development is an important development pole in the regional development. As the capital, Beijing

shoulders the functions of national politics, culture, science & education, international exchanges and so on. To actively get integrated into the Belt and Road Initiative, it should first of all build well the platform for political communication and cultural exchange between the countries along the Belt and Road. Internationally, Beijing is a business card of China, and a China's portal to all directions along the Belt and Road. In the future, Beijing will surely be an active participant in multilateral economic and trade negotiations, international students exchange and scientific and technological cooperation under the Belt and Road Initiative.

## 2. Getting integrated into the Belt and Road Initiative based on its economic advantages.

Beijing is one of the few cities in China that have entered the post-industrialization stage. Beijing's economic advantages are not only reflected in the economic aggregate, but also in the economic structure, and in the nationally leading modern industrial pattern. The tertiary industry has occupied a major position in Beijing's economic structure, and industries such as high-tech, modern finance, modern information, modern culture, modern consumer industry and Internet take a leading and dominant position across the country. Beijing has made full use of its advantages in the concentration of cultural and scientific research resources and transformed them into intangible wealth. The software development of Zhongguancun, the Internet O2O business in Wangjing, the capital wealth creation of the Financial Street, the convention and exhibition economy of Ya'ao New Village, and the cultural and creative parks scattered throughout the city are all concentrated representatives of knowledge economy, brain economy, and wisdom economy. Moreover, Beijing's economic advantage is reflected in the pooling of the world's excellent enterprises. Besides a large number of headquarters of domestic central enterprises, more and more foreign enterprises have settled their headquarters in China, East Asia and Asia Pacific in Beijing after entering the Chinese market. In the process of integration into the Belt and Road Initiative, Beijing will attract high-quality elements from both domestic and overseas markets, and continue to export high-end services such as cultural and technological capital to participate in the industrial division and cooperation in the areas along the Belt and Road.

## 3. Getting integrated into the Belt and Road Initiative based on regional advantages

In the roadmap of the Belt and Road Initiative, Beijing stands on the starting point of the middle route and North Line B of the Belt and Road. In the North Line B, Beijing connects Russia, Germany and Northern Europe; in the middle route, Beijing connects Xi'an, Urumqi, Afghanistan, Kazakhstan, Hungary and Paris, so it is an important node connecting Eurasia. Geographically speaking, the east of Beijing connects Tianjin Port at the northern end of the maritime Silk Road, connects the China-Mongolia-Russia Economic Corridor to the north, and connects with the New Eurasian Continental Bridge to the South via the Beijing-Guangzhou Railway. Beijing is the core of the Belt and Road transportation network and the center of the Northeast Asian Economic Circle. Therefore, Beijing can make use of such advantages in geographical location to get integrated into the Belt and Road Initiative

and play an important role in the trade and international exchanges between Beijing and other countries in Asia and Europe through connection with Central Asia, Eastern Europe, Northern Europe and Western Europe. This will allow Beijing to achieve all-round opening up to Northeast Asia, Central Asia and Europe, and then to promote the economic growth of surrounding countries of China and expand the scope of influence of China's economy.

### **III. The Basic Positioning of Beijing under the Belt and Road Initiative**

Beijing aims to become not only the “national Beijing” but also the “international Beijing”. Therefore, to integrate Beijing into the Belt and Road Initiative, it is necessary to identify its own cooperation orientation, city development orientation, industry positioning, cultural orientation and market positioning from the international and domestic perspectives, and the perspectives of the Beijing-Tianjin-Hebei region and Beijing itself, so as to participate in the industrial division and cooperation in the areas along the Belt and Road, and play the greatest role and value.<sup>11</sup>

#### **(I) Beijing's position in its integration into the Belt and Road Initiative**

Now, Beijing must define its role and make full use of its comparative advantages in the process of integration into the Belt and Road Initiative.

Beijing's greatest advantage and resources for economic development are the capital advantages or resources. The capital advantages lie with Beijing's special functional orientation as the national political center, which is an important and unique influencer of Beijing's development. Thanks to its advantages as the capital city, Beijing's economic development receives the central government's policy and fund support. As the capital, Beijing has become a business card for the world to understand China, which is easier to get public attention, that is, it can get the effect of “attention economy”, which is conducive to attracting a lot of domestic and foreign tourists, foreign capital and headquarters economy. In addition, it is necessary to grasp Beijing's advantages in economy, culture, technology and talents.

Therefore, internationally, Beijing's position is to build an international exchange platform, establish an open, friendly and civilized city image and serve as an important window for external publicity, so as to provide services for policy communication, cultural exchange, and scientific and technological cooperation between the countries along the Belt and Road and China. Domestically, Beijing needs to adhere to the “Four Centers” strategy, and play the important roles of the country's political center, cultural center, center for international exchanges, and center for science and technological innovation. In terms of coordinated development of the Beijing-Tianjin-Hebei region, it is necessary to fully cooperate with the work of orderly relieving Beijing of functions nonessential to its role as the capital, so as to realize the optimization and upgrading of regional economic structure. As far as Beijing is concerned, it is necessary to strengthen urban governance, enhance urban competitiveness, and optimize the layout of administration, industry, and education

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<sup>11</sup> Zhang Jun (2014).

in order to provide opportunities for the development of emerging industries and new economic forms.

## (II) Development positioning of Beijing under the Belt and Road Initiative

The development positioning of Beijing under the Belt and Road Initiative is also multilayered. Internationally, Beijing should strive to become a world city and constantly improve its position and role in the world city system. In the meantime, while carrying forward the history and culture, Beijing should protect its style and features as a historical and cultural city, form a highly inclusive and diversified world cultural city with traditional culture and modern civilization bringing out the best of each other, and improve its international influence. Domestically, Beijing should give full play to its capital advantages in national economic management, scientific and technological innovation, information, transportation, tourism, etc., further develop the capital's economy, and constantly enhance the city's comprehensive radiating and driving capacity. From the perspective of the Beijing-Tianjin-Hebei regional development, it is necessary to actively promote the economic cooperation and coordinated development of the Bohai Rim region, strengthen the coordinated development of the Beijing-Tianjin-Hebei region in terms of industrial development, ecological construction, environmental protection, urban space and infrastructure layout, and further enhance the comprehensive radiating and driving capacity of Beijing as the core city of the Beijing-Tianjin-Hebei region. Inside Beijing, its development orientation is to create full employment and entrepreneurship opportunities and build a livable city with fresh air, beautiful environment and good ecology. Therefore, it is necessary to adhere to the three development goals of city strategic transfer, organic evacuation of old cities and re-integration of villages and towns. It is necessary to gradually change the current spatial pattern of single center, strengthen the construction of peripheral new cities, coordinate the central city and new cities, and build a multi-level spatial structure with clear division of labor. It is also necessary to speed up the pace of urbanization in rural areas, integrate villages and towns, improve the quality of urban and rural living environments, and build the spatial structure of urban and rural coordinated development.

## (III) Industrial positioning of Beijing under the Belt and Road Initiative

Industrial positioning and layout is the foundation of urban development. To take a part in the construction of the Belt and Road, Beijing must grasp its industrial positioning based on the construction of the "Four Centers".

From the perspective of regional division of work and collaboration, whether Beijing is placed under the Belt and Road Initiative or the Beijing-Tianjin-Hebei region, its industrial structure determines the R&D and circulation links of Beijing's industrial positioning in the industry chain, namely, the knowledge-intensive and technology-intensive industries at the two ends of the "Smiling Curve".<sup>12</sup>

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<sup>12</sup> In the middle of the Smiling Curve is manufacturing; on the left is R&D, which belongs to global competition; and on the right is marketing, which is mainly about regional competition.



From the perspective of industrial upgrading and relocation, Beijing's industrial structure still needs continuous adjustment. It should optimize the structure of the three industries, give play to its role as a center for science and technological innovation, highlight high-end, service-oriented, agglomerated, integrated and low-carbon styles, vigorously develop service economy, knowledge economy and green economy, and speed up the construction of a sophisticated economic structure.

At present, in addition to Shougang's relocation to Caofeidian, Hebei Province, Beijing's manufacturing industry has a relatively complete industrial system, ranging from high-end aerospace products manufacturing, integrated circuit manufacturing to mid-end machinery manufacturing, and low-end building materials manufacturing and clothing production. Beijing should gradually reduce or even give up a number of energy-guzzling and highly polluting heavy chemical industries, as well as labor-intensive industries with more employees, more land occupation and low added value. In the field of medium and high-end manufacturing, Beijing should focus on the development of product R&D and design, key parts manufacturing and product assembly, reduce the self-made rate of parts for enterprises, promote the transfer of the general parts manufacturing industry to Hebei and other places, and form a specialized and socialized division system.

#### (IV) Cultural positioning of Beijing under the Belt and Road Initiative

Cultural positioning is the soul of a city's development orientation. The unity of Chinese civilization and the diversity of cultural features are the cultural characteristics of Beijing. In the construction of the "Four Centers", Beijing has been positioned as a Chinese cultural center, which is also applicable to the cultural positioning of Beijing under the Belt and Road Initiative.

On the one hand, Beijing is a rare ancient city of civilization that has lasted for thousands of years. Beijing, which pools thousands of years of cultures from all over China, is a cultural link between all regions across the country. On the other hand, Beijing is a gathering place of multi-ethnic and multi-regional cultures in China and cultures of all countries in the world. From the religious perspective, whether it is the native Taoism, or the earliest Buddhism introduced into the Han Dynasty; whether it is the foreign Islam, or the foreign Christianity, due to various factors, their development has been blocked more than once. However, as a whole, they have come all the way without danger, finding their own living space in Beijing, a stage of great inclusiveness and diversity. Throughout Beijing, among the modern architectural communities, there are Chinese classical buildings facing south, Arabic Islamic buildings with green domes and pointed arches, and tall Gothic buildings and Western Christian buildings featured with semicircular arches. It is these buildings with unique styles that enrich Beijing's cultures. Beijing not only shows people the openness and inclusiveness of the city, but also shows the world the great bearing of Chinese civilization.

#### (V) Market positioning of Beijing under the Belt and Road Initiative

The industrial positioning of a city determines its market positioning. Market positioning is to make the products produced or sold in a specific industry get a stable

market. A city should try its best to cultivate the products with certain characteristics from all aspects and establish a good market image, so as to form a special preference in the eyes of customers. The key is to find out the product advantages compared with competitors. The biggest advantage of Beijing's positioning under the Belt and Road Initiative is the competitiveness of its headquarters economy. At present, the number of headquarters of the world's top 500 enterprises located in Beijing ranks first in the world. Among them, the headquarters of China's leading infrastructure construction enterprises such as China State Construction Engineering Corporation, China Railway Construction Co., Ltd and China Communications Construction Company Ltd., are all located in Beijing. These enterprises all have a broad market in the area of infrastructure construction direly needed by countries along the Belt and Road. Along with the settlement of the headquarters of the Asian Infrastructure Investment Bank in Beijing, the city has had a great discourse power in the capital investment market in regions along the Belt and Road. In fact, it has become a capital accommodation center along the Belt and Road. In addition, Beijing gathers China's top scientific research and higher education institutions, the largest number of high-tech enterprises, as well as a lot of talents in different levels, such as politics, economy, culture, science and technology, education and so on. Therefore, Beijing's technological innovation capability ranks first in the regions along the Belt and Road, and is expected to occupy a big share in the information and technology trading market in the future.

#### **IV. The Breakthrough of Beijing's Integration into the Belt and Road Initiative**

Up to now, China's Silk Road initiative has entered the stage of practical cooperation, and the relevant project design has been completed. As Beijing is China's "heart", during its integration into the Belt and Road, Beijing will still face some challenges, including its own adjustment, regional cooperation platform and the alignment of "headquarters economy".<sup>13</sup> China is special in terms of objects, targets, contents and measures involved in its integration into the Belt and Road Initiative when compared with other provinces in China. Therefore, its strategy breakthrough is different from that of other provinces in China. Beijing can make breakthroughs in the following six directions to get actively involved in the Belt and Road Initiative.

(I) To become a powerful platform that gives play to the "headquarters advantage" under the "new normal" of economy

In order to provide financial support for the Belt and Road Initiative, the central government and relevant departments have initiated and established the AIIB and the Silk Road Fund. The location of their headquarters in Beijing undoubtedly provides a huge "headquarters advantage" for the development of Beijing. Firstly, it has tax contribution effect. The tax contribution of the headquarters to Beijing includes two parts: (1) the tax contribution of the organization: No matter what organizational form is adopted, if the headquarters is an independent economic entity, it has to pay

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<sup>13</sup> Headquarters economy is an economic model discovered with the appearance of business parks and CBD.

a certain amount of tax to the place where the headquarters is located; (2) the personal tax contribution of the employees of the headquarters: The rich personal income of senior white-collar workers working in the headquarters will surely contribute to the regional economy of the place where the headquarters are located through the form of personal income tax. Secondly, it has industrial multiplier effect. The aggregation of headquarters in central cities will inevitably lead to the development of related service industries, especially knowledge-based service industries, and form a knowledge-based service industry chain serving institutional headquarters, including the information service industry such as communication, network, media and consultation, the financial service industry such as banking, securities, trust, insurance, fund and leasing, and the intermediary service industry such as accounting, audit, evaluation, and legal services, and the new service industry such as education and training, conference and exhibition, international business, and modern logistics. In the meantime, the city construction investment in business office buildings, real estate and others driven by the headquarters economy also contributes a lot to the growth of the central city. The multiplier effect of headquarters economy can help expand the economic aggregate and improve the level of tertiary industry structure and regional economic competitiveness. Thirdly, it can drive consumption. The consumption drive of the headquarters for the region also includes two aspects: on the one hand, the various supporting consumption brought by the business activities and R&D activities of the headquarters; on the other hand, the personal consumption of senior white-collar workers of the headquarters, including housing, transportation, children's education, fitness, shopping, etc., which plays an important role in promoting the development of regional economy. Fourthly, it creates job opportunities. The development of headquarters economy will make full use of the regional intellectual talent resources and bring a large number of jobs requiring high intelligence. At the same time, through the industrial multiplier effect, it can promote the development of the tertiary industry, including the knowledge-based service industry and the general service industry, and provide more jobs. Therefore, the headquarters effect should be the development direction of Beijing in the future.

(II) To become the platform and connection point of relevant international and regional cooperation mechanisms

In the major Eurasian regions covered by the Belt and Road Initiative, there are several international and regional cooperation mechanisms actively participated by China, including the APEC, China-ASEAN Free Trade Area, ASEM, CICA, the Silk Road Fund and the AIIB. Beijing, as part of the integrated development within the Beijing-Tianjin-Hebei Cluster, should endeavor to become a platform and connection point of the international and regional cooperation mechanism, and a platform for national strategic vision. The relevant national-level strategies are lacking in effective linkage mechanism and scattered. Beijing, which is building as an international metropolis, has gradually become a gathering place for international and regional institutions, and its international discourse power and "soft power" will be greatly improved. Throughout China's major regions and cities, Beijing is most likely to

make a breakthrough in mechanism construction and make a difference on the issue of effort dispersion in various national strategies.

Specifically, Beijing should make good use of the AIIB, the Silk Road Fund and other similar international platforms. AIIB is devoted to promoting the infrastructure construction and interconnection in Asia, and it highly fits for the “Belt and Road Initiative”. If BRI is the strategic goal, AIIB is just the means to reach the goal. As one of the headquarters of China’s financial institutions, Beijing has comparative advantages in capital allocation compared with other provinces and municipalities. Financial institutions in Beijing need to provide mature and high-quality financial stock services, improve capital utilization, and use the AIIB platform to attract global capital flows to China and Asia. At present, the average annual demand for infrastructure investment in the Asia Pacific region is as high as USD800 billion. All countries, including Chinese provinces, want to have a bite of the “cake”. Financial institutions in Beijing can obtain the maximum financial potential by issuing bonds, concept stocks, public offering, insurance, aid, credit and other financial innovation methods of asset securitization, so as to strengthen the regional financial strength and actively get integrated into the Belt and Road Initiative. In addition, the Belt and Road Initiative is to integrate the scattered industrial division in the various regions along the Belt and Road and establish a modern, highly efficient, comprehensive and sustainable division of labor relationship. Beijing can use the financial sector as an entrance to establish an economic cooperation platform, so that countries with different needs can obtain more external resources through financial leverage, and in this process, optimize the city’s industrial structure.

(III) To become a center for international exchanges and important trading center

As the center for international exchanges and the main commerce circulation and trading center of the country, Beijing with its integration into the Belt and Road Initiative will surely have a profound impact on building new advantages in foreign development and accelerating the development of transformation industries.<sup>14</sup> Beijing’s total import and export trade with countries along the Belt and Road in 2014 was USD130.64 billion, showing a year-on-year increase of 4.3%, 7.6 percentage points higher than the average growth rate of the whole city. However, it was 1.6 percentage points lower than the growth rate of the import and export trade between the whole country and the countries along the Belt and Road, showing much room for development of trade between Beijing and these countries. In 2014, Beijing’s total import and export trade value with countries along the Belt and Road accounted for 31.4% of the city’s total, but it was 6.2 percentage points below the national average. Beijing had trade ties with 220 countries around the world. From this we can see that countries along the Belt and Road can play a greater role in developing and enhancing the potential of Beijing’s foreign trade development.<sup>15</sup>

On the whole, Beijing’s import and export trade has distinct characteristics. Its export commodities are mainly mechanical and electrical products, audio equipment

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<sup>14</sup> Zhou Wuqi (2015).

<sup>15</sup> Han Yonghui et al. (2015).

and others, accounting for 43.8% of its total export; while its import commodities are mainly mineral fuels, petroleum and others, accounting for 56.3% of its total import. Currently, the main trading partners of Beijing are developed countries and regions such as the USA, the European Union and Japan, with its mineral products and petroleum products mainly imported through the sea and little trade exchanges with major resource-rich countries along the Belt and Road, especially those along the Belt. These countries are rich in oil, gas, mineral and metal resources, but they are short of mechanical and electrical products, household appliances, etc.; while the trade situation in Beijing is just the opposite. The differences in natural resources and industrial structures between the two are conducive to the formation of a reciprocal trade tie. Mutual exchange of needed products with these countries and opening up new markets are the key points and effective ways to speed up Beijing's integration into the Belt and Road Initiative.

(IV) To become the communication center of carrying forward the excellent culture of the Chinese nation

As a national cultural center, Beijing is also facing the historical opportunity of cultural exchange and cultural continuation. The influence of culture goes beyond time and space, and across national boundaries. Culture exchange is a project that focuses on people and future, which is an imperceptible effort and needs a long time to make achievements. Under the Belt and Road Initiative, we should give full play to the bridging and leading role of Beijing as a cultural center, strengthen exchanges among all countries, all fields, all strata and religious beliefs, and strive to achieve all-round exchanges and cooperation among all countries along the Belt and Road. This is undoubtedly a breakthrough for Beijing, the capital. In the occasion of adopting the Beijing Declaration on the CASCF in 2014,<sup>16</sup> Minister of Culture Cai Wu stressed that China and Arabian countries know and cooperate with each other through the Belt and Road Initiative and in this process, both should give full play to "culture first". Cultural exchanges and cooperation will not only help promote mutual understanding and development of civilizations, but also help to consolidate the public opinion basis of the Initiative, and help to enhance the international discourse and influence of the countries along the Belt and Road.

Cultural communication inevitably involves personnel exchanges. As China's administrative center, Beijing should simplify visa procedures to meet the expanding business cooperation and personnel exchanges. Beijing should hold tourism years with the Arab States, strengthen tourism cooperation and expand the scale of tourism. Beijing should continue to implement cultural exchange programs, expand the scale of exchange of foreign students and youth visits, and turn such programs into routines supported with a formal system. It is necessary to promote exchanges and cooperation between non-governmental organizations, women's services and volunteer services of the two countries, so as to lay a solid public opinion foundation for deeper bilateral and multilateral cooperation. The Belt and Road Initiative is to actively carry out sports exchanges and support the other side in bidding for the hosting of major

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<sup>16</sup> Su Liping (2014).

international sports events. Through tourism, mutual visits, learning, folk exchanges, sports exchanges, etc., Beijing should actively carry forward the excellent culture of the Chinese nation and maintain China's cultural competitiveness on the platform of the Belt and Road Initiative.

(V) To become the explorer of the reform of government's economic management mode

Since 2012, China's economic development has entered a "new normal", which is at a stage of shifting the growth rate, restructuring the economy, deepening the reform, and addressing the impact of previous policies ("superposition of four periods"). This reminds us of the grim side of the situation, but the complexity contains many positive factors and development highlights. What we need to do now is to explore a realistic path out of the "superposition of four periods". Since the Third Plenary Session of the 18th CPC Central Committee, "deepening reform" and "innovation" have become important ideas for the reform of government management mode. Beijing, which has the advantages of huge political resources and international platform, should actively explore the mode of government operation and management, participate in international cooperation, take regional cooperation as the key direction of Beijing's international cooperation, and expand talent exchange and technology introduction. Beijing should not stay in the stage of "pride of capital", but innovate on government management, strive to be the vanguard of government management reform, and establish management and innovation concepts for other provinces. In addition, in both international and domestic directions, Beijing should break through the resource constraints of further development, including policy resources, market resources and natural resources.

(VI) To become a center of science and technological creation

The Belt and Road Initiative involves both economy and transportation, and scientific and technological exchanges. Its construction needs to be led and driven by technological innovation. According to the map, the Silk Road Economic Belt covers parts of Central Asia, South Asia, West Asia and Europe, connecting the two major economic circles of Asia and Europe. The region contains more than 50 countries, making it the most promising economic belt in the world. In the meantime, due to the great differences in the national conditions, natural and geographical conditions, development stages, and scientific and technological levels of the countries along the Silk Road, especially the fact that most of the countries are located in the landlocked areas, the serious ecological vulnerability such as drought and desertification, the backward development of productivity, the small economic aggregate and the significant regional poverty all call for scientific and technological innovation in the development model innovation of countries along the "Silk Road" on the way to achieve sustainable development through promoting trade. As the advocate and sponsor of the Belt and Road Initiative and the national center of science and technology, Beijing has the responsibility, obligation and ability to play the role of technology export under the Belt and Road Initiative, thus not only providing new

demand for the local economy, but also creating new opportunities for the countries along the Belt and Road.

As the national center of science and technology, Beijing should not only be limited to technological upgrading of regional economy, but also make full use of its technological advantages to provide relevant technical support for the Belt and Road Initiative. As the national center for science and technological innovation, Beijing, with a solid foundation, many unique conditions, and rich science and technology talent resources, has gathered a large number of scientific research institutes, colleges and universities, innovative enterprises, and science and technological innovation bases, as well as a large number of strategic scientists, leading talents of science and technology, entrepreneurs, and innovation and entrepreneurship teams. The whole society's rapid increase of science and technological investment, high R&D investment level, emerging scientific and technological innovation achievements and growing ability to participate in international scientific and technological competition play an increasingly bigger role in supporting and leading the development of the capital, radiating the national innovation and development in high-end projects, giving full play to the due functions and roles of the national center for science and technological innovation.

## **V. Mechanism Design of Beijing's Integration into the Belt and Road Initiative**

Beijing aims to become a socialist modern international metropolis in the next few years, and meanwhile complete the development strategy of innovation driven development as well as economic transformation and upgrading. Beijing's current urban development is still plagued with some unsustainability problems, which are mainly caused by the backward land system reform in China, and also have something to do with the one-sided pursuit of growth in the top-level design, the lack of GDP assessment mechanism and local government restraint mechanism. To solve these problems, further reform in the political, economic, social and other fields is essential to the establishment of a long-term mechanism in which the market and the public determine the allocation of resources for Beijing's urban development. It is surely not easy to establish such a long-term mechanism, especially in the current complicated international context. Beijing, as China's "heart", should handle the following interactive relationships and actively promote Beijing's integration into the Belt and Road Initiative.<sup>17</sup>

(I) Interaction between international and domestic intergovernmental coordination mechanisms

The Belt and Road Initiative, which is designed to open up China's western and southern channel, is a national initiative to radiate South Asia, Southeast Asia, Central Asia, Western Asia, and even some European regions. BRICs and developing countries are the first to be covered by this initiative and have gained a platform for development. In view of the levels of national economic development and the degrees of economic disparity in countries involved in this open channel, it is

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<sup>17</sup> Jiang Rui (2015).

necessary to strengthen the initial connectivity among these countries. The connectivity covers infrastructure facilities of communication, transportation, informatization and customs clearance ports, and involves the coordination of multiple departments among governments. Beijing should closely follow theme of “connectivity development”, actively integrate into the international and domestic intergovernmental coordination agenda and cooperation, and play an important role through the international platform.

In addition, the Belt and Road initiative will also lead to the opening of related provinces. As the Belt and Road involves infrastructure construction or institutional innovation, it inevitably involves coordination and interaction between governments of different countries and local governments domestically. As a special administrative region, Beijing should do a good job in exploring the intergovernmental coordination mechanism, continue to deepen the government reform, and seek innovation-driven economic and social development.

## (II) Interaction between government leading and activities oriented to market entities

The basic principle of China’s Belt and Road Initiative is to “promote work in all areas by drawing upon the experience gained on key points; make overall plans and coordinate; tackle easier problems before difficult ones; and move forward gradually”. The implementation of this policy, as well as the coordinated development with other national strategies, cannot do without the leadership of the governments and the cooperation of market entities.

The Third Plenary Session of the 18th CPC Central Committee required that in order to make the market play a decisive role in the allocation of resources, the government should also play its due role. In order to bring into play the vitality of labor, capital, management, technology, knowledge and other elements, it is necessary to further promote the economic system reform, and the exploration of realistic and operable mechanism is the key.

The integrated development within the Beijing-Tianjin-Hebei Cluster, the construction of the “Four Centers”, and the construction of international platforms such as the AIIB and the Silk Road Fund will further promote the intensification and innovation of Beijing’s headquarters economy, enhance its cultivation of local enterprises and the level of financial and institutional support. In this way, Beijing can allocate resources of the whole country, the Asia Pacific region and even the whole world in a wider scope and at a higher level. Meanwhile, this process will also involve a series of policy changes, which will cover finance, trade, communications, taxation, government management and other aspects, and force the government management departments to change the management mode and management ideas, speed up the construction of a service-oriented government, build an efficient government service system, release new policy dividends, and achieve “decentralization to the market and deregulation for enterprises” so as to stimulate market vitality and organic economic power.



### (III) Interaction between talent cultivation and cross-border flow

International talents need to be jointly trained by educational institutions of countries along the Belt and Road in accordance with the principle of combining international rules, market mechanism and national support. This way can give full play to geographical advantages and comparative advantages, highlight characteristics, aim at main talents, consolidate mass education, and explore a set of sustainable development talent training mechanisms of transnational training and cross-border flow.

As an important gathering place of foreign talents and students, Beijing needs to clarify the relationship between the transnational talent training and cross-border flow mechanism, and boldly make innovative attempts. First, it should jointly launch the Belt and Road Government Scholarship with the countries along the Belt and Road to give priority to recruiting rare professionals. Countries along the Belt and Road need to reform the student visa and the work system of foreign professionals, improve relevant systems and regulations, constantly optimize the working environment of students studying abroad, and provide the guarantee of freedom of coming and going. China should increase the number of government scholarship quotas for developing countries along the Belt and Road, and at the same time give awards to those who study abroad at their own expense and return home after accomplishing their study. Second, Beijing should jointly implement the joint training plan for outstanding young talents with countries along the Belt and Road to cultivate a number of high-caliber young talents. Beijing should cooperate with well-known universities in the countries along the Belt and Road to jointly improve the existing high-end academic programs, jointly train graduate students, jointly develop and design short-term programs for overseas students to study or visit China, expand the international vision of highly skilled professionals and technical personnel and management personnel, and enrich social capital. Third, Beijing should work with countries along the Belt and Road to promote cooperation in running schools in characteristic fields. Based on the existing cooperation in running schools, priority should be given to encouraging domestic famous schools to run schools in the countries along the Belt and Road, supporting key universities in western China to develop cross-border ethnic international cooperation in running schools, providing financial support for project construction for these cross-border universities, and innovating on the joint school running mode between Chinese and foreign sides in the fields of vocational education, energy, transportation and other disciplines, as well as localized talent training for service enterprises "going global". In addition, it should jointly popularize the Chinese language with countries along the Belt and Road to enhance international understanding. According to the actual situation of countries along the Belt and Road, a Chinese education development fund has been founded to focus on training local Chinese language teachers, explore multilingual learning experience and promote the popularization of the Chinese language.

#### (IV) Interaction between geo economy and geo politics

The “Silk Road” Economic Belt Onshore Project and the “21st Century Maritime Silk Road” Project both show that China’s policy has undergone a historic change, the importance of which can be compared with the reform and opening up policy. It was reported that another goal of China is to reduce its energy dependence on imports from major maritime routes. In 2012, about 84% of China’s oil imports went through the Strait of Malacca. However, it is wrong to look at the new Silk Road only from an economic perspective, as its connotation is much more. In short, this is a reorientation of geopolitics, and its political content is mainly about geopolitical strategy.<sup>18</sup> From this point of view, relying on multilateral contacts will be a wise choice. These institutions will make China’s capital output less politically sensitive. China’s decision on investing in an expensive project of a specific country will be immediately associated with political significance of such country. The case will be different if the project is funded by the Silk Road Fund, which is jointly participated by many countries.<sup>19</sup>

The coordinated development and integration within the Beijing-Tianjin-Hebei Cluster led by Beijing and the active integration of Beijing into the Belt and Road Initiative will not only promote the interaction of geo economy, but also create a new pattern in geopolitics. The Belt and Road is of strategic importance to China’s strategy of handling diplomatic relations with its surrounding countries. The strategic vision will start from China’s surrounding countries and regions, through connectivity construction and international platform cooperation, to build up a solid community for shared future. All relevant countries and regions should work together on the stage of building a new international economic, political and cultural order. From the perspective of security, the Belt and Road Initiative will not only lead to infrastructure, trade and financial cooperation, but also promote regional security cooperation and build a new framework for international security. The Belt and Road, which links Europe and Asia, and also radiates Africa, will inevitably promote the common development of these countries and contribute to the development of the world. The Belt and Road Initiative will become a new growth engine for Europe, Asia and Africa, bringing new economic and political belts to the region in the twenty-first century.<sup>20</sup>

#### (V) Interaction between opening up internally and externally

In the new context, the Chinese government has put forward the important strategic idea of managing its relations with the surrounding areas, and consolidating the strategic support of China’s surrounding areas is a concept to be upheld in the future handling of international relations. The Belt and Road is an effective way for China

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<sup>18</sup> Jin Ling (2015).

<sup>19</sup> Yuan Xintao (2014).

<sup>20</sup> Du Debin and Ma Yahua (2015).

to practice its new diplomatic concept and seek a reciprocal and win-win situation with its neighboring countries. The integrated development within the Beijing-Tianjin-Hebei Cluster and the development strategy of Beijing's active integration into the Belt and Road Initiative will surely help Beijing start wider, deeper and closer cooperation domestically and internationally, and strengthen its trade, financial and economic relations with Eurasian economies.

The Belt and Road Initiative is a platform for cooperation in economy, finance, trade, humanities and society. This open, inclusive and extensible platform covers a wide geographical range, including Central Asia, West Asia, South Asia and South-east Asia, and extends to the hinterland of Europe and Africa. The strategy of integrated development within the Beijing-Tianjin-Hebei Cluster with Beijing as the core and the development strategy of Beijing's active integration into the Belt and Road Initiative will create a new pattern of China's opening up internally and externally.

## **VI. Policy Guarantee for Beijing's Integration into the Belt and Road Initiative**

To well get integrated into the Belt and Road Initiative, Beijing should combine the above-mentioned aspects, such as the interactive relationship of the great triangle, the main points of strategy, and the comprehensive positioning of the strategy; well coordinate the domestic and international platforms, and mainly propose reasonable and feasible countermeasures from the perspectives of policy coordination, economic radiation, industrial gradient transformation, financial clustering function, and government governance mode.

(I) To highlight policy coordination function and build the "general command" of the Belt and Road in Beijing

Beijing should give play to its political advantage to normalize the political consultation with all countries along the Belt and Road, and actively promote the signing of the free trade area and investment protection agreement, establish a high level free trade area network, eliminate investment and trade barriers; raise the level of mutual opening between Beijing and all major cities in countries along the Belt and Road, and create a more relaxing, transparent and fair business environment; strengthen the cooperation between Beijing and customs, inspection and quarantine, standards certification departments and institutions of countries along the Belt and Road, promote mutual recognition of supervision, sharing of information and compatibility of standards, and reduce the cost of economic and trade cooperation; strengthen the cooperation between Beijing and areas with good ecological and environmental protection in countries along the Belt and Road, strictly implement environmental protection standards, take the initiative to assume social responsibility, and establish a good international image; make full use of the existing mechanisms such as APEC, Asia Cooperation Dialogue and ASEM in the municipality to actively participate in the discussions of the Belt and Road related topics and the strategic construction of the Belt and Road Initiative.<sup>21</sup>

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<sup>21</sup> Shen Xianjie and Xiao Jincheng (2014).

(II) To give play to the radiating role of Beijing as an international metropolis in economic development and promote the structural upgrading of itself and the surrounding areas

In 2013, the proportion of the output value of the tertiary industry in Beijing was 76.9%, slightly lower than that of an international metropolis in developed countries. The task of industrial restructuring in Beijing is very arduous. Meanwhile, Beijing's economic growth and structural adjustment are still affected by the increasing business costs, the high degree of aging, the scarcity of land resources, and the low conversion rate of scientific and technological achievements. Beijing's active participation in the Belt and Road Initiative will boost the industrial upgrading and industrial relocation of the Beijing-Tianjin-Hebei region and the cities in the region, and meanwhile realize Beijing's own industrial upgrading. Beijing's resource characteristics and urban functions determine that Beijing's future industrial development trend is high-end development of the industrial value chain. In the process of developing the "Four Centers", promoting the integration within the Beijing-Tianjin-Hebei Cluster and participating in the Belt and Road Initiative, Beijing will continue to reform and mature in the process of experience accumulation in areas of trade, finance, investment threshold policies and so on, which will surely have an important siphonic effect on the agglomeration of high-end elements.<sup>22</sup>

Meanwhile, the countries radiated by the Belt and Road Initiative have different advantages, which are mainly manifested in industries, labor, resources and markets. Economic complementarity brings great potential for cooperation. The alignment of the integration within the Beijing-Tianjin-Hebei Cluster taking Beijing as the core with the Belt and Road Initiative will surely help unleash this cooperation potential and achieve actual results. This will speed up the economic integration process in Eurasia, promote industrial upgrading in central and western China, and indirectly affect the upgrading of Beijing's industry.

Beijing should actively promote its own industrial structure adjustment and upgrading during its integration into the Belt and Road Initiative. Beijing can explore from the following four aspects: Firstly, it should stand at a higher position. Beijing should learn to look at the issue beyond the region but from the perspective of the whole Belt and Road region, so that it can further optimize its industrial layout, avoid homogeneous competition and dislocation development, and highlight the advantages of local industrial development. Secondly, it should adopt diversified forms. Beijing should actively explore new modes of investment cooperation, encourage cooperation in the construction of various industrial parks, such as overseas economic and trade cooperation zones and cross-border economic cooperation zones. The forms of industrial cooperation can be more diverse. Beijing should know how to integrate resources, learn to borrow resources, and cooperate with upstream and downstream industries and domestic and foreign enterprises at the level of industrial parks. Thirdly, it should get ready its basic skills. Under the Belt and Road Initiative, the transportation is the basic condition and main carrier, and also the priority area,

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<sup>22</sup> Siphonic effect means that the strong appeal of a city will attract investment from other places, thus slowing down the development of the latter.

while industrial development and industrial cooperation are the core and key. Before Beijing enjoys the Belt and Road Initiative related policy advantages, the first thing to do is to lay a good industrial foundation. According to the development priorities of different regions along the Belt and Road, the industrial gradients in eastern, central and western regions as well as the development statuses of existing industrial parks and industrial clustering areas, Beijing should re-examine, clarify and adjust the leading industries, create industrial clusters, form an irreplaceable advantage of local industries, consolidate the foundation of production, and better realize the maximization of complementary and cooperative effects between the domestic and foreign industries. Fourthly, it should follow the “market first” principle. The biggest bright in the blueprint of the Belt and Road Initiative is to put the market operation at an unprecedented height. Either the emphasis that the partners of foreign cooperation should be enterprises, projects or capital, or the clear requirement on following market rules and common international practices and giving full play to the decisive role of the market and the subjective role of different kinds of enterprises in the allocation of resources, all indicate that enterprises will become the daring vanguards of the Belt and Road Initiative.

In addition, it is necessary to speed up the integrated development within the Beijing-Tianjin-Hebei Cluster, thus further enhance the economic radiation capability of Beijing-Tianjin-Hebei region, promote the industrial integration of provinces in the Silk Road Economic Belt, and play an exemplary role in the industrial integration of countries along the Belt and Road. Beijing's neighboring provinces can study issues that might affect economic, trade and cultural cooperation under the Belt and Road Initiative, make a good plan and pool resources of various sources, coordinate various forces, establish the path of construction and promotion, avoid vicious competition within the region, and ensure the efficiency and effectiveness of construction. Local governments or departments should plan according to their respective location and functional positions, make clear key projects and work priorities, and give play to their respective advantages under the international and national planned frame. In addition, in order to effectively align the industrial planning of different levels and coordinate the planning of different departments, it is necessary to establish a public platform for information sharing; in view of the many unstable factors still existing in the areas along the Belt and Road, it is necessary to establish a set of efficient risk aversion, early warning and handling mechanisms, so as to achieve timely detection, early warning, early avoidance and proper handling.

(III) To identify Beijing's status as an investment and financing center and form financial clusters with the Belt and Road theme

Beijing, where major domestic financial institutions are headquartered, has accumulated a lot of experience in financial management. In the strategy of integrating into the Belt and Road, Beijing can leverage its function as the capital of China to actively accommodate the AIIB, the Silk Road Fund and the New Development Bank involved in the Belt and Road Initiative, thus forming interaction and cooperation between local bank headquarters and cross-national financial institutions. With the clustering of the Belt and Road related financial institutions mentioned above,

Beijing can attract more national banks of countries along the Belt and Road, and promote syndicate loan, credit guarantee and other businesses through consortiums. In addition, Beijing should make innovative use of PPP and other investment and financing modes, launch overseas investment insurance products, give certain subsidies to the purchase of relevant insurance, introduce and leverage private capital, and play the role of market mechanism. It should take various measures to build an investment and financing platform and mechanism with a variety of fund sources, a high allocation efficiency and a guaranteed investment income.<sup>23</sup>

(IV) To give full play to the supporting service functions through Beijing's international influence

Beijing should make full use of international forums and exhibitions to strengthen its external publicity, deepen the understanding of people in countries along the Belt and Road and create opportunities for cooperation; give play to Beijing's developed information network system, pool and integrate the Belt and Road Initiative related cooperation information of relevant countries, strengthen the information services of investment under the Belt and Road Initiative, and provide updates on the basis of the Country Guide for Foreign Investment Cooperation, including information on political relations, investment project, cooperation, situations of local enterprises and dynamic changes of various risks, to help relevant enterprises to reduce learning costs and reduce operational risks substantially; encourage Beijing-based research institutes to strengthen research on related issues of the Belt and Road Initiative, and provide enterprises with adequate intellectual support. It should develop and cultivate human resources through multiple channels and various ways, such as strengthening joint training, exchanges and cooperation between Beijing-based universities and universities of countries along the Belt and Road, speeding up the training of all kinds of talents suitable for bilateral investment; increasing the efforts of introducing language and management related talents, and providing preferential treatment for information, consultation, language and other specialties related talents in shortage under the Belt and Road Initiative; and suggesting the establishment of specialized training institutions at the national level for the Belt and Road Initiative by leveraging Beijing's rich educational resources.

(V) To leverage Beijing's advantage as China's cultural center to promote cultural exchange of countries along the Belt and Road

Beijing's culture is typical and represents the spirit of Chinese traditional culture. Beijing's culture has always maintained the tendency of valuing justice over profit, is particularly interested in abstract principles such as justice, fairness and truth, and attaches great importance to etiquette and civilization. Fundamentally speaking, Beijing's culture is a kind of culture based on morality and propriety, which contains human dignity, human warmth and Chinese unique way of life, and represents the traditional ideals and hopes of Chinese people. Beijing should make full use of this advantage to build a world-class and domestically top tourism and cultural city,

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<sup>23</sup> Wang Min et al. (2015).

which will not only bring huge economic benefits to Beijing, but also increase the influence and radiation of Beijing and even Chinese culture in the world. To get integrated into the Belt and Road Initiative and strengthen cultural exchanges with countries along the Belt and Road, Beijing should pay attention to the following points. Firstly, it should make full use of the existing cultural resources, focus on developing cultural tourism, attract people from all countries along the Belt and Road or other regions to Beijing, contain diverse cultures and absorb excellent culture. Secondly, Beijing should integrate its tourism resources in an all-round way to form a tourism cultural center with its own characteristics. It should combine the charming traditional culture and rich and colorful contemporary culture to form famous brands of Beijing's cultural tourism, and name the brands after some characteristics of the Belt and Road Initiative and export Beijing's excellent culture. Beijing should turn it into a bridge for countries along the Belt and Road and across the world to learn about China.

In addition, Beijing should make use of its existing education think-tank resources and promote the construction of the think-tanks in countries along the Belt and Road. With countries along the Belt and Road as the priority direction, Beijing should give play to the role of related research institutes in universities, focus on comprehensive strategic research and carry out region- and country-specific competitiveness of education, pay close attention to the big education landscape and cooperation space of the Belt and Road Initiative, promote cross-border ethnic education opening-up and promote the construction of the Belt and Road cultural exchange mechanism.

(VI) To take the Belt and Road Initiative as a development opportunity, to explore new ways of financial institutions' transformation

Under the Belt and Road Initiative, financial institutions are important backup for platform development. An active and effective exploration of financial innovation can improve the efficiency of capital allocation. Beijing pools important financial institutions across China. During the construction of the Belt and Road platform, financial institutions should actively explore new ways and paths for business transformation, adhere to compliance management, strictly control internal management, strengthen team building, build a harmonious culture, create excellent business performances, and create high-quality financial brands. In the meantime, relying on high-quality financial products, they should innovate on financial service modes, fulfill social responsibility, achieve good economic and social benefits, and continuously increase market share.<sup>24</sup>

In the process of Beijing's integration into the Belt and Road Initiative, the exploration and transformation of financial institutions can start from the following aspects. Firstly, the financial institutions should seek diversified financing modes and support local economic construction. They should closely follow the orientation of national key construction programs, focus on the pillar industries and key enterprise construction projects of economic development, and continue to provide financing support for major construction projects, major industrial projects and livelihood projects in

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<sup>24</sup> Zhao Zhongbin (2015).

various ways. Secondly, they should innovate and serve the development of small and micro enterprises. All financial institutions in Beijing should carry out fine chain marketing, actively try to explore the development mode of cluster customers in business circles, build the “credit factory” mode of small and micro enterprises and the “factoring online” network financing system, and provide information management, financing, settlement and other comprehensive and whole-process financial services for the core enterprises and upstream and downstream enterprises in the supply chain through collaboration of online financing, e-commerce and other online platforms. Thirdly, they should care for people’s livelihood and continue to implement the inclusive finance. Financial institutions in Beijing should always focus on serving the people’s livelihood, continuously promote credit regulation, connect with financial support policies, actively implement financial service measures for the people’s livelihood, incline credit supply to the people’s livelihood, improve relevant organizations and systems, and increase support for the people’s livelihood related financial fields. Fourthly, they should stick to the bottom line and realize sustainable and steady development. Tightening the risk fence and building up the risk defense line is the eternal theme of bank operation. All financial institutions in Beijing should continue to promote active risk management and comprehensive risk management, strengthen the construction of risk management system, enhance early warning and strict control of projects in key areas, and continue to maintain the high pressure of case prevention. Among them, their credit business should adhere to the management system of full-line coverage, whole-process monitoring and centralized operation, and construct the risk management and operation architecture system with the sufficient reach and depth. In the meantime, they should adhere to the rule of business, and be committed to a simple, harmonious and fair corporate culture. They should strengthen the assessment and guidance of cadres and employees, establish a flexible talent flow mechanism, and constantly improve the career development planning mechanism of employees.

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