

China in South Asia - South Asia in China: OBOR and the Sri Lankan Experience

International Conference 2017



Regional Centre for Strategic Studies

PAPER TITLE

**Investment Pattern between China and Regions along the Routes of
the Belt and Road Initiative**

***Ran Jie**

* **Dr. Ran Jie** is currently the Secretary General, South Asia Economy and Culture Exchange Center, Sichuan, China; Associated Professor, Institute of South Asia Studies, Sichuan University and Visiting Professor, Center for Trans-Himalaya Tourism and Culture Studies, Leshan Normal University, Sichuan, China.

Investment Pattern between China and Regions along the Routes of the Belt and Road Initiative

Ran Jie

South Asia Economy and Culture Exchange Center

Chengdu, China.

1. Introduction

The Belt and Road Initiative (hereinafter referred to as the “B&R”), a sub region cooperation initiative, has been put forward by Chinese government. The Initiative aims to create actively economic partnership with the countries along the routes the “B&R” through using the historical symbol of the ancient Silk Road and holding the banner of peaceful development highly. Moreover, it will build an interest, fate and responsibility community in terms of mutual political trust, economic integration, and culture inclusiveness. International direct investment is considered as the important content of "financing" which is the key point of the cooperation of countries along the routes of the “B&R”. Hence, the research on the pattern of international investment and dependence of investment, as well as the contribution to the regional economic level research has very important significance; this also is the main research content of this article.

2. Research Methods and Data Sources

2.1 The Measure of Absolute Investment Dependence

We adapt FDI share index to measure the absolute dependence of direct investment in the projects of the countries along the routes (including China) of the “B&R”. FDI share index can comprehensively reflect the influence of OFDI and INFDI, computation equation is as follows:

$$D_{ij} = \frac{(x_{ij} + x_{ji} + \varphi_{ij} + \varphi_{ji}) \times 100\%}{x_i + x_j + \varphi_i + \varphi_j} \quad (1)$$

In the equation,

x_{ij} refers to the total direct investment from country i to country j

x_{ji} refers to the total direct investment from country j to country i

φ_{ij} refers to the total direct investment accepted by country i from country j

φ_{ji} refers to the total direct investment accepted by country j from country i

x_i and x_j refer to the total FDI of country i and country j respectively

φ_i and φ_j refer to the total FDI accepted by country i and country j respectively

D_{ij} has value between [0-1], when it tends to 1, it indicates that the dependence of investment between the two countries i and j countries is significant and vice versa.

2.2 The Measure of Relative Investment Dependence

In fact, Brown (1949), Kojima (1964), Drysdale and Garnaut (1982), and other scholars have created the concept and index calculation of relative investment dependence between the two countries. We use the equation to calculate the measure of relative investment dependence between the two countries.

The equation is as follows:

$$RD_{ij} = \frac{x_{ij} + x_{ji} + \varphi_{ij} + \varphi_{ji}}{x_i + x_j + \varphi_i + \varphi_j} \times \frac{2x_w + 2\varphi_w}{x_i + x_j + \varphi_i + \varphi_j} \quad (2)$$

In the equation, x_w and φ_w are the world OUTFDI total amount and total INFDI.

2.3 HM Index

We use the *HM* Index (Hubness Measurement Index) constructed by Baldwin (2003) to measure the investment dependence between the routes of the “B&R” and China. The Index calculation equation is as follows:

$$HM_j = \frac{\varphi_{ij}}{\varphi_j} \times \left(1 - \frac{x_{ij}}{x_i} \right) \quad (3)$$

In the equation:

x_{ij} refers to the total direct investment from country i into country j

x_i refers to the total FDI of country i

φ_{ij} refers to the total direct investment accepted by country i from country j in the routes

φ_j refers to the total FDI of country j in the routes

Here, *HM* measures the level of country i 's investment dependence on country j . *HM* takes range of values between 0 and 1. It denotes that the bigger *HM* is, the higher the level of country i 's investment dependence on country j is and vice versa.

2.4 Data Sources

The Outward FDI and Inward FDI data is quoted from UNCTAD database. The national investment data in terms of China to the countries along the routes is collected from “*Statistical Bulletin of China's Outward FDI*” over the years. Meanwhile, the data of FDI of China is from

the “China Statistical Yearbook” over the years. National GDP and the GDP growth rate are from the World Bank Data.

2.5 Research Region

The “B&R” Initiative involves wide regions where in fact is no obvious boundary of geographical areas. For simply research, besides China, this paper use Chinese scholars Zou Jialing’s (2015)¹ study, set the countries along the “B&R” routes as six regions, including 8 countries of southern Asia, 19 countries of central and eastern Europe, 11 countries of southeast Asia, 5 countries of central Asia, Russia and Mongolia, 19 countries of western Asia and the Middle East.

Tab.1 Countries and Regions of the “B&R” Routes

Regions	Countries
Russia and Mongolia	Russia and Mongolia
5 countries of central Asia	Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan
19 countries of central and eastern Europe	Poland, Czech, Slovakia, Hungary, Slovenia, Croatia, Bulgaria, Serbia, Montenegro, Macedonia, Bosnia and Herzegovina, Albania, Estonia, Lithuania, Latvia, Ukraine, Belarus and Moldova
19 countries of western Asia and the Middle East	Turkey, Iran, Syria, Iraq, the united Arab emirates, Saudi Arabia, Kuwait, Lebanon, Oman, Qatar, Oman, Yemen, Jordan, Israel, Palestine, Armenia, Georgia, Azerbaijan and Egypt
8 countries of southern Asia	India, Pakistan, Bangladesh, Afghanistan, Nepal, Bhutan, Sri Lanka and the Maldives
11 countries of southeast Asia	Vietnam, Laos, Cambodia, Thailand, Malaysia, Singapore, Indonesia, Brunei, the Philippines, Burma, and East Timor

3. Pattern Analysis of the Direct Investment between China and the Countries along the Routes

3.1 The Trend of FDI between China and the Countries along the Routes

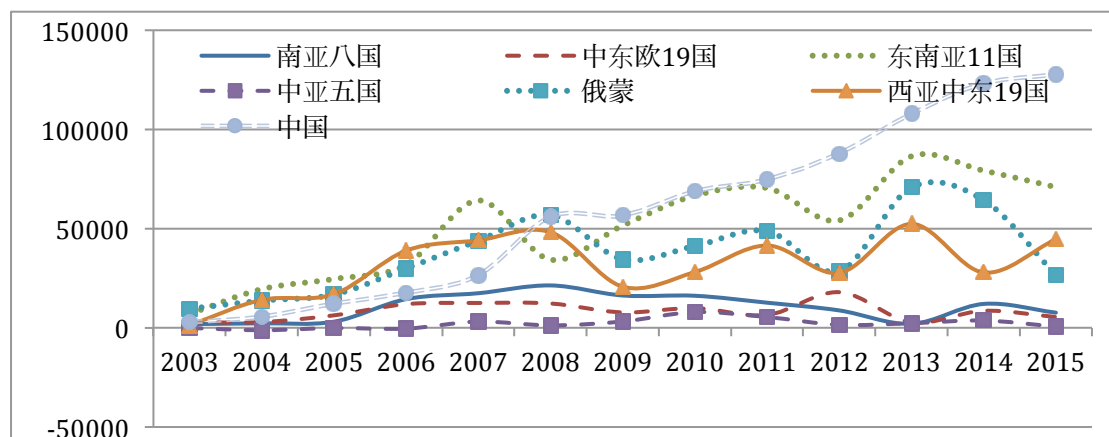
3.1.1 Overview of OFDI and INFDI of the Countries along the Routes

(1) OFDI of the “B&R” Initiative

Overall, the OFDI of the “B&R” is increasing. Not only was direct investment flows of 8 countries of southern Asia, 5 countries of central Asia, and 19 countries of central and eastern Europe relatively low, but the growth speed of OFDI was not significant from 2003 to 2015. Comparatively speaking, 19 countries of western Asia and the Middle East, Russia and Mongolia, 11 countries of Southeast Asia and China had higher flows than others. More specifically, China provided the highest flows of OFDI, followed by 11 countries of Southeast Asia, Russia and Mongolia, and 19 countries of western Asia and the Middle East. The flows trends of latter 4

¹ Zou J L et al. 2015. Spatial patterns and economic effects of China’s trade with countries along the Belt and Road [J]. Progress in Geography, (2015) No. 05, p589-605.

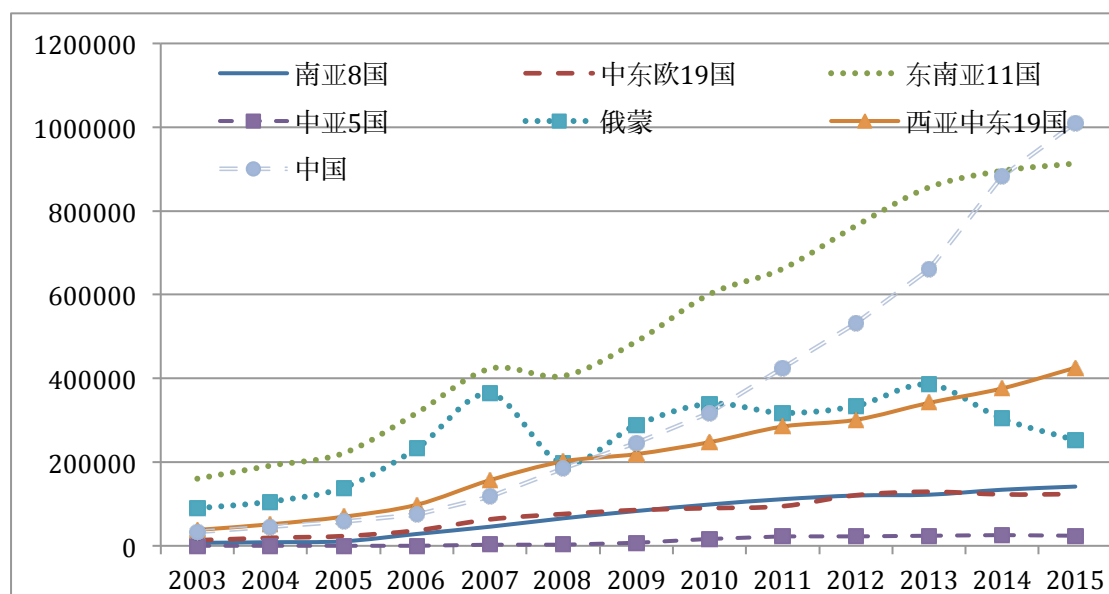
regions soared from 2003 to 2015. China also experienced the highest OFDI growth, followed by 11 countries of Southeast Asia. In the meantime, the OFDI flows of Russia and Mongolia, 19 countries of western Asia and the Middle East have grown nearly at the same speed.



Data resource: Calculated according to the original data Unit: Ten thousand USD

Fig.1 OUTWARD FDI Flows Trend of the Countries along the Routes (2003-2015)

Speaking on the stocks, 8 countries of southern Asia, 5 countries of central Asia and 19 countries of central and eastern Europe increased slowly with comparatively short FDI stocks. On the contrary, 11 countries of southeast Asia reached the highest FDI stocks with faster growth. China experienced the fastest growth and offered the second highest stocks. Russia and Mongolia and 19 countries of western Asia and the Middle East were at the mid-level with the similar stocks and growth.

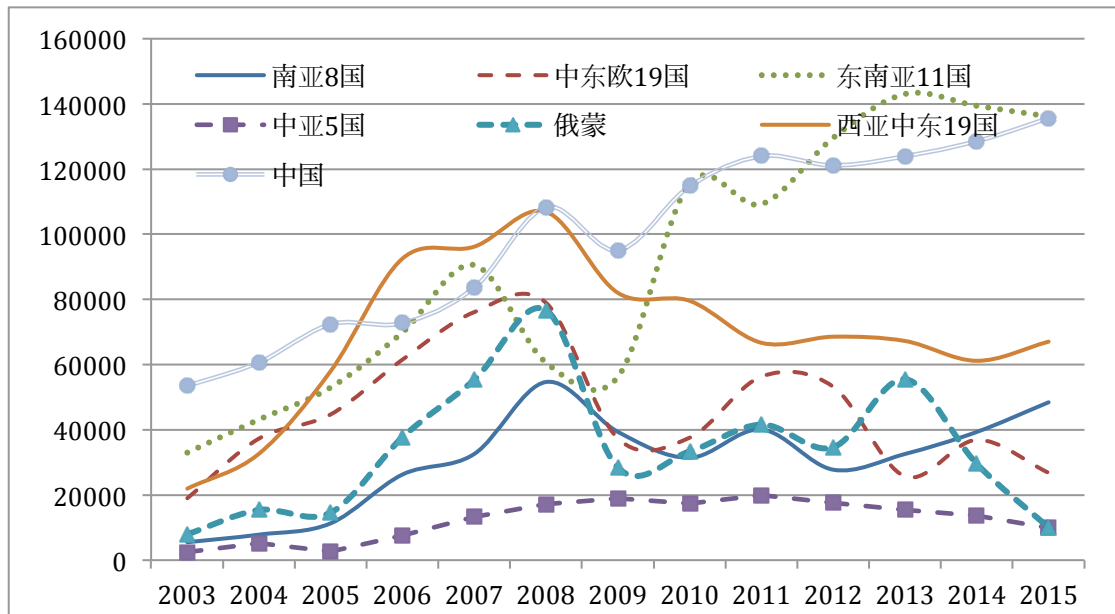


Data resource: Calculated according to the original data Unit: Ten thousand USD

Fig.2 OUTWARD FDI Stocks Trend of the Countries along the Routes (2003-2015)

(2) INFDI of the “B&R” Initiative

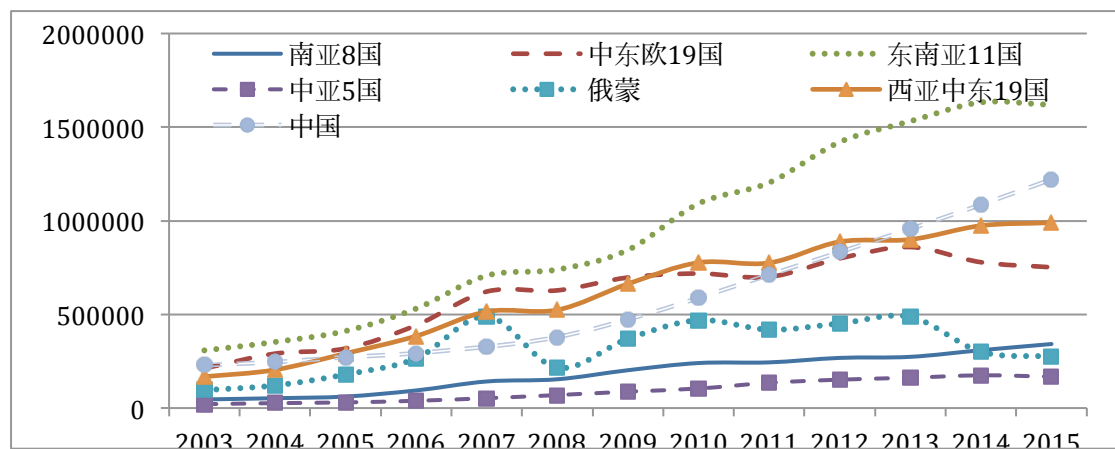
In terms of the INFDI flows of the routes, after the global economic crisis in 2008, 11 countries of southeast Asia and China obtained the highest flows and the fastest growth, while the other regions rapidly plunged and then stabilized at a low lever, except the 5 countries of central Asia. Data resource: Calculated according to the original data



Unit: Ten thousand USD

Fig.3 INWARD FDI Flows Trend of the Countries along the Routes (2003-2015)

In terms of the INFDI stocks, 11 countries of southeast Asia had the highest total amount and speed. 19 countries of western Asia and the Middle East and China had nearly same total amount and speed. The other regions of the routes, Russia and Mongolia, 8 countries of southern Asia and 5 countries of central Asia, experienced the relative lowest total amount and speed.



Data resource: Calculated according to the original data Unit: Ten thousand USD

Fig.4 INWARD FDI Stocks Trend of the Countries along the Routes (2003-2015)

(3) Static Analysis of the OFDI and INFDI Pattern of the “B&R” Initiative

In order to analyze the investment between China and countries along the routes clearly, we took cross-section data of 2014 to analyse the data distribution Patterns.

It can be seen from the OFDI data that the flows of Russia and Mongolia, 11 countries of southeast Asia and China occupy 83.67% in total, 20.18%, 24.85% and 38.64% respectively, which denotes these countries and regions had a fast accumulation on OFDI in 2014. In terms of stocks, 11 countries of southeast Asia and China account for 64.9% in the routes, 32.69% and 32.21% respectively; Russia and Mongolia, and 19 countries of western Asia and the Middle East represent 24.8%, 11.08% and 13.72% respectively. It indicates that 11 countries of southeast Asia and China is the main region or economy in foreign investment around the routes.

It also can be seen from the INFDI data that the flows of 11 countries of southeast Asia and China occupy 60.58% in the routes, 30.35% and 30.23% respectively, which demonstrates that these regions and countries possessed the superior and attractive investing environment for FDI. Meanwhile, the 8 countries of southern Asia and 19 countries of western Asia and the Middle East constitute 25.75% in total, 10.80% and 14.95% respectively, which shows that these regions and countries have improved and enhanced the attraction of investing environment for FDI. In terms of INFDI stocks, 11 countries of southeast Asia represent the highest proportion of 30.80%, followed by China (23.23%). 19 countries of western Asia and the Middle East and 19 countries of central and eastern Europe also occupy a higher percentages, 14.30% and 18.84% respectively, which denotes that these two regions have accumulated a certain amount of FDI with a sound foundation for regional cooperation.

Tab.2 Capacity of OFDI & INFDI of the “B&R” Reroutes

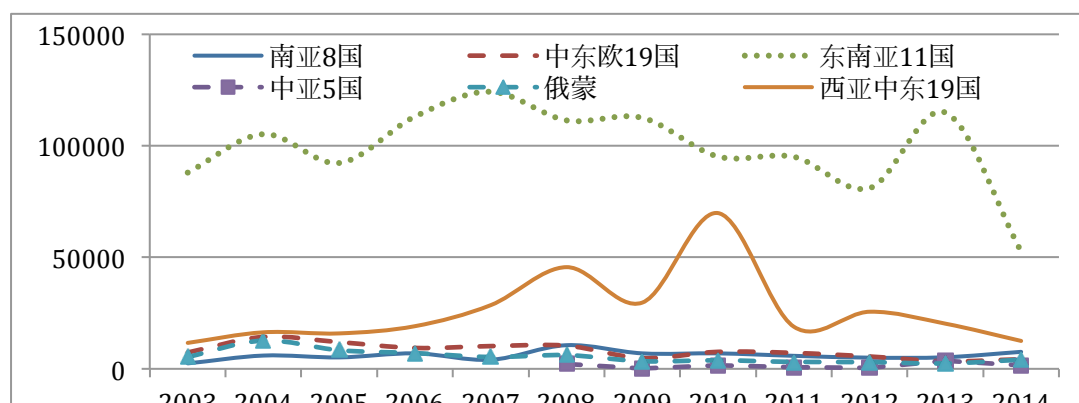
	OBOR OFDI FLOW	OBOR OFDI STOCK	OBOR INFDI FLOW	OBOR INFDI STOCK
8 countries of southern Asia	3.77%	4.89%	10.80%	6.51%
19 countries of central and eastern Europe	2.68%	4.48%	5.98%	14.30%
11 countries of southeast Asia	24.85%	32.69%	30.35%	30.80%
5 countries of central Asia	1.14%	0.93%	2.22%	3.19%
Russia and Mongolia	20.18%	11.08%	2.23%	5.24%
19 countries of western Asia and the Middle East	8.74%	13.72%	14.95%	18.84%
China	38.64%	32.21%	30.23%	23.23%

Data resource: Calculated according to the original data

3.1.2 Overview of OFDI and INFDI between China and the Countries along the Routes

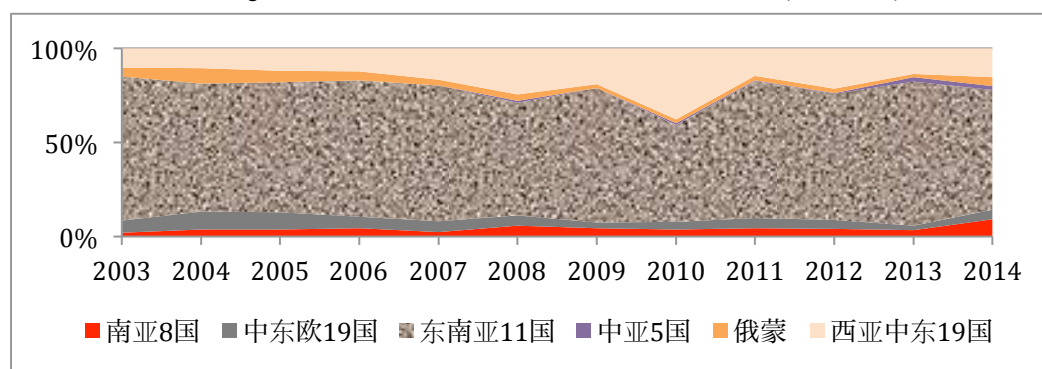
(1) Dynamic Analysis of the Countries' Direct Investment in China

Based on the statistical data of the countries' direct investment in China between 2003 to 2014, it was observed that 11 countries of southeast Asia has made an investment far higher than other regions. 19 countries of western Asia and the Middle East have invested slightly higher in China compared to 8 countries of southern Asia, Russia and Mongolia, 19 countries of central and eastern Europe, and 5 countries of central Asia. In terms of proportions, 11 countries of southeast Asia occupy 60% to 70%, which could be considered as the main region of direct investment in China. Then, 19 countries of western Asia and the Middle East were the second important region which have provided 10%-25% direct investment in China.



Data resource: Calculated according to the original data Unit: Ten thousand USD

Fig.5 Trend of the Countries' Direct Investment in China (2003-2014)

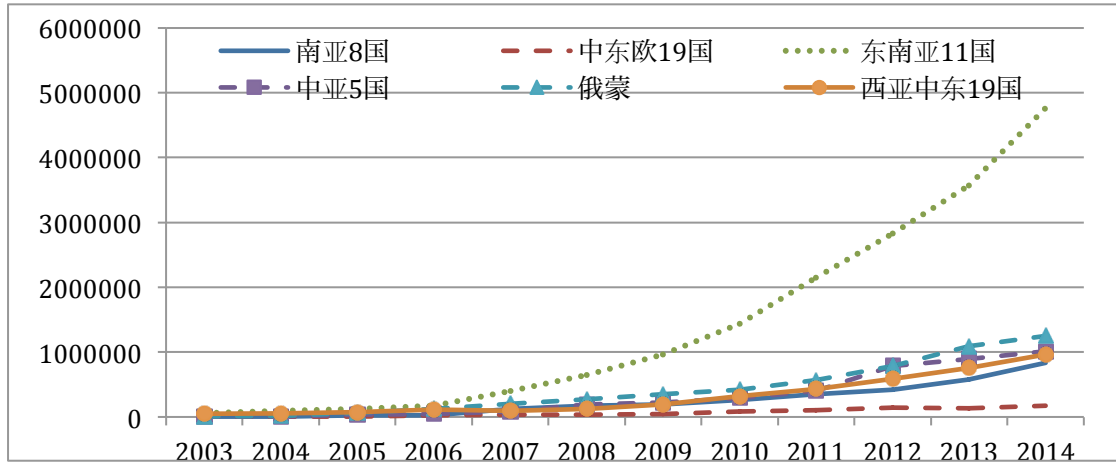


Data resource: Calculated according to the original data Unit: Ten thousand USD

Fig.6 Percentage Distribution of the Countries' Direct Investment in China (2003-2014)

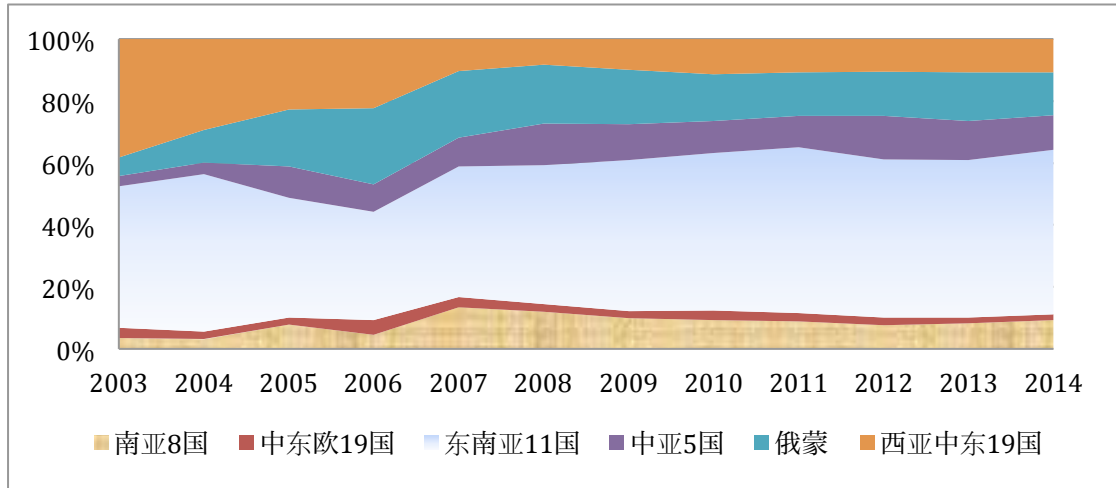
(2) Dynamic Analysis on China's Direct Investment in the Countries along the Routes

The 11 countries of southeast Asia attracted the highest stocks and the fastest growth of direct investment made by China, which represent from 40% to 50%. Meanwhile, China's direct investment went up slowly in other regions but increased by years, which all accounts for 10% to 15% except 19 countries of central and eastern Europe.



Data resource: Calculated according to the original data Unit: Ten thousand USD

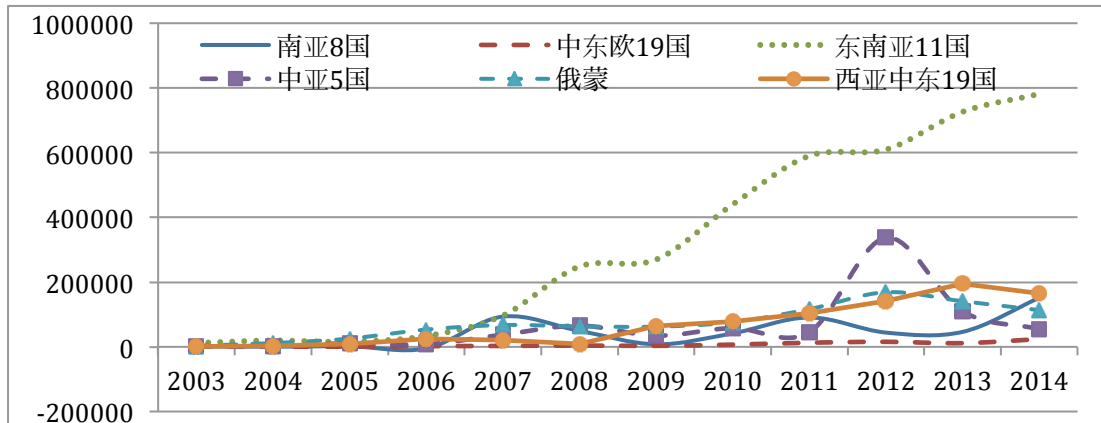
Fig.7 Stocks of China's Direct Investment in the Countries along the Routes (2003-2014)



Data resource: Calculated according to the original data Unit: Ten thousand USD

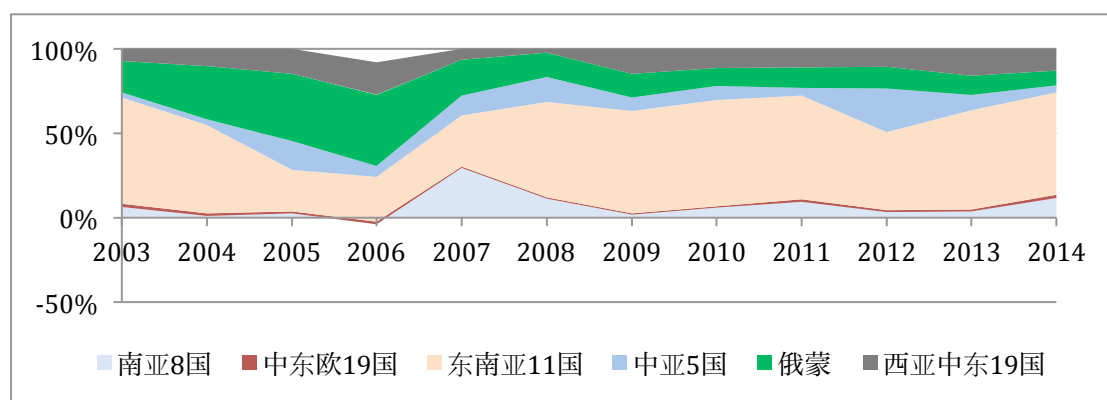
Fig.8 Percentage Distribution of China's Direct Investment Stocks in the Countries along the Routes (2003-2014)

It was easily observed that 11 countries of southeast Asia obtained much higher flows of direct investment from China than other Countries along the Routes. China offered around 50%-60% investment in this region since the international financial crisis happened in 2008. Besides that, China also provided 10% to 15% direct investment in all other four regions except 19 countries of central and eastern Europe.



Data resource: Calculated according to the original data Unit: Ten thousand USD

Fig.9 Flows Distribution of China's Direct Investment in the Countries along the Routes (2003-2014)



Data resource: Calculated according to the original data Unit: Ten thousand USD

Fig.10 Percentage Distribution of China's Direct Investment flows in the Countries along the Routes (2003-2014)

3.1.3 Static Analysis on Direct Investment between the Countries along the Routes and China

In 2014, the flows and stocks of China's investment reached in 12.91658 billion USD and 89.79033 billion USD respectively. In terms of the flows, 11 countries of southeast Asia takes the largest share at 60.53%, followed by 19 countries of western Asia and the Middle East and 8 countries of southern Asia with sharing 12.83% and 11.73% respectively. The 19 countries of central and eastern Europe only obtain the smallest part at 1.85%.

In terms of stocks, the 11 countries of southeast Asia occupy 53.07%, followed by Russia and Mongolia, 5 countries of central Asia, 19 countries of western Asia and the Middle East with accounting for 13.87%, 11.24% and 10.67%. 19 countries of central and eastern Europe only represents 1.88%.

Considering the direct investment from the routes in China, 11 countries of southeast Asia invested the most which occupy 63.67%, followed by 19 countries of western Asia and the Middle East with accounting for 15.15%. The 8 countries of southern Asia's investment constitute 9.22%, while 5 countries of central Asia only represent 1.78%.

Tab.3 Percentage Distribution of China's Direct Investment in the Countries along the Routes (2014)

China's OFDI To and INFDI From "B&R"			
	China OFDI-F to "B&R"	China OFDI-S To "B&R"	"B&R" OFDI To China
8 countries of southern Asia	11.73%	9.27%	9.22%
19 countries of central and eastern Europe	1.85%	1.88%	5.20%
11 countries of southeast Asia	60.53%	53.07%	63.67%

5 countries of central Asia	4.26%	11.24%	1.78%
Russia and Mongolia	8.80%	13.87%	4.97%
19 countries of western Asia and the Middle East	12.83%	10.67%	15.15%

Data resource: Calculated according to the original data

3.1.4 Investment Dependence Analysis between the Countries along the Routes and China

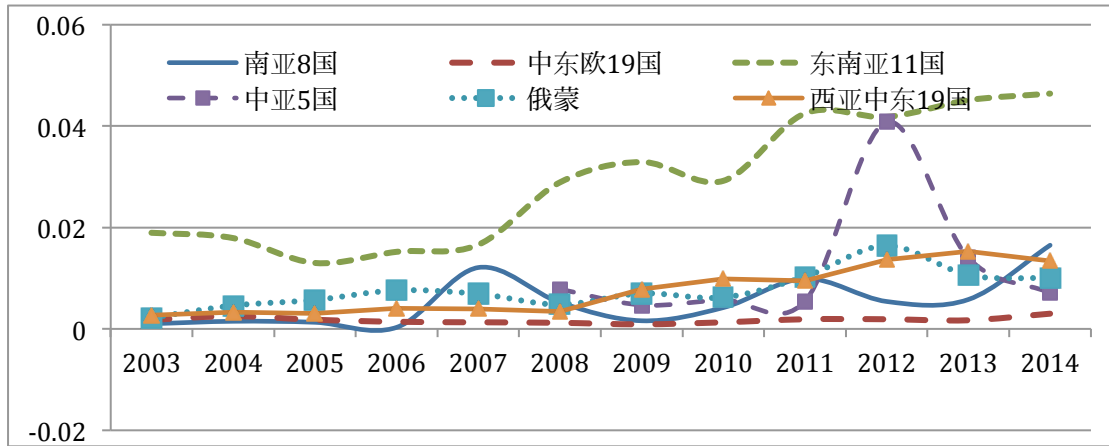
(1) Absolute Investment Dependence of FDI between China and the Countries along the Routes

Based on the Eq. (1), we can calculate the absolute investment dependence of FDI between China and the Countries along the Routes. Calculated results indicate a general upward trend and an increasing absolute investment dependence, especially the highest level existing between China and 11 countries of southeast Asia, followed by similar level between 8 countries of southern Asia, 19 countries of western Asia and the Middle East, and Russia and Mongolia. China and 5 countries of central Asia have the lowest level of absolute investment dependence of FDI (Fig.10).

Tab.4 Absolute Investment Dependence of FDI between China and the Countries along the Routes (Base on the World)

Year	8 countries of southern Asia	19 countries of central and eastern Europe	11 countries of southeast Asia	5 countries of central Asia	Russia and Mongolia	19 countries of western Asia and the Middle East
2003	0.0010	0.0018	0.0190		0.0022	0.0027
2004	0.0015	0.0025	0.0179		0.0046	0.0033
2005	0.0013	0.0018	0.0130		0.0057	0.0031
2006	0.0003	0.0014	0.0152		0.0076	0.0040
2007	0.0121	0.0013	0.0166		0.0069	0.0039
2008	0.0052	0.0012	0.0289	0.0079	0.0048	0.0034
2009	0.0016	0.0009	0.0329	0.0047	0.0070	0.0079
2010	0.0042	0.0013	0.0292	0.0057	0.0062	0.0098
2011	0.0099	0.0019	0.0425	0.0055	0.0103	0.0095
2012	0.0054	0.0019	0.0418	0.0408	0.0164	0.0137
2013	0.0058	0.0017	0.0451	0.0140	0.0106	0.0153
2014	0.0165	0.0030	0.0464	0.0071	0.0100	0.0134

Data resource: Calculated according to the original data



Data resource: Calculated according to the original data

Fig.11 Absolute Investment Dependence of FDI between China and the Countries along the Routes

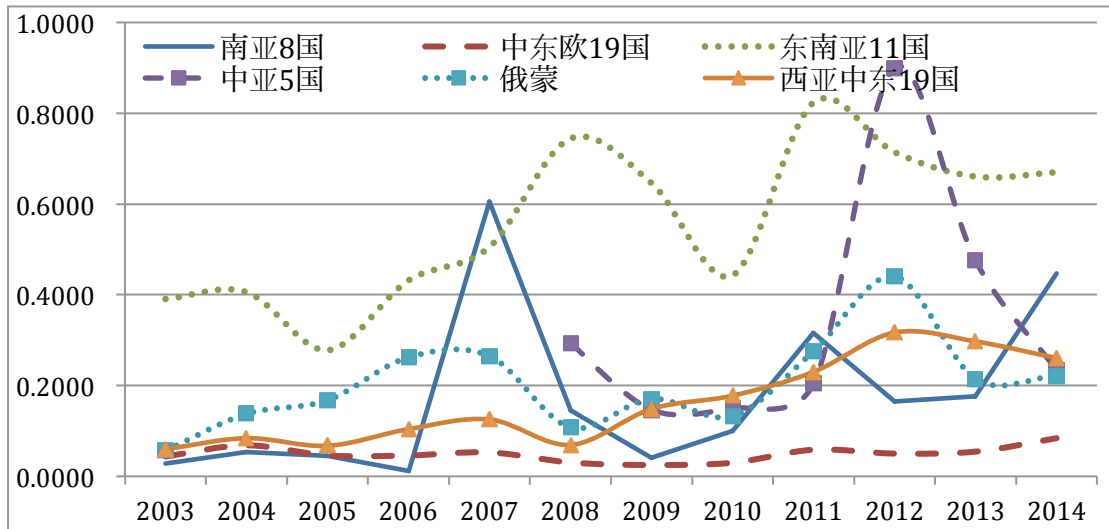
(2) Relative Investment Dependence of FDI between China and the Countries along the Routes

Based on the Eq. (2), we can calculate the relative investment dependence of FDI between China and the Countries along the Routes showed in Tab.5. In terms of long-term trend, calculated results indicates a general upward trend with fluctuating in relative investment dependence level, especially the highest one existed between China and 11 countries of southeast Asia. There are similar levels of relative investment dependence between China and other Countries along the Routes, 5 countries of central Asia.

Tab.5 Relative Investment Dependence of FDI between China and the Countries along the Routes (Based on the World)

Year	8 countries of southern Asia	19 countries of central and eastern Europe	11 countries of southeast Asia	5 countries of central Asia	Russia and Mongolia	19 countries of western Asia and the Middle East
2003	0.0289	0.0444	0.3909		0.0567	0.0600
2004	0.0535	0.0683	0.4059		0.1377	0.0841
2005	0.0458	0.0461	0.2779		0.1677	0.0674
2006	0.0119	0.0460	0.4317		0.2623	0.1040
2007	0.6051	0.0527	0.5052		0.2651	0.1254
2008	0.1456	0.0306	0.7443	0.2929	0.1079	0.0693
2009	0.0415	0.0251	0.6459	0.1468	0.1708	0.1487
2010	0.1005	0.0301	0.4429	0.1506	0.1326	0.1778
2011	0.3161	0.0587	0.8237	0.2041	0.2754	0.2302
2012	0.1650	0.0502	0.7142	0.9000	0.4406	0.3168
2013	0.1764	0.0545	0.6605	0.4749	0.2149	0.2973
2014	0.4465	0.0841	0.6700	0.2341	0.2216	0.2605

Data resource: Calculated according to the original data



Data resource: Calculated according to the original data

Fig.12 Trend of Relative Dependence of FDI between China and the Countries along the Routes

(3) China's Dependence of FDI on the Countries along the Routes

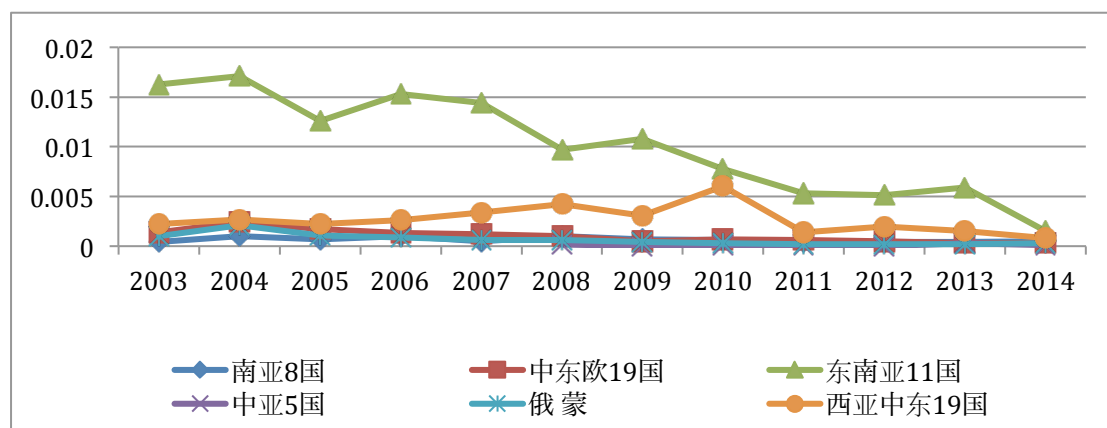
After analyzing the relative investment dependence of FDI between China and the Countries along the Routes, in order to precisely understand the level of dependence, we used *HM* index to calculate the one-way dependence of China on the countries or the countries on China.

According to the Eq. (3), we can calculate the levels of China's FDI dependence on the countries along the routes (Tab.5). As shown in Fig. 12, China has the highest level of FDI dependence on the 11 countries of southeast Asia, then on the 19 countries of western Asia and the Middle East, with comparatively low level on the other regions. The trend of China's FDI dependence on the countries along the routes has plunged from 2003 to 2014.

Tab.6 China's FDI Dependence on the Countries along the Routes (Base on the World)

Year	19 countries					
	8 countries of southern Asia	of central and eastern Europe	11 countries of southeast Asia	5 countries of central Asia	Russia and Mongolia	19 countries of western Asia and the Middle East
2003	0.0004	0.0014	0.0163		0.0010	0.0022
2004	0.0010	0.0024	0.0171		0.0021	0.0027
2005	0.0007	0.0017	0.0126		0.0011	0.0022
2006	0.0010	0.0013	0.0153		0.0009	0.0026
2007	0.0005	0.0012	0.0144		0.0006	0.0034
2008	0.0010	0.0010	0.0097	0.0002	0.0006	0.0042
2009	0.0007	0.0005	0.0108	0.0000	0.0004	0.0031
2010	0.0006	0.0007	0.0078	0.0001	0.0003	0.0060
2011	0.0004	0.0006	0.0053	0.0001	0.0002	0.0014
2012	0.0004	0.0005	0.0051	0.1919	0.0002	0.0020
2013	0.0004	0.0003	0.0059	0.0003	0.0002	0.0015
2014	0.0005	0.0003	0.0015	0.0001	0.0003	0.0008

Data resource: Calculated according to the original data



Data resource: Calculated according to the original data

Fig.13 Trend of China's Dependence of FDI on the Countries along the Routes

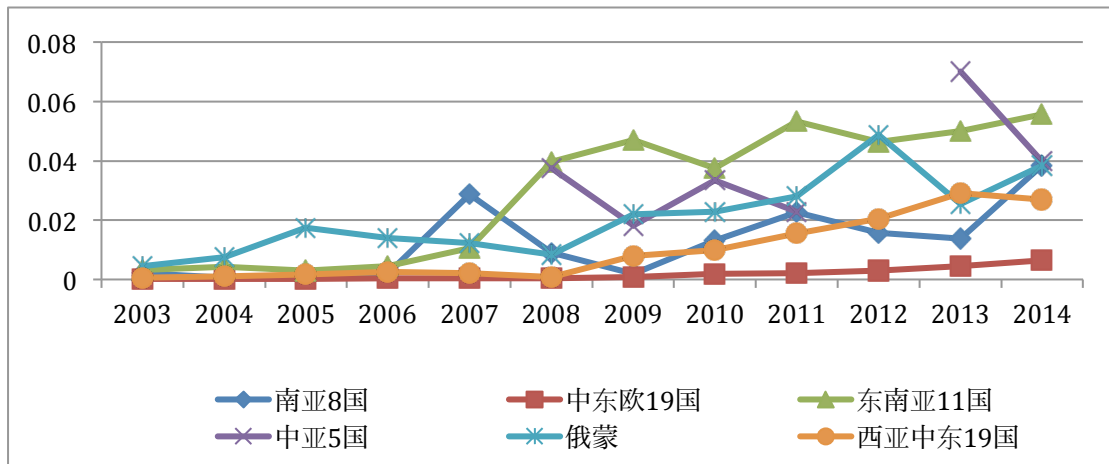
(4) The Countries' Dependence of FDI on China

According to the Eq. (3), we can calculate the levels of the countries' FDI dependence on China. From 2003 to 2014, the FDI dependence of the countries on China has presented the obvious trend of rising, since the global financial crisis of 2008. As shown in Fig. 14, except the 19 countries of central and eastern Europe, the five regions had have high investment dependence level on China, especially the 11 countries of southeast Asia have reached the highest level of FDI dependence on China. During the period, 8 countries of southern Asia, 19 countries of central and eastern Europe, Russia and Mongolia and 19 countries of western Asia and the Middle East have had similar level of FDI on China.

Tab.7 the Countries' FDI Dependence on China (Base on the World)

Year	8 countries of southern Asia	19 countries of central and eastern Europe	11 countries of southeast Asia	5 countries of central Asia	Russia and Mongolia	19 countries of western Asia and the Middle East
2003	0.0021	0.0002	0.0032		0.0044	0.0006
2004	0.0006	0.0001	0.0043		0.0076	0.0011
2005	0.0015	0.0001	0.0029		0.0175	0.0016
2006	0.0019	0.0003	0.0046		0.0141	0.0026
2007	0.0287	0.0004	0.0105		0.0122	0.0021
2008	0.0090	0.0005	0.0396	0.0375	0.0083	0.0008
2009	0.0020	0.0008	0.0470	0.0182	0.0220	0.0079
2010	0.0132	0.0018	0.0375	0.0334	0.0228	0.0098
2011	0.0226	0.0022	0.0533	0.0228	0.0280	0.0155
2012	0.0158	0.0029	0.0464	0.1919	0.0487	0.0204
2013	0.0138	0.0044	0.0501	0.0701	0.0254	0.0290
2014	0.0383	0.0064	0.0557	0.0400	0.0384	0.0270

Data resource: Calculated according to the original data



Data resource: Calculated according to the original data

Fig.14 Trend of the Countries' Dependence of FDI on China

4. Conclusion and Discussion

(1) The “B&R” Raise Total FDI and FDI Attraction Ability.

The overall capability of FDI of the countries along the routes has been enhancing, most of which are developing countries; at the same time, FDI flows and stocks keep increasing. This suggests that economic strength of countries along the routes gradually increases and domestic capital accumulation has foreign investment's economic strength and international economic management ability. Moreover, increasing FDI inflows optimizes the investment environment of these countries and regions, which have the ability to receive FDI industrial foundation. Increased direct investment inflows and outflows shows that the region has good internal and external productive capital resources, and lay a foundation of the international investment cooperation, which has the objective and subjective conditions for the sub-regional cooperation of ‘B&R’. China, 11 countries of Southeast Asia, 19 countries of western Asia and the Middle East, Russia and Mongolia have significant high FDI and FDI attraction, which indicate the higher international economic cooperation level and active economy of these countries and regions.

(2) Obvious Growing Trend of Direct Investment of “B&R” Regions with China.

From the data of 2003-2014, increasing direct investment of the “B&R” regions with china shows the international economic cooperation has been gradually deepening and bilateral economic cooperation has been continually strengthening. Specifically, direct investment of “B&R” regions with China also suggests that these countries have complementary advantages in the industry and in the consumer market. Especially larger mutual direct investment scale and quick investment growth of China with 11 countries of the Southeast Asia and 19 countries of the western Asia and the Middle East, which are the main destinations of direct investment, with

complementary advantages between regional and national, industry and market. The cooperation between China with ASEAN based on CAFTA "10 + 1" is an efficient platform for promoting the complementary advantages and international investment cooperation, and providing a good demonstration effect for the "B&R".

(3) The Enhancing Investment Interdependence Level of China and the "B&R"

Although investment dependence has regional imbalance, from the data of 2003-2014, the investment interdependence level of China and gradually increased. To be specific, China and 11 countries of Southeast Asia has the highest direct investment dependence on each other, while has the lowest with 19 countries of Central and Eastern European. On the whole, the trend of one-way investment dependence of the "B&R" to China is obviously rising, other regions' investment dependence on China is more apparent except the 19 countries of Central and Eastern Europe.

From the tendency of 2003-2014, China's one-way investment dependence on "B&R" is weakening. This is because of the reform and opening up policy of China for nearly 30 years, which has comprehensive benefits of economic scale, economic structure, industrial structure, the domestic market and the policy itself, diversifying the sources of external direct investment and reducing INFDI's dependence on a particular area. For 30 years' reform and opening up policy, China has high FDI and FDI flows and scale, sharing the international investment cooperation and experience with countries along the "B&R".

5. Conclusion

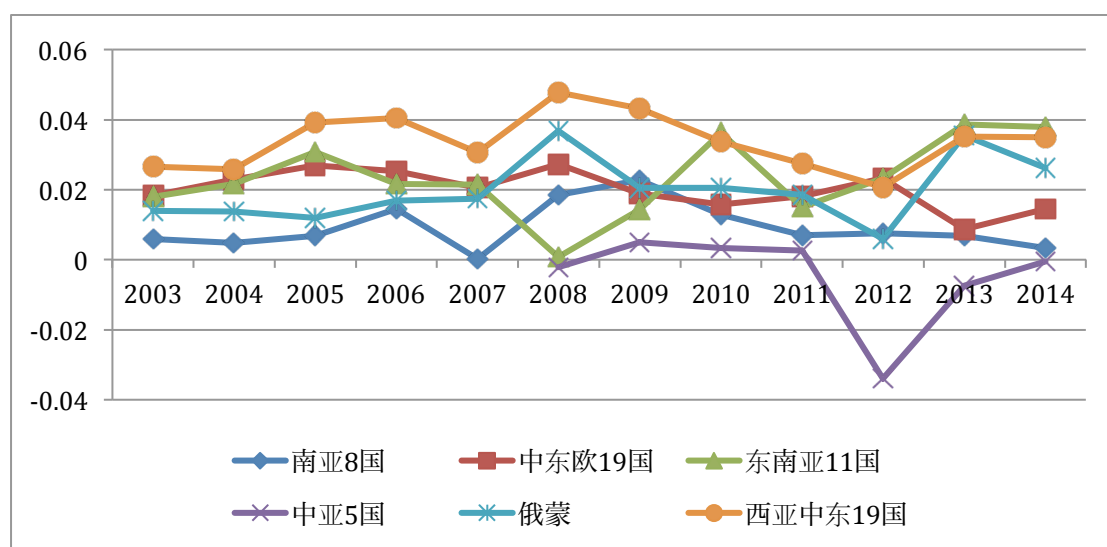
Based on the above analysis, China and the countries along the "B&R" have the foundation of the international investment cooperation. According to the "B&R" framework, countries along the "B&R" routes will gradually develop benign win-win and sharing cooperation in the aspects of industry cooperation, the market cooperation, and financial cooperation and so on. The "B&R" regional investment cooperation optimizes and promotes national economic structure and industrial structure, and improves the living standards of people all over the world, eventually build the community of interests, responsibility, and fate of national political mutual trust, economic integration and culture mutual capacitance of countries along the "B&R".

Appendices

Tab.1 FDI Dependence of the Countries along the Routes on the World (Absolute)

Year	8 countries of southern Asia	19 countries of central and eastern Europe	11 countries of southeast Asia	5 countries of central Asia	Russia and Mongolia	19 countries of western Asia and the Middle East
2003	0.0069	0.0202	0.0370	0.0022	0.0162	0.0292
2004	0.0063	0.0253	0.0395	0.0025	0.0183	0.0292
2005	0.0081	0.0288	0.0438	0.0014	0.0177	0.0422
2006	0.0148	0.0267	0.0369	0.0026	0.0245	0.0444
2007	0.0123	0.0218	0.0380	0.0040	0.0244	0.0344
2008	0.0237	0.0285	0.0296	0.0057	0.0417	0.0511
2009	0.0244	0.0198	0.0472	0.0097	0.0276	0.0511
2010	0.0171	0.0171	0.0655	0.0091	0.0268	0.0434
2011	0.0169	0.0201	0.0575	0.0081	0.0289	0.0369
2012	0.0129	0.0252	0.0651	0.0068	0.0224	0.0344
2013	0.0126	0.0104	0.0838	0.0065	0.0461	0.0504
2014	0.0198	0.0175	0.0842	0.0067	0.0362	0.0483

Data resource: Calculated according to the original data



Data resource: Calculated according to the original data

Fig.1 The Countries' FDI Difference between China and the World

Copyright © 2018

Regional Centre for Strategic Studies (RCSS)

About RCSS Conference Papers

RCSS Conference papers are occasional publications of papers presented at the various conferences organized by the RCSS.

Terms & Conditions

RCSS is not responsible for errors or any consequences arising from the use of information contained herein. The views expressed in the Paper are those of the author (s). They are not the views of RCSS and do not necessarily reflect of any other institution or individual with which author is affiliated. However, if any queries are to be made, the author can be contacted directly.

Regional Centre for Strategic Studies

20/73, Fairfield Gardens, Colombo 8, Sri Lanka.