

Exploring the Optimization of International Trade Cooperation Path Based on The Belt and Road Initiative

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Abstract. International trade cooperation and outward investment are the core driving forces of global economic development, but they face multiple challenges such as insufficient effectiveness of multilateral mechanisms, fragmented regional rules, and high geopolitical risks. As the world's largest developing country, the Belt and Road Initiative (BRI) in China is fundamentally based on the historical heritage of the ancient Silk Road civilization, integrates contemporary geo economic logic and the needs of global value chain reconstruction, and forms a unique theoretical paradigm. The BRI is not only an upgraded version of China's opening up but also provides a Chinese solution for the reshape of the global governance system and solving the development deficit. In the future, based on the theoretical and practical innovation of the BRI, each country is going to be committed to the upward trend of the global economy towards a more inclusive and resilient direction by deepening regional cooperation, improving risk management and guiding sustainable investment.

Keywords: The Belt and Road, International Trade Cooperation, New Partnerships, Sustainable Development.

1. Introduction

Globalization is a historic trend in the development of human society. The emergence of multinational corporations greatly promoted the flow of various production factors globally and international division of labor. Internationally, the establishment of the World Trade Organization (WTO) and Regional Trade Agreements (RTAs) has made investment freer and trade more convenient. To sum up, various factors have provided a suitable market environment and policy conditions for the expansion of international trade and large-scale international production. International trade cooperation has accelerated in new forms in more fields, linking economies and people of all countries more closely, and economic globalization has expanded at an incredible speed.

However, the world is currently facing unprecedented changes, with the rapid rise of third-world countries prompting a shift in the global power structure. The game between major powers is intensifying, and international competition is becoming increasingly fierce. Traditional powers are facing the loss of their industrial chains, and a new wave of technological revolution is emerging one after another. The significant increase in economic uncertainty has brought about radical

political ideologies, and the impact of external factors such as the rise of anti-globalization and protectionism tendencies, intensified geopolitical conflicts, etc. has profoundly affected the global economic landscape. Global cross-border direct investment has also shown characteristic changes, and the expansion of international trade cooperation has been hindered. The development of economic globalization has stagnated and may even experience a reversal phenomenon. In this context, seeking new paths to promote globalization has become a common problem faced by countries around the world.

In 2013, China officially put forward “the Silk Road Economic Belt and the 21st-Century Maritime Silk Road”. In order to improve infrastructure construction and form a mutually beneficial development pattern for all parties involved, the BRI, as an open cooperation initiative between regions, aims to achieve the free flow of factors of production internationally, promote the optimal allocation of global resources, further improve the global economic governance system, reconstruct a new model of international trade cooperation, so as to establish a new partnership with more equality and balance, and consolidate the foundation for stability and long-term development of the world economy.

Since the proposal was put forward more than 10 years ago, China has signed cooperation agreements with more than 150 countries, reached a series of free trade agreements, currency swap agreements and bilateral investment agreements with some co-construction countries, established diplomatic partnerships at different levels, formed an extensive infrastructure network and an economic and trade cooperation pattern based on the industrial chain supply chain, and gradually built a global partnership network radiating the BRI. In the future, the BRI co-construction cooperation will continue to respond to the demands of co construction countries and promote the further deepening of trade cooperation towards high-quality and sustainable development.

Based on the current background, this study is based on the theoretical origins of international trade cooperation, combined with the current global economic situation and new trends in trade and investment, as well as the shortcomings of existing mechanisms of international trade cooperation organizations or regional agreements. Starting from both theoretical and practical aspects, this paper deeply analyzes the intrinsic value and practical effect of the BRI and proposes a completely different path for international trade cooperation based on this, to pursue the high-quality advancement of the global economy and the in-depth integration of trade cooperation.

2. Theoretical basis

As China’s core strategy to promote globalization in the new era and an important practice of all-around opening up, the theoretical connotation, implementation effect and innovative thinking of the BRI have aroused extensive discussion among the academic community [1] As a systematic project in the period of globalization reconstruction, the theoretical basis of the initiative deeply integrates international political economics, development economics and global value chain theory, forming a paradigm of an open economic theory system based on China's practice. Tracing its theoretical basis, this initiative is drawing on the micro level theory of international production compromise, surpassing traditional geopolitical theories and absorbing Baldwin's idea of “secondary splitting of the global value chain” [2]. Through digital infrastructure and institutional openness, it promotes the elevation of the position of countries along the global value chain. This initiative breaks the traditional geopolitical “center periphery” pattern through infrastructure interconnectivity and builds a trade network that links land and sea [3].

At present, academic research on the BRI shows a multi-dimensional deepening trend. In the field of international relations, scholars focused on the role of the BRI in reshaping the global

governance system. They believed that the initiative would build a land sea trade network through infrastructure connectivity and facilitate the shift of the global development financing framework from “Western-centric” to “Multilateral governance” [3]. Sociological and anthropological research focuses on cultural identity and social influence, revealing the promoting effect of cultural exchange projects such as Confucius Institutes and Silk Road Film Festival on people-to-people communication, while pointing out the possible obstacles to project implementation caused by cultural differences [4]. The interdisciplinary research further introduces complex network analysis, and finds that the institutional distance, geographical distance and technological distance of countries along the BRI exerts a substantial twofold influence on the selection of investment destinations, in which the investment probability of Chinese enterprises increases by 5.7% for each standard deviation improvement of institutional quality [1].

The innovative value of this initiative lies in the dual breakthrough of theory and practice. At the theoretical level, it breaks through the traditional “center radiation” model of international economic cooperation, proposes the principle of “consultation, co-construction, and sharing”, and constructs a new international division of labor system with the right to development as the core [5]. On the practical level, three innovative paths have been formed: the linkage model of ‘infrastructure + capacity cooperation’, the sustainable path of “green investment + technology transfer”, and the rule supply of “multilateral mechanisms + bilateral agreements”, providing a “Chinese solution” for regional economic integration [6].

Through the practical exploration of the BRI, China has continuously established a system of rules that takes into account the demands of developing countries and the new features of the global value chain. Future research can combine machine learning technology to analyze massive project data, build an investment evaluation model containing Environmental, Social and Governance (ESG) indicators, and strengthen the comparative study on the compatibility of the BRI and the rules of regional trade agreements, so as to provide a more explanatory theoretical tool for improving global economic governance.

3. Analysis of the global economic situation and existing trade cooperation models

3.1. Current status of global economic development and trade system

The public data of the International Monetary Fund (IMF) in 2024 shows that the world economic growth rate is about 3.3%, showing significant differentiation characteristics. Developed economies lack growth momentum, and the United States achieved an economic growth rate of 2.7% in 2024 with the support of a strong domestic demand market and sustained technological innovation. However, the uncertainty of the Federal Reserve's monetary policy adjustment and the high scale of government debt cast a shadow of uncertainty over its subsequent growth. At the same time, the Eurozone economy is constrained by multiple factors such as fluctuations in energy prices, weak manufacturing, and internal structural contradictions, with an economic growth rate of only about 1%. In contrast, although emerging economies also have obvious differentiation characteristics internally, they have become important engines of global economic growth. In 2024, the Chinese economy will show a steady and progressive development trend, with rapid growth in emerging fields such as digital economy and green industries. Under the demographic dividend, market potential, and reform push, the Indian economy has maintained a high growth rate, but problems such as weak infrastructure and a large wealth gap have greatly limited its growth potential. Some African countries have made certain progress in resource development, infrastructure construction,

and other fields, but political instability, heavy debt burden, and fragile public health systems seriously constrain their sustained economic growth.

Undoubtedly, the current international trade system is undergoing the most profound historical reconstruction since World War II. According to the 2024 report released by the WTO, the global trade volume of goods is slowly recovering at a rate of 2.7% after experiencing the impact of pandemic and geopolitical conflicts and is expected to rebound to 3% by 2025. But beneath this gentle growth trajectory, there is a torrent of rule reconstruction and a vortex of security dilemmas. For example, the trade protection policies implemented by the US, which impose different levels of tariffs on multiple countries such as China, have seriously disrupted the global trade order and even caused chaos in some industrial chains. Similarly, the EU has constructed a “green barrier” through the Carbon Border Adjustment Mechanism (CBAM) to extend the pressure of low-carbon industrial transformation to developing countries, further exacerbating the North South trade imbalance.

Traditional international trade theory emphasizes that countries should participate in international trade based on their own production advantages, in order to achieve optimal resource allocation and welfare enhancement. However, with the prevalence of global trade protectionism, some countries are violating the principles of free trade, evolving from non-tariff barriers as a single tool to systematic institutional arrangements, and intensifying the politicization of trade remedy measures. From the concretization of anti-globalization ideology through policy tools to the obvious spillover effects of regional conflicts. And the impact on global trade through the three paths of energy, food, and logistics has triggered a supply chain resilience crisis, posing multiple challenges to international trade cooperation in the era of globalization 3.0.

3.2. Existing international trade cooperation mechanisms

Since the advent of the era of economic globalization, countries and regions have achieved numerous commercial exchanges at different levels and scopes. However, with the drastic changes in the configuration of global politico-economy, and the trade environment is becoming increasingly intricate, existing international trade cooperation organizations or regional trade agreements have exposed many urgent problems that need to be solved.

The North American Free Trade Agreement (NAFTA) adheres to the purpose of strengthening the integration and cooperation of regional industrial chains by eliminating tariff and non-tariff barriers, in order to achieve trade liberalization among the US, Canada, and Mexico. However, in actual operation, some provisions of the agreement have had an unbalanced impact on the distribution of interests among member countries. Especially at present, Mexico's manufacturing industry is facing fierce competition from emerging external economies. In addition, the US is constantly adjusting the terms of the agreement to safeguard its own interests, which increases the uncertainty of related industries in Mexico and Canada, leading to insufficient sense of gain for some member countries in regional economic cooperation and affecting the sustainability of cooperation.

The establishment of the EU Single Market and Customs Union aims to achieve the free flow of means of production and labor and enhance the overall economic competitiveness of the region. However, in actual operation, due to the uneven economic development levels of member countries, a series of problems have emerged, and internal differences in trade policies have become increasingly prominent. In October 2024, due to opposition from member countries such as Hungary and Germany, the final ruling on the anti-subsidy case against China's electric vehicles was not passed. Under this “majority rule” mechanism, decision-making is rigid, and the green trade rules it promotes are difficult to achieve a balance of interests among all parties, which exacerbates conflicts with developing countries.

As a cross-regional open economic organization, the Asia-Pacific Economic Cooperation (APEC) strives to advance the liberalization and facilitation of trade and investment in the Asia-Pacific region. However, due to the lack of binding force in APEC, members have turned to bilateral FTAs to promote cooperation, creating an “spaghetti bowl” effect and increasing compliance costs for businesses. Although APEC has achieved advancements in domains like digital trade and engaging with micro, small and medium-sized businesses, it is difficult to make breakthroughs in core issues such as market access and rule coordination, and its influence is gradually diluted by other trade agreements.

The operation mode of existing international trade cooperation institutions has many problems in decision-making mechanisms, dispute resolution, balance of interests, and enforcement supervision. The root causes of these problems include both inherent institutional deficiencies and profound impacts from the current global development pattern. In order to optimize the efficiency and fairness of international trade cooperation, countries urgently need to explore innovative collaboration models and trade routes and accelerate the process of global economic recovery.

4. Analysis of the investment situation and the BRI under the great change

4.1. New trends in global emerging markets and investment cooperation

Against the backdrop of deep adjustments in the global economic landscape and intelligent restructuring of industrial chains, emerging markets are becoming the core engine of global economic growth and a hot spot for investment cooperation. Data shows that the overall growth rate of emerging markets and developing economies in 2024 far exceeds that of developed economies, with Asian emerging markets and developing economies ranking first. Southeast Asia, with its young and large labor force, continuously improving infrastructure, and active investment promotion policies, has become an important recipient of global manufacturing transfer, and its economic growth continues to lead. Although the starting point of the African continent is relatively low, its economy has also shown a good development momentum under the promotion of resource development, infrastructure construction, and digital transformation [7].

The position of emerging markets in the global trade landscape is also constantly rising. As a leader in emerging markets, China has increasingly close trade relations with many emerging market countries, injecting strong impetus into the overall trade growth of emerging markets. The data shows that in 2024, Trade flows from China to BRI-aligned countries are projected to register a 9.6% on an annual basis, a figure well above the aggregate export growth rate (7.1%). Shipments to the Association of Southeast Asian Nations and South America regions will witness 13.4% and 14.4% expansions respectively in the same period. It is worth noting that emerging market countries actively participate in the global industrial chain division of labor, relying on cost advantages, resource advantages, etc., gradually moving from low value-added links to medium to high value-added links, promoting the reshaping of the global industrial chain.

Nowadays, international trade cooperation and investment are undergoing comprehensive changes. The breakthrough development of digital technology drives the reform of trade forms, and the scale of e-commerce and digital service trade continues to rise. Small and medium-sized enterprises use digital platforms to break through geographical limitations, deeply integrate into the global market, and accelerate the diversification process of trade entities and models. At the same time, the global low-carbon transformation wave is driving green trade to become a new growth pole, and renewable energy, green manufacturing, and other fields that meet ESG standards are increasingly becoming the focus of investors' attention. These trends influence and evolve in

synergy, jointly driving global economic cooperation towards a higher level and more sustainable direction [8].

4.2. The concept innovation and practical advantages of the BRI

Since its initiative, the BRI has become unique in the complex and changing global economic pattern. The initiative has broken the limitation of “strong institutional rules” in traditional international economic cooperation, fully respected the sovereignty and development aspirations of countries, and stimulated the enthusiasm and initiative of countries to participate in cooperation. The BRI runs through Eurasia and extends to Africa and is committed to promoting the continuous optimization of the allocation of energy resources and the smooth flow of economic factors, and a more open, inclusive and balanced framework for regional economic cooperation will be built. During the practical implementation process, the BRI closely follows the pulse of the times, actively responds to the demands of global economic development, and demonstrates many institutional innovations, practical innovations and unique model advantages.

Different from the traditional trade and investment agreements, the BRI breaks the limitations of the traditional international economic cooperation mechanism, breaks the limitations of the traditional regional economic cooperation organizations in terms of geographical scope, political system, economic development level, etc., promotes the economic integration of countries along the line in a more flexible and open way, and creates a new multilateral cooperation system model. The initiative adheres to the fundamental principles of wide consultation, joint contribution, and shared benefits, respects the reasonable demands of all parties, and builds a fairer and more democratic cooperative institutional environment. For example, in the operational mechanism of the Asian Infrastructure Investment Bank (AIIB), member countries enjoy corresponding voting rights based on their respective investment shares, and widely solicit opinions from all parties on major decisions to ensure that the voices of developing countries are fully heard, changing the long-standing situation in the international financial field where rules are formulated by a few developed countries. This open regional cooperation model provides a new institutional sample for global economic governance.

As digital trade and the green economy have become new trends in global economic development, the BRI has prospectively incorporated the construction of the digital Silk Road and the green Silk Road into key areas of cooperation. China, in tandem with Belt and Road partner countries, is pioneering the development of digital trade regulations, such as strengthening communication and coordination in cross-border e-commerce regulation, data flow, electronic payments, etc., and promoting the establishment of a more effective institutional system. To date, China has set up a cooperation mechanism for the “Digital Silk Road” with 16 countries and a bilateral cooperation mechanism of “Silk Road E-commerce” with 23 countries, creating a favorable institutional environment for the development of e-commerce in jointly built countries [9]. In terms of green trade rules, China, in collaboration with its partners, co-initiated the founding of the BRI International Green Development Alliance, and more than 40 co built national financial institutions signed the BRI Green Investment Principles, guiding the flow of funds to green industries, promoting trade and investment cooperation in green energy, green transportation, green buildings and other fields among countries along the line, and helping to achieve global sustainable development goals.

Another notable feature of the BRI lies in its practical innovation for advancing international trade cooperation and investment growth. Infrastructure connectivity projects, serving as the vanguard of BRI construction, have made remarkable achievements and become a vivid footnote of

practice and innovation. The smooth opening and operation of the China Europe freight train has changed the traditional international trade transportation pattern, opened up a new channel spanning across the Eurasian continent, the efficiency of goods transportation across the Eurasian continent has been significantly enhanced, leading to a reduction in trade costs and an expansion of trade's market reach.

From the perspective of trade and investment promotion effect, the BRI has significantly promoted the level of investment liberalization and facilitation. By strengthening policy coordination with countries along the route, simplifying the approval process for trade and investment, reducing tariff and non-tariff barriers, and improving the business environment, many conveniences have been provided for international trade and investment activities. As of 2023, China has signed 22 free trade agreements with 29 countries and regions, achieving zero tariffs on over 90% of its overall goods trade [10]. The promotion of trade and investment liberalization and enablement has reduced transaction costs, improved market efficiency and enhanced the attractiveness and competitiveness of countries in the BRI friendship circle in the global trade and investment market.

5. Conclusion

Based on the theory of international trade cooperation and combined with the current reality of global economic and trade cooperation, this article summarizes the important factors that currently constrain global economic cooperation. And by deeply exploring the theoretical origin, institutional design and practical effects of the BRI, we are going to explore the all-new way to upgrade international trade cooperation to enter a new stage in the current critical period of economic and political instability and sustained growth and inject new momentum into global economic development in a more equitable and sustainable form.

Looking ahead to the future, adapting to development trends, and innovating cooperation models are key to promoting global economic prosperity and achieving sustainable development. On the basis of absorbing the enlightenment of the the BRI institutional innovation, we will smash the multiple barriers that restrict trade cooperation, promote international trade cooperation to focus on the needs of all parties, encourage more countries in the “Global South” to actively participate, reshape the power structure and voice distribution in trade cooperation, and build a new pattern of more equitable and balanced global governance. On the basis of achieving interconnectivity through infrastructure construction, we will carry out higher-level and deeper trade cooperation through cultural and public opinion exchanges. At the same time, actively responding to social needs, seizing opportunities of the times, promoting global trade towards low-carbon and sustainable development, tapping into the potential of countries in green energy development, emerging industry transformation, digital trade, and other aspects, and driving the global economy towards a higher level, more dynamic, and sustainable development.

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