

# Sino-foreign Port Cooperation under the Background of “One Belt, One Road”

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## Abstract

In recent years, China's port cooperation has presented both opportunities and challenges. On the one hand, relying on the cooperation in Gwadar Port and Kyaukphyu Port, China has initially realised the seaward connection with the China-Pakistan Economic Corridor (CPEC) and the Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC). On the other hand, governance order risk has emerged as the primary challenge in port cooperation. This paper analyses the current status of research and on Sino-foreign port cooperation in the context of the "Belt and Road" related cases, dissects the specific faced by Sino-foreign port cooperation governance order risks, and analyses the causes and nature of the risk challenges in order to explore coping strategies.

## Keywords

'Belt and Road'; Governance Order Risk; Port Cooperation.

## 1. Background and Significance of the Study

In 2015, China proposed the Belt and Road Initiative, which aims to promote the coordinated development of the economies of countries and regions along the route. By promoting the integration of resources along the route, the initiative aims to achieve a coordinated development with mutual benefits and win-win situations for all participants. As an important transport infrastructure, ports are the pivot point of the Maritime Silk Road to achieve connectivity. Against the backdrop of the growing popularity of the Belt and Road Initiative, international cooperation using ports as a vehicle is becoming a major concern for academia and the policy community.

In recent years, China's port cooperation has presented both opportunities and challenges. On the one hand, relying on the cooperation in Gwadar Port and Kyaukphyu Port, China has initially realised the seaward connection with the China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor, which provides the basis and conditions for China to build an international land-sea intermodal transport corridor and improve the diversification of energy imports. Meanwhile, breakthrough progress has been made in the construction of regional logistics hub-type port layout. Since 2013, China has held and operated nearly 20 global or regional hub ports, such as the Port of Colombo and the Port of Biafra, which has further improved China's maritime logistics network in Southeast Asia, South Asia, Europe and other regions. The foundation for maritime connectivity has been initially laid.

On the other hand, the risk of governance order has become the main risk of port cooperation. Firstly, constrained by factors such as long cooperation cycle and imperfect supporting facilities, some port cooperation still needs to be promoted and perfected, and Sino-foreign some forces make use of the time window when the economic benefits are not yet fully manifested to incite international public opinion, which leads to misunderstanding and questioning of the port cooperation projects in some countries; secondly, the national level's coordination and guidance of Sino-foreign port cooperation needs to be strengthened, and the layout of

enterprises' overseas ports can not be fully aligned with the national strategy. Secondly, the coordination and guidance of Chinese-foreign port cooperation at the national level needs to be strengthened, the layout of enterprises' overseas ports cannot fully connect with the national strategy. Thirdly, the complexity and changeability of the international environment are not fully understood, and Chinese-foreign port cooperation is subjected to a lot of interference under the background of the intervention of extraterritorial forces, which makes the assessment of governance order risks is inaccurate, and the cooperation process is vulnerable to disruption.

China-foreign port co-operation is an important element of the Belt and Road Initiative, and the smoothness of the co-operation is the basic guarantee for the efficiency of the Belt and Road Initiative. As the initiator, China plays a crucial role in the Belt and Road Initiative, and the smoothness of port cooperation has a bearing on China's international credibility and long-term interests. Belt and Road security and governance.

In summary, ports are an important node of the Belt and Road, and the smooth promotion of cooperation is a Sino-foreign port necessary condition for the interconnection of the Maritime Silk Road. As the host countries have different political systems, religions, histories, cultures and other internal conditions, and extraterritorial countries to shape the ability of environment varies from region to region the governance order, the relevant cooperation is affected by the internal interference of the host countries and extraterritorial forces, so it is particularly important to study the governance order of risk Sino-foreign port cooperation in the context of the "Belt and Road". This paper analyses the current situation of and Sino-foreign port cooperation in the context of "Belt and Road" related cases, dissects the specific governance order risks faced by Sino-foreign port cooperation, and analyses the causes and nature of the risk challenges in order to explore coping strategies.

## 2. Status of Research

Existing studies have focused on three main topic areas: the current state of Sino-foreign port cooperation and suggestions for future port layouts, internal risk factors in the host country, and the impact of extraterritorial forces.

(1) Sino-foreign port co-operation is of great significance to the promotion of the "Belt and Road".

Li Ruchi and Wu Qiyang (2020) argue that, from the perspective of historical evolution, the transport network has shown a trend of local polarisation, and the status of key hubs has been highlighted. Key nodes are prominent in modern sea and land transport, and can be used as strategic pivots to play the function of starting, linking or radiating in the "Belt and Road". Therefore, in the construction of "One Belt, One Road", we should make full use of and cultivate the land strategic pivots such as Central Asia and West Asia, as well as the sea strategic pivots such as Southeast Asia and Suez Canal. Zou Zhiqiang (2022) believes that Sino-foreign port cooperation has gathered along the "Maritime Silk Road", a number of representative port have appeared cooperation projects, and the network layout of commercial ports consisting of hub ports, feeder ports and node ports has been continuously improved. Sino-foreign port cooperation has become a key carrier of the "Maritime Silk Road", and the interaction between governments and enterprises has become closer, gradually forming an international port cooperation model with Chinese characteristics. Wang Zhenzhen and Gan Yujiao (2018) believe that ports, as an important part of the comprehensive transport network, are an important hand in the implementation of the "Belt and Road" initiative, and an important strategic node for China's implementation of the "Belt and Road" interconnection and global resource allocation.

(2) Suggestions on the current status of Sino-foreign port co-operation and recommendations for future layout.

Bi Shanshan and Shen Yihua (2022) pointed out that the distribution of China's overseas port pivots in the context of "One Belt, One Road" has initially formed a distribution pattern with Asia and Europe as the core and other regions as the focus, among which Western Europe, West Asia and North Africa, Southeast Asia and South Asia are the most concentrated regions. In order to optimise the layout of overseas port pivots, it is recommended to highlight the construction of overseas port pivots in key directions such as Southeast Asia, South Asia, the Red Sea, the Persian Gulf and Africa. Chen Chaomeng (2018) argues that the international layout dynamics of Chinese ports are mainly divided into basic dynamics, endogenous dynamics and exogenous dynamics. The selection of target ports is built on the comprehensive evaluation of factors such as the motivating factors of cooperation, the riskiness of cooperation, and the number of cooperative ports. Cploberger (2017) argues that the "Belt and Road" is a Chinese government's existing strategy for the. HChen (2016) argues that the Belt and Road "Initiative is a continuation and deepening of the Global Strategy, and points out that the investment opportunities it brings will influence the strategic adjustments of many countries.framework of and economic interests to continually shape China's geopolitical the context of the current globalisationpolicies the governance of issues in

(3) Analyse the internal risk factors of the host country.

The diversity of risk factors is not conducive to the promotion of the "Belt and Road". Liu Bei (2018) believes that the "Belt and Road" overseas infrastructure projects may be subject to security risks such as war risk, local armed conflict risk, nationalisation risk, and national conflict risk. At the same time, the social security, corruption, and the host country internal internal solidarity problems of are frequent, which seriously threaten the personal and property safety of Chinese infrastructure enterprises. Zhu Kaiwei and Tan Xianchun (2021) pointed out that there are climate risks in the main distribution places of China's "Belt and Road" investment and construction projects, and that Asia, Central and Eastern Europe, and north-central Africa are facing many different climate impacts. Ba Dianjun and Zhu Zhenkai (2015) pointed out that the geographic environment, climatic conditions, living habits, business environment and policy variations of the countries along the "Belt and Road" have become "short boards" to promote cooperation.

(4) In some of the hotspots of the Belt and Road, extraterritorial forces have become extremely important risk factors.

Shen Na (2021) argues that the traditional security challenges faced by the Belt and Road Initiative in the Northeast Asian region are mainly due to interstate relations, summarised as the existence of the negative factors of the United States, the competitive relationship between China and Japan, the existence of territorial disputes among countries in the Northeast Asian region, and the trilateral relations between China and the United States of America and Japan, China and the United States of America and Russia, as well as the trilateral relations between China, South Korea and North Korea, which have arisen from the aforementioned issues. relations game. Wang Yan (2020) points out that the difficulties encountered by China-ASEAN in promoting the construction of the "Belt and Road" come from the negative impacts of the intervention of extraterritorial powers, such as the United States continuing to push forward the "Indo-Pacific Strategy", Japan's constant adjustment of "XGong (2019) points out that the Belt and Road Initiative has strengthened China's influence in Southeast Asia, and that it has also increased China's influence in Southeast Asia. XGong (2019) points out that the Belt and Road Initiative has increased China's influence in Southeast Asia and will bring more challenges to the existing governance order in the region.

However, it also points out that this will not lead to a new China-centred in Southeast Asiagovernance governance order , as the Association of Southeast Asian Nations (ASEAN) and its member states are sceptical about China's ability to deliver on its Belt and Road commitments. Jia Meichao (2021) argues that Southern European countries, represented by Greece and Italy, are supportive of the port cooperation along the Mediterranean Sea promoted by China under the Belt and Road framework. However, the Council of the European Union, the European Parliament and the European Commission are concerned about China's investment and construction of ports along the Mediterranean Sea, and are worried that China will use its economic influence to divide Europe.

(5) The ideas and methods of some of the studies are informative.

The China Overseas Investment Country Risk Rating 2022 released by the Institute of Chinese Academy of Social Sciences has constructed containing including economic foundation, solvency, social resilience, an evaluation system 42 sub-indicators for five major indicators, risk, and relations with China, and the report covers 114 countries and regions, comprehensively and quantitatively assessing the major risks faced by Chinese enterprises' overseas investment. From the perspective of social risks faced by Chinese hydropower enterprises in overseas investment, Jiang Yanwen and Cheng Bing (2017) constructed a social risk causes and indicators system, and conducted a study on the causes of investment risks in terms of both the investing countries and the hydropower enterprises themselves.governance and security

### **3. Successful Experiences of and Risks to the Host Country's Governance OrderSino-foreign Port Co-operation Projects**

(1) Sino-foreign port co-operation projects

The construction of Gwadar port is a key project of the China-Pakistan Economic Corridor. China's investment and construction have brought Pakistan brand new development opportunities. From the strategic level, the completion of Gwadar Port gives Pakistan an important deep-water port on the Arabian Sea coast, enhances its position in regional maritime trade, and strengthens Pakistan's trade links with Central Asia, the Middle East and Africa. From the perspective of people's livelihood, the construction and operation of the port has created a large number of jobs, driven the construction of local infrastructure and improved the living conditions of residents. For example, the logistics and warehousing industries developed around the ports have attracted a large number of local labourers and raised the income level of residents.

The co-operation in the Greek port of Piraeus is a model of China's co-operation with Europe. Through Chinese investment and operation and management, the port's throughput capacity has been significantly increased and it has become an important shipping hub in the Mediterranean region. This has not only boosted Greece's economic recovery, but also promoted local cultural exchanges with China. Economically, the development of the port has driven the development of related industries in Greece, such as manufacturing and tourism; culturally, the entry of a large number of Chinese employees and enterprises has enhanced the mutual understanding and friendship between the two peoples and promoted cultural exchange and integration.

The construction of the Iranian port of Chabahar is aimed at enhancing regional connectivity. The port provides important access to the sea for landlocked countries such as Afghanistan and Central Asia and promotes regional trade. Through cooperation with China and other countries, Chabahar Port has improved its infrastructure and operational efficiency. At the same time, this cooperation has also expanded the space for cooperation among countries in the fields of energy and trade, and strengthened economic ties and national mutual trust among regional countries.

While Sino-foreign port co-operation is deepening, potential risk factors for governance order are also emerging.

## (2) In-depth analysis of riskshost country governance order

### 1) Management change and policy instability

In Pakistan, changes in leadership may lead to policy adjustments in port cooperation projects. Different management factions have different priorities and support for the project, which may affect the pace and direction of the project. For example, a new management force in power may impose new requirements on the distribution of benefits, environmental standards, etc., adding to the uncertainty of the project. In Greece, fluctuations in the country's situation may also affect port co-operation. Changes in the country's fiscal and foreign cooperation policies may lead to a shortage of funds for port operations and difficulties in implementing cooperation agreements.

### 2) Impact of geopolitical issues

The Gwadar port is located in a geo-sensitive area of the country, with territorial disputes and religious conflicts in the surrounding areas. These conflicts may spill over into the port and affect its safe operation. For example, armed conflict in the region could disrupt transport routes and threaten the safety of port staff. The Iranian port of Chabahar is also exposed to national geopolitical risks, as tensions between Iran and neighbouring countries, as well as with the West, may cause port cooperation to be disrupted by external factors, such as international sanctions, and limit the port's development potential.

### 3) Impact of the forces of illegal activities

The Gwadar port is also at risk of a terrorist attack due to the presence of illegal activities in parts of Pakistan. Illegal organisations may target port facilities and disrupt the normal operations of the port, causing casualties and property damage. This not only affects the economic function of the port, but also poses a threat to regional stability and security. In the Middle East, the activities of illegal and dangerous elements also pose a potential threat to port security, increasing the security costs and risks of cooperation between Chinese and foreign ports.

### 4) Great Power Competition

In the international arena, competition among major powers has an impact on Sino-foreign port cooperation. Some Western countries regard China's overseas port cooperation as geopolitical expansion, making groundless accusations and interfering. For example, in the Gwadar and Piraeus port projects, some Western countries have questioned China's strategic intentions and tried to impede the progress of the projects by means of public opinion smearing and state pressure, reflecting the negative impact of the international game of geopolitical issues on port cooperation.

### 5) Differences in the attitudes of the countries of the region

Countries in neighbouring regions have different attitudes towards Sino-foreign port cooperation. Some countries see the development opportunities brought about by the cooperation and actively seek participation and cooperation, while others may be cautious or opposed to the cooperation out of their own interests and geopolitical considerations. For example, in the case of the Gwadar port project, some neighbouring countries, fearing that their own position in regional trade would be affected, had certain misgivings about the project, which needed to be resolved through enhanced communication and coordination.

The risk of governance order in the process of Sino-foreign port cooperation is characterised by complexity, uncertainty and transmissibility.

#### 4. Exploration of Risk Response Strategies for Sino-foreign Port Co-operation in the Context of "One Belt, One Road" and Governance Order

With the promotion of the "Belt and Road" initiative, cooperation between Chinese and foreign ports has become an important initiative to promote international trade and strengthen regional connectivity. However, the cooperation process faces many governance order risks, which seriously affect the smooth promotion and sustainable development of the cooperation. Therefore, it is crucial to formulate effective coping strategies.

(1) Strengthening communication and mutual trust led by high-level interactions between countries

High-level officials from various countries should conduct in-depth exchanges on the strategic objectives and interests of port cooperation through mutual visits and summits. Taking the cooperation between China and relevant countries under the framework of "Belt and Road" as an example, frequent meetings between leaders can grasp the direction of cooperation at the macro level, resolve major differences in cooperation, and lay a solid foundation of governance order for port cooperation. For example, high-level interactions between China and Pakistan have given a strong impetus to the construction of the Gwadar port, and consensus has been reached on policy coordination and security guarantees to ensure that the project moves forward smoothly.

(2) Establishment of a regular communication mechanism

Set up specialised port cooperation coordination agencies, and bilateral or multilateral meetings are held on a regular basis to communicate project progress and solve problems arising from cooperation in a timely manner. For example, China and Greece have established a regular communication mechanism for cooperation on the port of Piraeus, and the two sides have maintained close exchanges on port operation and management, investment planning, etc., which has effectively avoided misunderstandings and conflicts caused by poor information and ensured the stable development of port cooperation.

(3) In-depth risk assessment and early warning and comprehensive assessment system building

Set up a professional risk assessment team and apply multi-disciplinary knowledge and advanced technology to conduct a comprehensive analysis of the governance system, policy stability, geo-relationships and social culture of the countries and regions where the port cooperation projects are located. Evaluate the potential impact of changes in the international situation and policy adjustments on port construction, operating costs and market prospects. For example, when assessing a port cooperation project in a particular country, consider the possible policy fluctuations brought about by the rotation of the top echelons of that country, as well as the threats posed by geopolitical conflicts to port security and logistics transport.

(4) Dynamic risk early warning mechanisms

A real-time monitoring system has been established to collect and analyse information from the State, the economy, society and other areas, so as to detect potential risk signals in a timely manner. Once the risk indicators reach the early warning threshold, early warning information is quickly released to provide a basis for project decision-making. For example, using big data and artificial intelligence technology to conduct real-time monitoring of security risks in the governance order of port cooperation projects in the Middle East, and to provide early warning of risks such as terrorist activities and national unrest, so as to take appropriate preventive measures.

(5) Enhanced project operations management and risk diversification

1) Localised Operation Strategy

In the construction and operation of port projects, employing a large number of local staff, using local raw materials and services, and integrating into the local socio-economic system. This not only reduces costs, but also reduces the risk of governance order caused by cultural differences and uneven distribution of benefits. For example, in a port project in Africa, through localised operation, a large number of local employment opportunities have been created, the living standards of local residents have been improved, the support of the local government and the public has been won, and the governance order risk faced by the project has been reduced.

## 2) Diversified modes of cooperation

Adopt diversified cooperation models such as public-private partnership (PPP) and international joint investment to attract investors from multiple countries and regions to participate in port projects. Reduce the risk of governance order faced by a single country or enterprise by dispersing the investment main body. At the same time, the resources and advantages of different investment subjects are utilised to enhance the risk-resistant capacity of the project. For example, a port project is jointly invested and constructed by Chinese, European and local enterprises, with all parties complementing each other's advantages in terms of technology, capital and market, so as to jointly cope with the risks of the governance order.

## (6) Active participation in international rule-making and public opinion guidance

### 1) Rule-making discourse

Strengthen cooperation with international organisations and other countries, and actively participate in the formulation of rules related to the construction, operation and management of international ports. Incorporate China's concepts and experiences into international rules, and create a favourable institutional environment for cooperation between Chinese and foreign ports. For example, on platforms such as the International Maritime Organisation, China actively participates in the formulation of rules on port safety and environmental protection, so as to enhance its right to speak in the field of international ports and safeguard the legitimate rights and interests of port cooperation projects.

### 2) Positive opinion leadership

Through a variety of media channels, publicise to the international community the positive significance and achievements of Sino-foreign port cooperation under the Belt and Road Initiative, and demonstrate the contribution of the cooperation projects to local economic development and improvement of people's livelihood. Respond to the concerns and questions of the international community and eliminate misunderstandings and prejudices. For example, use social media, international conferences and other platforms to publicise China's initiatives in overseas port cooperation focusing on environmental protection and social responsibility fulfilment, to build a good international image and create a public opinion environment conducive to cooperation.

## 5. Summary

Under the "Belt and Road" Initiative, Sino-foreign port cooperation has made remarkable progress while also facing many risks to the governance order. In terms of cooperation results, China has gained a lot from projects such as Gwadar Port and Piraeus Port. However, the risk of governance order should not be underestimated. In terms of management, the change of management may lead to policy instability, affecting project promotion; geopolitical issues, neighbouring conflicts may affect port security; the existence of illegal activities increases the risk of ports facing terrorist attacks and other risks; in the competition among big powers, some Western countries are accusing and interfering with China's port cooperation; the attitudes of regional countries are different, and some of them are doubtful about the cooperation. In order to cope with these risks, it is necessary to strengthen communication and mutual trust between

countries, and clarify the direction of cooperation and resolve differences through high-level interaction and regular communication mechanisms. A risk assessment and early warning system should be established to comprehensively analyse the governance systems and policy stability of the cooperation countries and monitor risk signals in real time. Strengthen project operation and management, adopt localised operation and diversified cooperation modes to reduce risks. Actively participate in the formulation of international rules, strive for the right to speak, guide positive public opinion, and demonstrate the positive significance of cooperation. Overall, Sino-foreign port cooperation must address governance order risks in its development, and ensure the smooth promotion and sustainable development of the co-operation through multi-faceted strategies.

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