

# Research on Motivation and Benefits of Hongdou Group's Investment in Sihanoukville Special Economic Zone in Cambodia

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**Abstract**—The overseas economic and trade cooperation zone is an important platform for China's economic cooperation with other countries. It aims to improve the service management level of the cooperation zone and promote the operational efficiency of the park enterprises by drawing on the excellent experience of China's Reform and Opening. Due to the increase in domestic production costs and the guidance of the government's policy of encouraging enterprises to “go global”, the countries along the “Belt and Road” have gradually emerged as a boom in corporate investment cooperation zones. This paper analyzes the input and output of the case of Hongdou Group investing in Cambodia's special economic zone, Sihanoukville, and finds that this kind way of investment is conducive to enterprises to use policy support to “get advantage and complement each other”. Integrating various resources, and gaining the core competitiveness of enterprises in the host country is also the main motivation for Chinese enterprises to invest abroad in the new era. The analysis believes that the initial stage of investment will bring some financial pressure, but in the middle and late stage will play an important economic role, bring good economic benefits, and will bring positive social benefits to the host country, which will benefit for the bargaining power of enterprises overseas.

## 1 Introduction

### 1.1 Research background

In the past ten years, the net growth rate of China's foreign direct investment has maintained a high level of volatile growth. The scale of investment has also continued to expand, and the proportion of foreign direct investment in manufacturing has maintained rapid growth. The scale of investment has expanded rapidly after 2015. According to data from the Ministry of Commerce, China's net foreign direct investment for the first time in 2016 exceeded the amount of foreign capital actually used, becoming a net exporter of capital.

There are two main ways for Chinese enterprises to make direct foreign investment. Cross-border mergers and acquisitions and greenfield investment. Enterprises rely on their own strength and experience for overseas expansion. Especially when foreign countries encounter operational and management difficulties, such as market access, neutral competition, and inadequate infrastructure in the host country, they can only be solved by the company's "single fight".

In terms of strategic cooperation with host countries, overseas economic and trade cooperation zones (hereinafter referred to as "cooperative zones") have become a new type of investment channels for Chinese

enterprises to explore overseas markets. As a new investment mode, the cooperation zone is the main body of operation, and the government is the policy guide. With the goal of mutual benefit and win-win, it lays the foundation for Chinese enterprises to go abroad and improve the quality and efficiency of overseas investment.

According to data from the Ministry of Commerce, as of 2018, Chinese enterprises have invested a total of 36.63 billion U.S. dollars in 113 cooperation zones in 46 countries along the “Belt and Road” and 4,663 enterprises have entered the zone. With the strengthening of the strategic mutual trust between China and the “Belt and Road” countries and African countries, and the increasing desire of Chinese enterprises to seek overseas markets and strategic resources, the further development of overseas economic and trade cooperation zones will inevitably lead to a win-win situation.

### 1.2 Research Significance

Therefore, the study of this social phenomenon in this paper has two main meanings:

(1) The theoretical significance of the research in this article: As this investment method is mainly promoted by China in recent years, there may be insufficient or incomplete theoretical research in this area at home and abroad. After the analysis, I hope that according to the results of the analysis, we will provide new content

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about related theories such as motivation and benefits of China's foreign direct investment.

(2) The practical significance of the research in this article: Because the research object selected in this article is the Hongdou Group, which is a manufacturing company with the textile industry as its main business and a diversified investment business in parallel, the selection of research objects is more representative. By analyzing the motivation and benefits of its foreign investment behavior, it is hoped that it can provide reference opinions for China's textile manufacturing enterprises to conduct business upgrading and transformation, select channels for foreign direct investment, and quickly integrate into the economic environment of the host country.

## 2 Literature review

### 2.1 Foreign Investment Theory

Foreign direct investment, also known as international direct investment, refers to the export of capital by investors as the main purpose of controlling part of the property rights of enterprises and directly participating in business management. It was proposed by Haimar in the early 1960s. After the development of Vernon, Buckley, Kojima, and others in the later period, Deng Ning formed a general foreign investment theory in the 1970s. Foreign direct investment theories include investment development cycle theory, small-scale technology theory, technology localization theory, industrial upgrading theory, product cycle theory, and investment-induced factor combination theory. They have attracted the attention of many scholars in the early 21st century.

Caves (1996) and Borensztein (1998) have found through empirical studies that foreign direct investment is conducive to transferring technology and management experience to the host country, while improving the production efficiency of the host country.

Yeaple (2003) argues that market-oriented companies tend to move to regions with lower labor costs, although the quality of labor is also lower. With higher transportation costs, less obvious economies of scale, and more alternatives on the market, companies are more inclined to invest abroad.

Raff et al. (2012) believe that the higher the company's production efficiency, the more it tends to choose foreign investment rather than export, and the more likely it is to choose greenfield investment rather than cross-border mergers and acquisitions in order to obtain maximum ownership.

Xu Xue and Xie Yupeng (2008) believe that the agglomeration economy has an important impact on China's foreign direct investment. Second, China's current stage of foreign direct investment is still vertical, and most companies use labor-intensive production as direct investment. Transfer abroad; in the end, both export and foreign direct investment show a substitute or positive causal link.

On the other hand, Chinese scholars also combined with the FDI policies issued by the Chinese government believe that, unlike the western countries that regard multinational enterprises as the core of FDI, our government plays an important role in FDI. Lin Zhihong et al. (2012) conducted an empirical analysis using China's 2003-2009 provincial foreign investment panel data to show that the intensity of macro-control and government participation in enterprises not only directly affect enterprises' foreign investment; by adjusting different types of resources and foreign investment The relationship promotes the indirect promotion of enterprises' foreign investment. In addition, the author believes that Chinese companies invest abroad when their competitive advantages are not obvious, and they need to take advantage of various institutional advantages provided by the government to overcome the disadvantages in the possession of competitive resources in order to achieve the international strategic goals.

Li Yong (2009) used enterprise-level data for regression analysis and found that if the host country is an underdeveloped country, there will be short-term costs for foreign investment, which will affect domestic investment and the export of the parent company, but in the long term, it will cause the parent company to change its role.

Ge Shunqi and Luo Wei (2013) believe that the factors that reflect the parent company's competitive advantage, the proportion of new products, per capita management cost, per capita output, capital intensity, profit margin and export intensity, have a positive role in promoting FDI and reflect competition. The disadvantaged debt interest rate has a negative obstacle to corporate OFDI. In addition, the proportion of new products and the strength of exports on OFDI in Chinese manufacturing companies are significantly higher than other factors.

Gu Xuesong et al. (2016) conducted an empirical analysis through panel data of 108 host countries from 2003 to 2011, and found that China's FDI to the host country has a creative effect on exports, and industrial structure differences have a negative impact on exports; however, as industrial structure differences As the degree increases, the export creation effect of FDI increases.

Yu Guansheng, Fan Pengzhen (2018) On the basis of the theory that both export trade and foreign investment have a substitution effect, through an empirical analysis of the time span between the establishment of some enterprises and the first foreign investment, the study found that host country trade protectionism has improved the foreign investment of Chinese enterprises Speed, but this promotion effect mainly occurs in enterprises with export trade business. The higher the company's export share, the more obvious the protectionist role in promoting foreign investment.

### 2.2 Resource-based theory

Wernerfelt first proposed the resource-based theory in a 1984 paper. He believed that enterprises are a collection

of intangible and tangible resources. Strategic resources are immobile and difficult to copy among enterprises, and companies that first obtain certain resources will gain a comparative advantage. To limit other companies' access to this resource. He also attributes the characteristics of strategic resources to four points: (1) must be a valuable resource; (2) must be a scarce resource; (3) must be an incomplete imitation resource; (4) must be an incomplete replacement resource of. These four characteristics reflect the heterogeneity between enterprises, which is also the core content of resource-based theory. Since then, the resource-based theory has developed in two main directions. One is represented by Barney, which is mainly a research on the value of enterprise resources at the enterprise level. It is a static analysis. The other is represented by Peteraf, mainly from the perspective of the market. Studying how to use enterprise resources to form a competitive strategy is a dynamic analysis. The two complement each other and complement each other.

On the basis of Wernerfelt's theory, Barney (1991) revealed the process of the evolution of resources into strategic resources, and further elaborated the meaning of "valuable", "scarcity", "incomplete imitation" and "incomplete replacement" of resources. From the perspective of resources, this paper discusses that in order to obtain "continuing competitive advantage", enterprises need to have resources with the above characteristics.

Peteraf (1993) studies resource-based theories from the perspective of competitive strategies, and divides competitive strategies into four types, including heterogeneous strategies, incomplete liquidity strategies, ex-post competition strategies, and ex-ante competition strategies. The heterogeneous strategy is a necessary and insufficient condition, while the other strategies are closely related to the heterogeneous strategy. Only the combination of the four strategies is a necessary and sufficient condition to obtain a sustainable competitive advantage.

Penrose (2011) put forward the theory of the growth of enterprise resources. He believes that the services generated by enterprises using their own production resources are the driving force for enterprise growth, and there are always unused resources, and the continued availability of these remaining resources is enterprise growth. For this reason, it is advocated that management and operation is a dynamic process of constantly digging out unused resources.

Sodhi (2015) incorporated social responsibility into the operation and management of enterprises. He believed that social stakeholders are also a resource for enterprises, and established a stakeholder resource perspective framework to analyze the impact of social responsibility on the sustainable operation of enterprises. The scholar believes that social responsibility increases with the expansion of the development scale of enterprises, and that each stakeholder will affect the effectiveness of business operations from its own resources, influence paths, dynamic capabilities, and return on benefits.

## 2.3 Input-output related research

Input-output analysis is also called "industrial correlation". It mainly studies the "quantitative relationship between intermediate inputs and intermediate outputs between industries." It belongs to the "meso perspective" part of the national economy.

In 1936, economist W. Leontief first proposed a static input-output analysis method based on Walras's "Total Equilibrium Theory". The important idea is reflected in the direct consumption coefficient and the complete consumption coefficient. A table is called the "US Economic Table", which systematically describes the development efficiency of the US economy. After 1953, W. Leontief and others gradually introduced mathematics to input-output analysis, and further introduced dynamic input-output models. Since then, input-output analysis has gained a great deal in both theoretical and practical applications. development of.

In terms of diversified applications, W. Leontief in 1986 further proposed that the input-output theory be applied to all aspects of the development of the national economy. The breadth and depth of the research content have been further expanded, not only covering the macro and meso levels, It also covers specific economic activities in regions, sectors, and enterprises. Under the development of late scholars, the initial output table was expanded to cover investment, environmental protection, labor, education, finance, etc., and this was used as a model to analyze the operational efficiency of enterprise investment and production in detail.

Chinese scholars conducted research and analysis on input-output theory in the 1960s. In 1973, under the organization of the National Bureau of Statistics and the State Planning Commission, China for the first time compiled an input-output table covering 61 products across the country. Xue Xinwei (2000) further put forward the input-output theory including the role of recessive factors, which will include "the technical level of economic entities, the quality level of management personnel, the level of labor culture and technology involved in the operation of entities, the degree of implementation of relevant policies, and the economy Incorporate invisible factors such as the overall level of in vitro science and technology into the economic incremental model, and study the contribution of the soft power of economic entities to economic benefits.

He Xiaoli (2003) tried to apply the input-output theory to the measurement of corporate performance. By applying the four companies' own benefits (direct consumption coefficient analysis, enterprise value added value, etc.), social benefits (paying local taxes and fees, and creating jobs) Etc.) Compared with the national average of the whole province, to analyze the operating efficiency of enterprises. The innovation lies in applying the input-output theory to the micro level, and combining economic and social benefits for analysis.

Wang Danhua (2016) based on a review of previous studies, found that input-output theory is mainly used in designing index systems and analyzing input-output efficiency in evaluating performance, but there are difficulties in quantifying the index system and

designing benchmark values. Insufficient, and it is suggested to combine input-output theory with threshold prediction methods, industry databases, etc., to improve the scientificity and rationality of the analysis.

Wen Ruiqiong and Chen Youfang (2018) found that the chemical industry is most closely linked to the textile and apparel industry by analyzing the direct correlation analysis and consumption coefficient analysis of China's textile and apparel industry, followed by the primary industries such as agriculture, forestry, animal husbandry and fishing, and storage and the transportation industry has a weaker connection with the clothing industry. Vigorously developing the service industry will also promote the development of related industries and play a strong driving role.

By combing the above theories, it is found that the resource-based theory and input-output continue to incorporate the role of the "social person" of the enterprise into the development strategy of large enterprises in the continuous inheritance and development, and closely integrate it with their own interests. At the same time, most of these theories are based on simplified models or analysis from the macro level, and there is less relevant literature based on these theories to conduct specific research from a micro perspective or a certain company, and less analysis of the social benefits of enterprise investment. Therefore, combining the example of Hongdou Group's investment in Westport, this article attempts to study the motivation of the company's foreign investment from the perspective of resource-based theory, and analyzes whether the investment behavior can bring advantageous resources or competitive advantages to the enterprise and whether it is in line with the development strategy; An attempt will be made to use input-output theory to analyze the economic and social benefits of investment behavior.

### **3 Motivation and benefit analysis**

#### **3.1 Motivation Analysis of Hongdou Group's Investment in Westport**

##### *3.1.1 Analysis of Investment Motivation Based on Industry Development Status*

The textile industry is a labor-intensive industry, so labor costs and raw material costs constitute the company's main production costs. Since the financial crisis in 2008, China's economic growth rate has gradually entered a new normal, and the economic structure urgently needs to be transformed and upgraded. On the one hand, the aging of our country is increasing, and the benefits brought by the population number dividend have gradually been replaced by the population quality dividend after 2010 (Yang Chenggang, Yan Dongdong, 2017), as shown in Figure 3-1. Economic development is increasing year by year, wages are growing faster than GDP, and eastern coastal enterprises are faced with the

problems of labor panic and high labor costs. On the other hand, labor costs in Southeast Asian countries such as Cambodia are generally much lower than the average annual wages of Chinese employees. Although the growth rate is higher than that of China, in general, cheap labor in Southeast Asia will become an attractive way for Chinese labor-intensive enterprises to invest in the office. Important pulling force of the plant.

##### *3.1.2 analysis of investment motivation based on resource-based theory*

According to the resource-based theory, the competitiveness of an enterprise comes from having valuable, scarce resources that are difficult to copy and imitate.

The brand influence and industry technical experience established by Hongdou Group through years of cultivation are the main advantages of Hongdou Group's overseas investment. In 2005, the Red Bean brand was selected as the "Export Brand Focused on Cultivation and Development by the Ministry of Commerce", and was named as the "Top Ten Cultural Brands of China's Textile Industry in 2006". It has a strong brand advantage in the industry. According to the future strategy of the Red Bean Group's 2007 annual report, the group will focus on brand development in the future, abandon homogeneous competition, and use the brand advantage to occupy the market.

In addition, the Red Bean Group has obtained industry-leading technological advantages and scale advantages through early R & D investment and improvement of production lines. Since the investment in these two aspects has higher requirements for the group's capital adequacy ratio, it is more difficult for general enterprises to copy.

After 2007, the group gradually entered the stage of transformation and upgrading, with the main business refined and investment diversified. The refinement of the main business is mainly reflected in the transfer of low-value-added production lines to the central and western regions and Southeast Asia, while the high-value-added research and development and sales are deployed in the eastern coastal areas, and gradually abandoned the sales strategy of dealers, turning to online sales, Specialized store sales, development of intelligent supply chain, and reduction of management costs.

With the needs of the domestic economic transformation and upgrading, the unique disadvantages of labor-intensive industries have gradually emerged-rising production costs, mainly including labor costs and raw material costs. Combining the policy of "introduction" and "going out" put forward by the country in 2000, the attitude towards foreign direct investment has gradually changed from a restrictive to a supportive and encouraging macroeconomic background, Hongdou Group's own superior resources, and Cambodia's lower Attracted by factors such as wage levels and government support, Hongdou Group chose to invest in Westport.

Therefore, before investing in Westport, companies already have advantageous resources including: brand value, production technology, diversified investment experience, and government support. These advantages have become difficult resources for other textile companies to copy due to the difficulty of obtaining them and the long time they have. .

Based on the above analysis, this article believes that the motivation of Hongdou Group's investment in the Westport Special Economic Zone is to use its existing resource advantages to develop relatively inferior resources, including lower production costs and a broad international market, and use external resource advantages to create A new concept of foreign investment-drawing on China's experience in reform and opening up and economic transformation, integrating resources and reducing transaction costs.

### **3.2 Benefit Analysis of Hongdou Group's Investment in Westport**

#### *3.2.1 Investment benefit indicators*

Systematic indicators refer to the evaluation of certain aspects of the evaluation object. Scientific, objective evaluation results can only be obtained with objectives, standards, and methods. The selection of indicators depends on the characteristics of the object and the inherent requirements of the system's objectives.

The benefit evaluation system should systematically reflect the effect of the previous stage of the company's operating activities. It also requires the benefit evaluation to comprehensively reflect the comprehensive status of the enterprise and future development trends, be able to find problems in time, find drivers, and effectively predict the future and guide results.

Investment benefit indicators are related indicators used to measure the effectiveness and efficiency of enterprises' foreign investment activities, including financial benefits (microeconomic benefits), national economic benefits (macroeconomic benefits), and social benefits.

The financial benefit mainly refers to the comparison of the input and output of an investment project, and the return on investment is judged by observing related financial indicators such as debt-equity ratio, asset-liability ratio, and profit margin.

The national economic benefit refers to the contribution of the total investment or each investment project to the effective growth and structural optimization of the national economy. Because investment means acquiring and consuming certain social resources, it is a competitive relationship for other investment projects. Therefore, considering the limited resources available to society, considering the national economic benefits brought by investment activities will improve the social resources. Utilization is helpful and is usually measured in terms of investment benefit factors.

Social benefit refers to the set of spillover effects brought by the investment activity on the local natural

environment and social environment, mainly including the impact of resources, ecology, environment, employment, infrastructure construction, etc., and these spillover effects are both positive and negative. Negative depends mainly on the nature and purpose of the investment activity.

#### *3.2.2 Financial Benefit Analysis*

The specific analysis of the economic costs of Hongdou Group is as follows:

The Red Bean Group has been continuously strengthening its management and investment in Taihu Company, thereby strengthening its management of investment and construction in the West Port Special Economic Zone. As Taihu Company is a joint investment, but the Red Bean Group holds more than 50% of its shares, so it belongs to the actual controlling party. From its establishment in 2006 to 2017, the Red Bean Group continued to increase its equity and kept it at a high level.

On the other hand, the investment and construction of Hongdou Group is based on the principle of "high starting point planning, market-oriented operation, and steady progress". The investment is divided into multiple phases according to the urgency of production needs. After the completed industrial parks are approved for construction, rolling development will be implemented to alleviate funding pressure. The sources of funds are mainly divided into self-owned funds and loans from the Export-Import Bank of China, and the Export-Import Bank of China provides the main part of capital loans.

As of the end of 2017, the actual total investment of the first phase of the first phase of the project was approximately 67.142 million US dollars, which has been delivered for use. The actual investment of the second phase of the first phase of the project was US \$ 94.365 million, and the actual investment of the third phase of the first phase of the project was US \$ 13.449 million. The construction phase, and the second phase of the project is in the "to be planned" stage, and the land transfer fee is 947.47 USD.

In summary, Hongdou Group's investment in capital costs is in installments, and it enjoys large long-term loans provided by the Export-Import Bank, which reduces the financial pressure on Hongdou Group's long-term investment.

The asset structure of Taihu Company in 2009 showed that its equity was higher than its debt and its asset-liability ratio was below 15%. The main reason is that Taihu Company uses its own assets to invest. In particular, the Red Bean Group increased its 15% equity in 2009, and then injected another 8000. 10,000 yuan, which increases own assets and reduces the need for debt.

However, after 2010, the asset structure showed that liabilities were higher than equity, and the debt-equity ratio and asset-liability ratio gradually maintained low-speed fluctuations after a sharp increase in 2010, and the asset-liability ratio remained basically at about 60%. Basically conform to the general structure of investment assets. The main reason is that in the middle and late

stages of investment, the scale of new construction and expansion of the Western Hong Kong Special Administrative Region needs more capital investment; in the early stage, it mainly relies on its own assets for investment, and in the later stage, it mainly relies on loans from the China Exim Bank and public offerings. Short-term and medium-term bonds and other financing methods for debt financing have increased the scale of debt.

### 3.2.3 Social Benefit Analysis

Social benefits mainly include the impact on the natural environment and the social environment. Considering that the data of the natural environment is difficult to obtain, this article focuses on analyzing the impact on the host country's social environment, including employment, knowledge and technology diffusion, and service efficiency.

The positioning of the Westport Special Economic Zone belongs to the export processing trade special zone, with textiles, garments, leather goods, hardware machinery, and light industrial appliances as the main development industries, so the demand for labor is greater. Since the park began operation, many local residents have joined the park and become employees in the factory.

In summary, the various infrastructures equipped in the park are conducive to resource integration, reduce various transaction costs and communication costs of the enterprise, and also provide basic living security and income sources for employees, so they have a strong agglomeration effect, so It attracts many labor-intensive enterprises to settle in, and also attracts a large number of local residents and farmers to enter factories to become workers. Therefore, this paper believes that Hongdou Group's investment in Westport brings agglomeration effects, provides a large number of jobs, and also indirectly improves the living consumption level of local residents, which brings positive employment effects.

According to the previous analysis, most of the employees in the factory are converted from local farmers and residents, lacking certain knowledge and skills, especially when communicating with managers of foreign-funded enterprises, which has a large language barrier, which leads to lower Production and operation efficiency.

## 4 Conclusion

### 4.1 Research conclusions

Based on the resource-based theory, combined with the domestic and foreign environment, industry and the development of the group itself, this paper studies the behavioral motivation of Hongdou Group's investment in the Westport Special Economic Zone and finds that Hongdou Group has existing resource advantages (including brand advantages, technology and Production

scale advantages, marketing advantages, etc.) to make up for the disadvantaged resources (production shortcomings caused by rising labor and raw material costs), and rely on the macro strategic resources of political mutual trust and economic cooperation established by the governments of China and Cambodia to reform China. The excellent experience since its opening has been applied to the management of the park, and it has become a combination of park leaders, managers and producers.

This new investment method of investing in overseas economic and trade cooperation zones has avoided unnecessary losses caused by the "single fight" of Hongdou Group in its overseas investment, and improved Hongdou Group's bargaining power in the host country and its ability to actively manage risks. Compared with traditional investment methods, investing in an overseas economic and trade cooperation zone can not only lay the foundation for enterprises to transfer production, basically achieve the original intention of overseas investment, but also enhance the enterprise's influence in the host country.

Secondly, based on the input-output benefit evaluation method and the investment entity-Taihu Company's operating conditions in Westport, this paper studies the financial indicators such as the capital structure and net profit, and concludes that the return from this long-term investment method It cannot be achieved in a long period of time, but once it is officially put into operation, the "blood-generating" function brought by the investment will bring higher returns to investors. In addition, the large differences in culture, language, and customs between the two countries may increase communication costs and reduce production efficiency. Therefore, after entering the park to carry out production, related enterprises may have a negative increase in earnings in the early stage. After a certain period of running-in and adaptation, this phenomenon may be improved. In addition, this new investment method brings positive employment effects and spillover effects of knowledge and technology to the host country, and improves the production and operation efficiency of enterprises in the park by integrating resources.

### 4.2 Future Outlook

#### 4.2.1 Improve the consultation mechanism between the two governments

Improve the intergovernmental bilateral consultation mechanism, promote the "Belt and Road" initiative to align with the development strategy of the cooperation zone, form a joint force with the host country government, establish a bilateral coordinating committee, form a community of win-win cooperation and enhance local endogenous development momentum. The overseas economic and trade cooperation zone is not a unilateral "solo" of China, but a "chorus" in which many countries jointly participate, not a "cheese" exclusive to one country, but a "cake" shared by all parties. The support

and assistance of the host country is of great significance to the development of the cooperation zone. Therefore, we must adhere to the development concept of overseas cooperation zones for mutual consultation, co-construction, sharing, and inclusive development, pay attention to taking into account the interests of the host country, form the largest covenant of cooperation, and stimulate the enthusiasm of the local government to participate in the construction of the park; actively engage in policy dialogue with the host government Negotiate and sign on construction cooperation. Inter-governmental framework agreement, memorandum of understanding, investment protection agreement, bilateral tax agreement, bilateral currency swap agreement, etc., with the host country to clarify the preferential policies and measures applicable to the parks such as labor, investment, taxation, administration, etc., to provide for the construction of overseas economic and trade cooperation zones Strong policy support; Optimize the “Belt and Road” initiative tax collection and management cooperation mechanism, explore the tax sharing plan with the host government and add “stability clauses”, strive for more tax and fee reduction policies for enterprises in the cooperation zone, and ensure that the cooperation zone enjoys the enjoyment with other parks in the host country The same preferential policies and supporting facilities can be used for reference. The Belarusian government has signed three presidential decrees for the China-Belarus Industrial Park, which will give enterprises entering the park preferential policies for tax exemption for 10 years from the year of profit and half tax reduction for the next 10 years. Improve bilateral governments Coordinate security mechanisms, establish bilateral working committees in cooperation zones with commerce, finance, customs and other departments of the two countries, set up joint offices responsible for management, and regularly organize bilateral consultation and joint meetings to form a long-term and stable government and enterprise joint participation Communication and coordination System, an effective solution to a specific problem area in the development of cooperation.

#### 4.2.2 *Improve industrial chain layout*

Improve the layout of the industrial chain, scientifically position the cooperation zones, highlight industrial characteristics, encourage enterprises to “group development”, form industrial clusters that complement each other and develop together, increase the degree of organization of overseas expansion of enterprises, and build the park into a complex of efficient resource allocation. Scientific park planning and precise industrial positioning are important guidelines for the orderly construction and development of overseas economic and trade cooperation zones, and are the prerequisites for promoting the sustainable development of the park. It is necessary to fully investigate and evaluate the economic and social environment of the host country, and preferentially choose countries and regions with stable political conditions, strong willingness to cooperate, and

rich resources; formulate park development plans tailored to local conditions, industries and enterprises, and highlight industrial characteristics and functions of the park Positioning and introduction of matching leading industries and related supporting industries; Based on the industrial positioning of the park, targeted investment promotion activities are carried out, and the entire industrial chain is deployed to achieve "strategic investment, industry chain leadership, and prospective cultivation"; Integrate the park The upstream and downstream factor resources of the internal industrial chain, actively integrate into the global industrial chain, supply chain and value chain, and continuously expand the agglomeration effect and scale effect of the cooperation zone; promote the industrial chain to extend deeper and downstream, and cultivate more innovative large upstream enterprises Lead the layout of high-tech industries, create new formats and models for the development of the park; improve the level of refinement of the downstream processing industry, vigorously develop productive service industries and supporting industries such as industrial design, modern logistics, and e-commerce, and promote industrial integration and development; encourage Cooperation zone led by large enterprises Construction work and related industries led the participation of SMEs in the surrounding supporting the project, the concentration of superior resources, "hold together" development, the formation of the joint leading enterprises downstream industry chain enterprise collaborative development environment.

#### 4.2.3 *Promote infrastructure development in the cooperation zone*

Promote the construction of infrastructure hardware and public service software in the cooperation zone, give full play to the public service functions of the management committee of the park, integrate specialized resources such as intermediary agencies, chambers of commerce and associations, and provide “one-stop” convenient services for the enterprises settled in, creating a good Overseas business environment. Priority should be given to improving infrastructure construction, advancing the construction of "seven connections and one leveling", industrial plant incubators, logistics transportation, and supporting infrastructure, laying underground pipe networks such as drainage, power supply, and communications to solve the problem of infrastructure supply stability; establishing a complete industrial ecology The system can draw on the development model of "front port-central area-back city" implemented by China Merchants Group in Djibouti to realize the integrated development of Hong Kong-City-Properties in the port first, follow-up of industrial parks and supporting urban function development, and promote the business environment and people. Two-way optimization of living environment; Strengthen the software construction of the system, rules, and culture of the park, and provide comprehensive convenience services for the companies in the park; Give full play to the public service functions of the park management committee,

establish a standardized park management system, and provide investment and operation for the park companies Registration, license issuance, trade logistics, preferential policy application, personnel recruitment, planning and design consulting services, etc., to relieve enterprises of worries; Arrange a number of intermediary service agencies, chambers of commerce associations to settle in the park, in time for the company's policy information, business guidance, rights protection Professional services In the name of the park, organize and mobilize foreign companies to conduct collective bargaining, unify policies such as trade, taxation, and legal protection, dissolve technical barriers to capacity cooperation, and create efficient, convenient, and convenient A lawful investment environment; Establish a comprehensive information platform for overseas economic and trade cooperation zones, release policy guidance, administrative management, investment invitation information, project bidding, promotion and other information, effectively connect enterprises and local needs, and create more overseas investment opportunities.

#### **4.2.4 Build a cross-border financial support service system**

Establish a comprehensive cross-border financial support service system, innovate the business of "internal guarantees and external loans" and "foreign guarantees and external loans", guide equity investment to participate in overseas economic and trade cooperation zone projects, broaden financing channels for enterprises in the zone, and let enterprises "go Draw, go steady, go far. " Adequate financial support is a key condition for the "going global" enterprises to achieve sustainable and healthy development. It is necessary to play the role of the "Belt and Road" special loans, Silk Road funds, Silk Road theme bonds, and various special investment funds, support the effective operation of multilateral development and financing centers, encourage financial institutions of various countries to participate in the investment and financing of the construction of overseas economic and trade cooperation zones, and achieve multilateral investment. Participation and mutual benefit

#### **4.2.5 Strengthening localization**

Guide the enterprises in the park to strengthen localized operations, promote the construction of green parks, protect the ecological environment and fulfill social responsibilities, and promote the enterprises in the park to "take root and take root" in the host country. Promoting the sustainable development of the host country's environment and society through localized operations is a necessary condition for the success of overseas economic and trade cooperation zones. Enterprises should adjust their management and management concepts according to the national conditions of the host country, promote local development strategies, and fully integrate with the host country in terms of systems, culture, capital, industry

and labor; follow local laws, regulations and policy requirements, and establish business management that is in line with international rules. System to improve the learning ability, adaptation ability, and resource integration ability of Chinese enterprises; proactively resolve cultural conflicts and explore ways to effectively integrate the parent company's corporate culture with local culture. ; Build more ecological parks, low-carbon parks and green environmental protection zones, improve environmental protection policies and investment management systems in cooperation zones, strengthen international cooperation on ecological environment, biodiversity protection and climate change, and work together to create a "Green Silk Road" For example, with the help of overseas investment environmental protection policies, green investment assessment tools and green financial tools, strictly review and standardize the investment activities of enterprises entering the park, and guide enterprises to carry out green investment; encourage the enterprises entering the park to make full use of green energy such as clean energy, renewable energy, Reasonable and orderly Develop overseas resources and take environmental protection into consideration, and establish a positive international corporate image; attach importance to the cultivation and introduction of composite talents with multinational operating qualities, try to find local talents that meet corporate needs in the host country, and build a localized "talent supply chain" and management system Provide convenience for local companies to obtain materials on-site; also create more employment opportunities for local employees, carry out comprehensive and systematic skills training, improve the welfare and compensation system of local employees, and establish harmonious and stable labor relations; The company and the enterprises entering the park must share social responsibilities, actively participate in community charity activities such as sponsorship and donation, and promote the enterprise to integrate faster, better and deeper into the local society and take root.

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