

The Risks and Countermeasures of Enterprises' Foreign Investment under the Background of One Belt and One Road

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Abstract: With the continuous advancement of “One Belt And One Road” construction, more and more Chinese enterprises have joined the ranks of OFDI. However, due to the huge differences in politics, economy, culture and other aspects among countries, Chinese enterprises are faced with the impact of various risks in overseas investment. If the existing risks cannot be effectively identified and controlled, the project will fail. The current research on risk management of overseas investment is not systematic and comprehensive, and fails to effectively identify the risks that need to be paid attention to and put forward targeted suggestions. This paper identifies the unique risks existing in overseas investment from the perspective of the whole life and puts forward countermeasures from different levels, aiming to provide reference and inspiration for the risk management of similar enterprises' overseas investment.

1. Introduction

The globalization of the new era needs new driving force. The proposal of “One Belt And One Road” policy complies with the economic development trend of the new era and becomes a strong agent to promote the coordinated and integrated development of regional economy. To thoroughly implement the One Belt And One Road strategy, we should not only interpret the opportunities brought by the unprecedented changes in the current century, but also cannot ignore the risks and challenges inherent in them. Countries on the “One Belt And One Road” route are mainly developing countries, which are full of threats of wars and disputes, changing situation and power alternation. Therefore, Chinese enterprises' investment in relevant countries will face external risks such as political risk, economic risk, social risk, legal and policy risk and so on. Therefore, it is extremely urgent to establish a sound forewarning mechanism for foreign investment risks.

2. Identification of Important Risk Elements from the Perspective of the Whole Life Cycle

The concept of whole life cycle: the whole life cycle theory originates from the concept of product life cycle proposed by Raymond Vernon, an American economist. The product life cycle is similar to the life cycle of biology, which goes through the stages of growth, maturity, standardization, decline and so on, and runs through the whole process of project creation and end. The risks faced by enterprises in the process of overseas investment need to be considered from the perspective of the whole life cycle to find out the investment risks that need to be paid attention to.

2.1 Diplomatic Risk

Diplomatic risk refers to the risk caused by the contradictory relationship between the investor country and the recipient country. For example, the long-term imbalance of import and export will lead to the establishment of sanctions policies by the two countries, which will accelerate the tension between the two countries and restrict the trade of products between the two countries, thus leading to the economic difficulties of the foreign investment enterprises. The difference between diplomatic risk and political risk lies in that political risk depends on the political stance and situation of the host country, while diplomatic risk depends on the relationship between the two countries and needs to be maintained by both sides.

2.2 Exchange Rate Risk

The investment returns obtained by enterprises under the background of One Belt And One Road not only depend on the competition in foreign markets, but also are closely related to currency exchange rate changes. The foreign investment of enterprises is mainly settled in US dollar, and the change of the value of US dollar indirectly affects the foreign investment of enterprises. For example, due to the recent continuous depreciation of the US dollar, the pricing of enterprises' export products and projects has been improved, and the export of enterprises' products and the overseas investment of projects have been hindered to some extent.

2.3 Business Risks

The investment decisions and control policies formulated by the enterprise management for the enterprise's foreign investment will have a profound impact on the subsequent process of foreign investment. If not formulated in line with the background of the host country investment strategy, in the face of sudden down cannot adjust policy, a lack of vision and the general situation consciousness management and control of enterprise in the host country team, produces the management risk of the hard to avoid, so you need to the company's decision makers and managers work together, eclectic, To conduct all-round investigation and research on enterprises' foreign investment affairs.

2.4 Financing Risk

(1) unreasonable financing structure. If the debt scale of the project is large, the enterprise needs to pay higher interest, and there is a risk of bankruptcy when the debt is due. Under the background of One Belt And One Road, the overseas investment projects themselves have the characteristics of large scale and need more funds, and the social capital faces greater repayment pressure;

(2) Single financing channels. Most of China's overseas investment projects are public infrastructure construction, so the profits of the projects are generally low and the enthusiasm of social capital investment is generally not high, which leads to the single source of project funds;

(3) The funds are not in time. In the process of project loan, the company group fails to timely provide relevant documents, or the division of responsibilities is unclear due to internal changes in the group, which further affects the project not to be trusted by the bank and unable to obtain funds in time, making the project impossible to proceed.

3. Risk Response Measures at Different Levels

3.1 At the National Level

(1) Proactive policy guidance and support should be provided to establish a comprehensive investment and financing system, avoid the constraints of previous single financing channels on the economic development of relevant countries, and meet the requirements of multiple subjects and investment and financing objects at different levels.

(2) Establish and improve relevant laws and regulations, actively promote legislation and law popularization, so that the follow-up operation and management of the enterprise can be followed by laws, and the project can really take root and sprout in the local area.

(3) Vigorously promote the training of relevant professional talents, focusing on the introduction of professional talents such as investment, financing and legal counsel, to control the possible risks of the project and improve the professionalism of project execution.

(4) Establish a multilateral long-term financial cooperation mechanism, set up a special investment fund, provide special guarantee and approval for financing plans and loans of overseas investment and construction projects carried out by countries with different levels of financial market development, and promote the completion of projects as soon as possible.

(5) Deepen the supervision and management mechanism, set up targeted supervision and management methods, adopt vertical professional means under the unified supervision body, pay

attention to the combination of industry professionalism and supervision principle, and prevent the problems caused by supervision negligence.

3.2 At the Industry Level

(1) Accelerate the construction of an inter-industry business consulting and information exchange platform, and provide abundant information resources for overseas investment projects by collecting relevant information of the investment environment of the host country from embassies abroad and combining with other local partners.

(2) Strengthen the multi-directional cooperation mode, gather scattered individuals together, set up investment and construction cooperation groups, unite the scattered forces of members to jointly build overseas investment and construction, enhance the ability to resist risks, and also help to disperse risks, so that the original unpredictable losses can be greatly reduced.

(3) Establish a risk control system with global awareness, fully understand the relevant laws and regulations of the host country, and comprehensively consider different factors such as the industry characteristics of the investment, investment scale and construction cycle, operation mode, and after the transfer, so as to determine the optimal construction mode and maximize the economic utility.

(4) Actively do a good job of investment publicity, always focus on the supply chain and logistics closely related to the project, and pay attention to whether supply and demand are balanced and whether the market is saturated. At the same time, the advantages and disadvantages of the host country in the project construction industry should not be ignored, and the advantages and disadvantages should be exploited and the potential risks should be avoided.

3.3 At the Enterprise Level

(1) Make an in-depth analysis of the investment environment of the host country. Before the investment project is carried out, carry out detailed field investigation and research on the political system, economic development level, social operation efficiency, cultural atmosphere, judicial environment and other aspects of the invested country, and learn from the experience and lessons of other countries' investment failures.

(2) Expand financing channels and make rational use of funds. Enrich and broaden its own financing channels, strictly manage the raised funds, reasonably allocate the use channels, "spend the money on the most effective", and improve the utilization rate of funds.

(3) Adjust measures to local conditions to adjust development strategy, hard set of previous investment strategy cannot copy, adapt to the regional environment on the basis of the implementation of the enterprise development strategy, to seek investment environment and the investor is that match the pattern, in order to avoid the stakeholders involved, try to choose the way individual proprietorship, do investment loss or failure to prepare in advance, and reduce unnecessary waste of resources, In the face of a sudden crisis do not abandon do not give up, seek to maximize economic benefits, loss minimization.

(4) We should carry out international management within the enterprise, strengthen the communication and transmission of information among various departments, strictly control core technologies, prevent core technologies, especially high and new technologies, from being stolen by enterprises in the same industry from other countries, and protect the core competitiveness of the enterprise.

4. Conclusion

Due to the overseas investment of the project type, size, environment, etc. There are many differences between factors, the means of risk management is not static, with engineering and project management method of continuous innovation, avoid the risks at the same time, also produced a new risks, therefore risk management research to keep up with the pace of The Times. In the future work, I will continue to strengthen the project risk management theory knowledge learning, comprehensive and deep research of scholars at home and abroad related books and literature, more important is to combine international new characteristics and problems of the

project, the unceasingly in the specific engineering management practice application and summarizes the risk management theory and experience, and try to analysis and research, Gradually improve the risk management system of China's foreign contracted engineering enterprises, to improve the risk prevention ability of enterprises, enhance the competitiveness of the global market to contribute to the strength.

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