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## Research on the Construction Models of China's Overseas Parks Along the Belt and Road Initiative: Postprint

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### Abstract

The construction of overseas industrial parks constitutes both a primary component of the Belt and Road Initiative and a crucial platform for economic and trade cooperation between China and participating countries. As the Belt and Road Initiative progresses steadily, China has achieved remarkable results in establishing overseas parks in host countries; however, it also faces numerous difficulties and challenges. Therefore, how to identify existing problems in China's overseas park construction, draw upon international experience in overseas park development to explore appropriate construction models, and standardize and guide various types of overseas park construction has become a major theoretical and practical issue in the current Belt and Road development. This article evaluates the development status of China's established overseas parks in Belt and Road countries from the perspectives of their origins, distribution and typology, construction entities, and existing problems, summarizes the main domestic and international models for overseas park construction and their implications for China's Belt and Road park development, and proposes policy recommendations for advancing China's Belt and Road overseas park construction. The study indicates that three models merit emulation for China's overseas park construction: government high-level promotion, park development company-led initiatives, and private enterprise construction. The state needs to strengthen overall planning for overseas parks, take the lead in organizing and implementing overseas parks with strategic or demonstrative significance, and explore open and inclusive park development models.

## Full Text

# Development Modes of China' s Overseas Industrial Parks along the Belt and Road

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## Abstract

Overseas industrial parks constitute both a primary component of the Belt and Road Initiative and a crucial platform for economic and trade cooperation between China and participating countries. While the Belt and Road Initiative has achieved remarkable progress in developing overseas industrial parks, numerous difficulties and challenges have emerged. Addressing these issues and drawing lessons from international experiences to identify appropriate development models has thus become a critical theoretical and practical imperative. This study evaluates the development status of China' s existing overseas industrial parks in Belt and Road countries by examining their origins, distribution patterns, typologies, development actors, and existing problems. It summarizes key development models from both domestic and international contexts and their implications for China' s Belt and Road Initiative, and proposes policy recommendations to guide and regulate the construction of various overseas industrial parks. The findings indicate that three models warrant consideration: high-level government-driven development, industrial park development company-led construction, and private enterprise-driven development. The state must strengthen overall planning for overseas industrial parks, take the lead in implementing strategically significant or demonstrative projects, and explore open and inclusive development models.

**Keywords:** Belt and Road Initiative, overseas industrial park, development model, China

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Over the past three decades, China' s rapid economic growth has been significantly propelled by special economic zones, development zones, and industrial parks. Since the 2008 financial crisis, and particularly under the “new normal,” China' s economy has entered a new stage transitioning from “bringing in” to “going out.” Strategically planning and allocating resources on a global scale has become an objective requirement for China' s economic transformation, manifested by massive overseas direct investment and a growing number of overseas industrial parks. These parks refer to various types of zones—including

processing zones, industrial parks, technology parks, and economic and trade cooperation zones—built or co-built by Chinese government entities or enterprises abroad, featuring relatively complete infrastructure, integrated industrial chains, and strong radiating effects. Experience demonstrates that overseas industrial parks not only facilitate Chinese enterprises' collective expansion while mitigating individual risks, but also serve as a critical mechanism for domestic firms to upgrade through overseas development while promoting host country economic growth.

Since the Belt and Road Initiative's proposal and implementation, overseas industrial parks have become a primary focus and prominent feature of cooperation with participating countries. Most Belt and Road countries are emerging economies and developing nations in the early stages of industrialization, with China serving as their largest trading partner, export market, and investment source. Developing overseas industrial parks tailored to local conditions has become a key Belt and Road priority, enabling the transfer of China's advanced equipment, technologies, and productive capacity while accelerating host countries' industrialization and modernization. By the end of 2016, Chinese enterprises had established 77 overseas industrial parks in 36 countries, with 56 located in Belt and Road countries. These parks vary significantly in size, function, progress, and effectiveness.

The overseas industrial park model is not a Chinese innovation. In the early 1990s, Singapore launched its "Regionalization 2000" initiative to capitalize on investment opportunities in Asia's newly industrialized economies, transferring low-value-added production segments overseas to create space for knowledge-intensive industries and headquarters economy. A key component involved co-developing overseas industrial parks with host countries according to Singapore's standards. Singapore has since established over ten such parks in China, Indonesia, Vietnam, and India. More recently, Japan, the UK, Germany, and Italy have also begun exploring overseas cooperation park models.

China's overseas industrial parks along the Belt and Road thus align with both the development needs of participating countries and emerging trends in international industrial cooperation. International economic cooperation is shifting from simple project introduction and foreign investment attraction toward co-building industrial cooperation parks—an important product of global economic integration and strategic alignment between nations. While China faces more complex environments and unique challenges compared to developed countries, including diverse political contexts, varying socioeconomic conditions, and multiple risks across Belt and Road countries, there is also a tendency toward hasty development driven by a "speed-first" mentality. Some enterprises have rushed to establish overseas facilities without adequate integration with domestic industrial upgrading.

Given these achievements and challenges, absorbing international experience, understanding existing problems, and guiding the development of various overseas industrial parks have become major theoretical and practical issues for the

Belt and Road Initiative. Based on extensive interviews, this study analyzes the current status of China's overseas industrial parks, draws lessons from domestic and international experiences, explores development models, and proposes policy recommendations.

## **1. Current Status of China's Overseas Industrial Parks along the Belt and Road**

**1.1 Origins of China's Overseas Industrial Park Development** Chinese enterprises began exploring overseas industrial parks in the 1990s. Notable early examples include Haier's industrial park in Camden, South Carolina (1999), a Lahore industrial park in Pakistan (2001), Dubai's "Dragon Market" trade center (2004), and Tianjin's US Commercial and Trade Industrial Park in South Carolina (2004). To address growing trade imbalances, China's Ministry of Commerce introduced multiple policies in late 2005 encouraging enterprises to "go out collectively" through overseas parks. The 2006 "Basic Requirements and Application Procedures for Overseas Chinese Economic and Trade Cooperation Zones" formally launched state support for such zones, further strengthened by the State Council's 2008 "Opinions on Promoting the Development of Overseas Economic and Trade Cooperation Zones," elevating overseas industrial parks to a national strategy.

**1.2 Distribution and Types of China's Overseas Industrial Parks in Belt and Road Countries** Amid global economic slowdown and weak international demand, Belt and Road countries have become a key focus for overseas industrial park development. By the end of 2016, China had established 56 industrial parks in 20 Belt and Road countries, attracting 1,082 enterprises with total investment of \$18.55 billion and output value of \$50.69 billion—accounting for 72.72%, 71.09%, 76.68%, and 72.13% respectively of China's total overseas parks. Twenty parks have passed Ministry of Commerce verification, concentrated primarily in Kyrgyzstan, Uzbekistan, Russia, Pakistan, and Hungary along the Silk Road Economic Belt, and Cambodia, Thailand, Vietnam, and Laos along the 21st Century Maritime Silk Road.

These parks focus mainly on manufacturing, energy/mineral resources, and agricultural processing. Manufacturing parks like the China-Belarus Industrial Park in Minsk and Sany Heavy Industry Park in Pune, India, are located in areas with strong industrial bases and supporting industries. Labor-intensive processing parks like Pakistan's Punjab Garment Industrial Zone and Dhaka's garment and home appliance industrial zone rely on abundant labor resources. Energy and resource processing cooperation zones like Pakistan's Gwadar Energy and Chemical Park and the China-Kazakhstan Aktau Energy Resource Deep Processing Park are established at ports and resource-rich areas. Agricultural cooperation zones like the Huaxin China-Russia Modern Agricultural Cooperation Zone are based in regions with superior natural conditions and agricultural foundations. The parks are also diversifying into trade logistics and technology

cooperation, such as Poland' s Lodz China-Europe International Logistics Industry Cooperation Park and Moscow' s Dubna High-tech Industry Cooperation Park.

**1.3 Driving Forces Behind China' s Overseas Industrial Park Development in Belt and Road Countries** Beyond the central government, local governments have become major drivers. Liaoning Province has promoted ten cooperation zones in Russia, Belarus, India, and Indonesia; Zhejiang has established three national-level zones (Thailand' s Rayong Industrial Park, Russia' s Ussuriysk Economic Cooperation Zone, and Vietnam' s Longjiang Industrial Park) and three provincial-level zones; Jiangsu' s Sihanoukville Special Economic Zone in Cambodia serves as a model project; and Shandong leads the nation with four Ministry of Commerce-verified zones. Additionally, Xinjiang Urumqi Economic and Technological Development Zone has signed agreements with Kazakhstan' s Aktau Special Economic Zone to establish a "China Industrial Park."

**1.4 Challenges in China' s Overseas Industrial Park Development in Belt and Road Countries** Despite significant achievements, numerous challenges persist:

- (1) **Lack of strategic, systematic planning and "hasty" development.** Some localities have turned "going out" into a target-based campaign, blindly encouraging enterprises to create overseas industrial zones.
- (2) **Financing difficulties.** Without services like "overseas guaranteed overseas loans" and "overseas guaranteed domestic loans," it is difficult to secure domestic financing using overseas assets. With long construction cycles and substantial upfront investment, most developers rely on land/building rentals, property management, and service fees, facing serious financing constraints.
- (3) **Insufficient talent reserves and poor local integration.** Chinese enterprises have limited overseas experience, and language and cultural differences hinder effective integration.

## 2. Lessons from Overseas Industrial Park Development Models

Selecting appropriate development models is critical for success. China' s Belt and Road industrial parks require classified and graded guidance based on strategic significance and sector. Drawing on domestic and international experience, three models are identifiable according to the dominant development force:

**2.1 High-Level Government-Driven Development Model** The Singapore-Suzhou Industrial Park exemplifies this model. Initiated in 1994 under the direction of Deng Xiaoping and Singapore' s Senior Minister Lee Kuan Yew, with strong support from national leaders, it represents the first

government-to-government cooperation project between Singapore and China. Now a flagship project and international cooperation demonstration zone, it ranks among China's fastest-growing and most competitive development zones. Most Chinese overseas industrial parks along the Belt and Road were also established through high-level government promotion, such as the Zambia China Economic and Trade Cooperation Zone and the China-Belarus Industrial Park. While these parks more easily obtain government support, they struggle to sustain themselves without viable profit models and strong operational teams. Government-driven parks may have strategic or demonstrative significance but often face implementation challenges—easy to launch but difficult to execute, easy to build but yielding limited results. Without thorough feasibility studies and risk controls, combined with political instability and inconsistent policies in some Belt and Road countries, risks are amplified. The Moscow China Trade City, launched in 2007 with a planned \$300 million investment and 2010 completion, remains unfinished. There is also a concerning trend of increasing attempts to secure endorsements from national leaders.

**2.2 Industrial Park Development Company-Led Model** The China-Egypt Suez Economic and Trade Cooperation Zone, initiated in 1998 as a project jointly promoted by Chinese and Egyptian leaders, initially saw Chinese enterprises primarily serving as consultants. In 2008, Tianjin TEDA Investment Holding Co., Ltd. (75% stake), with its extensive park development experience, partnered with Tianjin Development Zone Suez International Cooperation Co., Ltd. (5% stake) and Egypt's ECIC (5% stake) to form Egypt TEDA Investment Company as the implementation entity for development, construction, investment attraction, and management. Now hosting 68 enterprises, it has developed five major industrial clusters in petroleum equipment manufacturing, high-low voltage electrical equipment, textiles, new building materials, and agricultural machinery, serving as a model for China-Egypt economic cooperation. Similarly, TusHoldings, the developer of Tsinghua Science Park, is exploring technology park development in Pakistan, Malaysia, and Egypt. Having experienced domestic park developers lead overseas projects helps replicate successful cases and facilitates interaction between domestic and overseas parks. However, most existing Chinese overseas parks lack experienced industrial park operators, and greater participation by Chinese development companies should be encouraged.

**2.3 Private Enterprise-Led Development Model** Most Belt and Road industrial parks are private enterprise-driven. These parks feature diverse types and flexible operational mechanisms, including single-enterprise, multi-enterprise, or joint ventures with host country firms. In 2012, Guangdong's Huajian Group invested 3.2 billion RMB to establish the Huajian International Light Industry Park in Ethiopia, transferring shoe manufacturing operations and creating nearly 4,000 local jobs. Similarly, Wenzhou Jinsheng Trading Co., Ltd. established Uzbekistan's "Pengsheng" Industrial Park, which now hosts nine enterprises producing tiles, leather, shoes, mobile phones, faucets, valves,

and pet food, generating strong returns. Pakistan's Haier-Ruba Economic Zone, expanded from the original Haier Industrial Park through a 55:45 joint venture between Haier Group and Pakistan's Ruba Group, exemplifies the "single large enterprise + host country enterprise" model. This requires the lead enterprise to possess substantial economic strength and competitiveness. The "enterprise cluster + host country enterprise" model is illustrated by the Sihanoukville Special Economic Zone, co-developed by Hongdou Group and three other private enterprises with Cambodia International Investment Development Group. Shandong Dihao International Investment Co., Ltd. adopted a "one zone, multiple parks" model for the China-Europe Trade Logistics Park, establishing a commodity trading center in Budapest and logistics parks in Hungary's Csepel Port and Germany's Bremen.

Private enterprises, driven by their own needs and advantages and leveraging host countries' resource endowments and market demands, help create diverse successful models. However, private-led parks are more susceptible to "acclimatization" issues. With uneven market institutions, incomplete legal frameworks, and inadequate government control, security, and emergency management capabilities in some Belt and Road countries, park development faces heightened difficulties. Developers should align with host countries' key regional development strategies, while the Chinese government should strengthen cooperation with host governments on investment protection and park development rights and responsibilities. Both developers and tenant enterprises must embrace corporate social responsibility, uphold win-win cooperation, and genuinely respect and integrate into local communities.

### 3. Policy Recommendations

Overseas industrial park development is strategically significant but faces a long road ahead. Sustainable development requires not only Chinese legal and government support but also proactive integration into host country environments and compliance with local laws and regulations. Based on international experience, three priorities should guide China's Belt and Road industrial park development:

(1) **Strengthen strategic planning and coordinated implementation.**

Although park development is fundamentally an economic activity that should be enterprise-led and market-oriented, national-level strategic planning is crucial. Current site selection is often based on individual enterprise needs rather than national strategy. The state should enhance inter-agency coordination, implement classified and graded guidance, improve service systems, and strengthen risk prevention. Bilateral investment protection agreements should be further implemented to address issues including double taxation, land use, tax and labor policies, infrastructure support, investment disputes, and risk prevention, providing strong legal safeguards. Parks should be guided to utilize host country preferential policies and actively align with partner nations' development strategies.

- (2) **Have relevant state departments lead strategically significant or demonstrative parks.** Park development is a long-term endeavor requiring patience and steady, measured progress. Early efforts should focus on key regions, countries, and sectors, establishing strategically important cooperation parks in Belt and Road pivot countries to create demonstration effects before broader expansion. Drawing on the Singapore-Suzhou Industrial Park and China-Egypt Suez Economic and Trade Cooperation Zone experiences, operational models should be constructed at three levels: intergovernmental investment cooperation negotiations, park coordination, and daily management. Domestic park operators with proven capabilities should be encouraged to participate in overseas park operations.
- (3) **Explore open and inclusive development models.** Currently, most Belt and Road industrial parks adopt “closed” development models for security and management convenience, creating relatively isolated environments and often hiring Chinese rather than local workers. While reducing short-term adaptation costs, this approach can create tensions with local communities and expose parks to nationalist, environmentalist, or extremist threats. Parks must shift toward inclusive and shared development, transforming from “Chinese overseas parks” to “host country-China parks,” establishing deep local roots and embracing corporate social responsibility. Evaluation criteria should incorporate local employment and economic contributions.

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