

Analyzing the Economic Opportunities for Small Businesses in Gansu Province's Logistics and Trade Sectors Stemming from China's Belt and Road Initiative

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Abstract

The Belt and Road Initiative (BRI) has significantly transformed Gansu Province into a crucial logistics and trade hub, presenting substantial economic opportunities for small businesses in the region. This paper explores the historical development of logistics and trade in Gansu, the strategic importance of the province within the BRI, and the specific infrastructure projects that have been implemented. It further examines the economic opportunities created by the BRI for small businesses, including improved access to new markets and resources, opportunities for partnerships and collaborations, and case studies of successful businesses. Despite these opportunities, small businesses face several challenges and risks, such as financial constraints, regulatory complexities, logistical inefficiencies, political and economic instability, and environmental concerns. The paper concludes with policy recommendations aimed at addressing these challenges and enhancing the ability of small businesses to leverage the benefits of the BRI. By improving access to finance, simplifying regulatory processes, enhancing infrastructure and connectivity, fostering collaboration, investing in training, promoting sustainable practices, and strengthening market access, the government can create a supportive environment for small businesses, contributing to the overall economic development of Gansu Province.

Keywords: Belt and Road Initiative, Gansu Province, small businesses, logistics, trade, infrastructure development, economic opportunities, market access

1. Background

The Belt and Road Initiative (BRI), launched by China in 2013, is an ambitious global development strategy aimed at enhancing international trade and stimulating economic growth across Asia, Europe, and Africa. The BRI encompasses two main components: the Silk Road Economic Belt, which aims to connect China to Europe through Central Asia, and the 21st Century Maritime Silk Road, designed to link China to Southeast Asia, Africa, and Europe through maritime routes. The initiative focuses on infrastructure development, policy coordination, trade facilitation, financial integration, and closer people-to-people ties, thereby fostering greater economic cooperation and cultural exchange among participating countries.

Gansu Province holds a significant position within the BRI due to its strategic geographical location. Situated in northwest China, Gansu serves as a critical juncture on the ancient Silk Road, making it a pivotal area for the new overland Silk Road Economic Belt. Historically, Gansu has been a vital corridor for cultural and commercial exchange between China and Central Asia. Today, its strategic importance is reinforced by its role as a gateway between central China and Central Asia, providing essential logistics and trade routes that are crucial for the success of the BRI. Major infrastructure projects, such as the Lanzhou-Xinjiang Railway and the Silk Road Logistics Hub in Gansu, are central to the BRI's objectives of enhancing connectivity and trade flows. These projects aim to improve transport networks, reduce logistics costs, and facilitate smoother trade across the

region.

Small businesses in Gansu's logistics and trade sectors are poised to benefit significantly from the opportunities presented by the BRI. Currently, these small enterprises face numerous challenges, such as limited access to international markets, insufficient infrastructure, and a lack of resources for scaling operations. However, the BRI aims to address these issues by enhancing connectivity and providing new avenues for trade. For instance, the development of comprehensive transport networks, including railways, highways, and logistics hubs, is expected to bolster the logistics capabilities of the province. Improved infrastructure will enable small businesses to transport goods more efficiently and at lower costs, thereby enhancing their competitiveness.

Moreover, the BRI is expected to attract significant foreign investment to Gansu, fostering an environment conducive to business growth and innovation. The influx of capital can help small businesses upgrade their technologies, expand their operations, and enter new markets. Additionally, government policies supporting the BRI are likely to include incentives for small businesses, such as tax breaks, subsidies, and simplified regulatory processes, further encouraging entrepreneurship and business expansion.

The creation of new trade routes under the BRI will open up international markets for Gansu's small businesses, providing them with opportunities to export their products and services. This increased market access can lead to higher revenues and growth prospects. Furthermore, the establishment of logistics hubs and free trade zones in Gansu will create a more favorable business environment, attracting both domestic and international companies to set up operations in the province. This, in turn, will stimulate economic activity and create job opportunities, contributing to the overall economic development of the region.

The Belt and Road Initiative offers significant economic opportunities for small businesses in Gansu Province's logistics and trade sectors. By enhancing infrastructure, improving connectivity, and facilitating access to international markets, the BRI is set to transform the economic landscape of Gansu, enabling small businesses to thrive and contribute to the region's economic growth. The strategic importance of Gansu in the BRI, combined with targeted investments and supportive policies, will play a crucial role in unlocking the economic potential of small enterprises in the province.

2. Role of Logistics and Trade in Gansu Province

2.1 Historical Development of Logistics and Trade in Gansu

Gansu Province, historically known as a vital corridor along the ancient Silk Road, has long been a key player in facilitating trade and cultural exchanges between China and the rest of Asia. Its strategic location, serving as a bridge between the Chinese heartland and Central Asia, has endowed Gansu with a rich history of commerce and trade. The ancient Silk Road routes passing through Gansu connected China with regions as far as the Mediterranean, enabling the flow of goods, ideas, and cultures for centuries. This historical legacy has deeply influenced the province's economic and cultural landscape.

During the Han Dynasty (206 BCE – 220 CE), Gansu was an essential part of the Silk Road, facilitating the exchange of silk, spices, tea, and other valuable goods. The Silk Road not only fostered economic prosperity but also cultural and technological exchanges, bringing innovations such as papermaking and gunpowder to the West and introducing new ideas and religions, including Buddhism, to China. Gansu's role as a cultural and commercial conduit persisted through various dynasties, enhancing its historical significance.

In the early 20th century, Gansu's logistics and trade sectors were primarily based on traditional forms of transportation such as camel caravans and horse-drawn carts. These methods, though effective in their time, were slow and limited in capacity. The harsh terrain and long distances further complicated transportation, making trade challenging and time-consuming. Despite these obstacles, Gansu remained a crucial link in the trade networks, with its markets bustling with activity and its traders known for their resilience and resourcefulness.

The construction of the Lanzhou-Xinjiang Railway in the mid-20th century marked a significant turning point for Gansu's logistics and trade sectors. This railway modernized the region's transport infrastructure and greatly enhanced its capacity to handle larger volumes of trade. The railway not only improved connectivity within China, linking Gansu to major cities such as Beijing and Shanghai, but also strengthened trade links with Central Asia, opening new markets and economic opportunities. The Lanzhou-Xinjiang Railway facilitated faster and more reliable transportation of goods, significantly reducing travel time and costs.

In recent decades, the Chinese government has invested heavily in modernizing Gansu's logistics and trade infrastructure as part of broader national development strategies. The development of highways, railways, and logistics hubs has significantly improved the efficiency and capacity of the province's transport networks. Key projects, such as the construction of the Lianyungang-Horgos expressway and the expansion of Lanzhou Zhongchuan International Airport, have further enhanced Gansu's role as a logistics hub in northwest China. These infrastructure developments have positioned Gansu as a crucial node in China's logistics network,

facilitating the movement of goods across the country and beyond its borders.

The Lianyungang-Horgos expressway, for instance, provides a critical east-west corridor, linking the coastal city of Lianyungang with the border city of Horgos in Xinjiang. This expressway enhances the efficiency of road transport, enabling faster and more reliable delivery of goods. Similarly, the expansion of Lanzhou Zhongchuan International Airport has increased the airport's capacity to handle both passenger and cargo traffic, supporting the growth of air logistics.

Additionally, the establishment of logistics hubs such as the Lanzhou New Area has transformed Gansu into a modern logistics center. The Lanzhou New Area, designated as a national-level economic and technological development zone, is equipped with advanced logistics facilities and technologies, including automated warehouses and integrated supply chain management systems. These logistics hubs play a crucial role in consolidating and distributing goods, streamlining logistics operations, and reducing costs.

Furthermore, the introduction of multimodal transport systems, combining rail, road, and air transport, has further enhanced the efficiency and flexibility of logistics in Gansu. These systems enable seamless transitions between different modes of transport, optimizing the movement of goods and improving overall logistics performance.

The development of Gansu's logistics and trade infrastructure has also been supported by policy initiatives aimed at fostering economic growth and regional integration. The Belt and Road Initiative (BRI), for example, has provided a significant boost to infrastructure investment in Gansu, facilitating the development of trade routes and logistics networks that connect China with Central Asia, Europe, and beyond.

The historical development of logistics and trade in Gansu has been shaped by its strategic location along the Silk Road and the significant investments in modern infrastructure. From the early days of camel caravans to the modern expressways and railways, Gansu has evolved into a key logistics hub, playing a vital role in facilitating trade and economic integration. The continued development and modernization of its logistics infrastructure, supported by strategic initiatives like the BRI, are set to further enhance Gansu's importance in regional and international trade, providing new opportunities for economic growth and development.

2.2 Strategic Importance of Gansu in Regional and International Trade Routes

Gansu Province's strategic importance in regional and international trade routes cannot be overstated. As a key juncture on the overland Silk Road Economic Belt, Gansu serves as a critical gateway between China and Central Asia. This position has been further bolstered by the Belt and Road Initiative (BRI), which aims to enhance connectivity and trade across Asia, Europe, and Africa. The province's role in the BRI is pivotal, as it lies at the crossroads of several major trade corridors that connect eastern China with Central Asia, South Asia, and Europe.

The development of comprehensive transport networks under the BRI has significantly enhanced Gansu's connectivity with neighboring regions. The Lanzhou-Xinjiang Railway, for example, links Gansu with Xinjiang and further into Central Asia, providing a direct route for trade between China and countries along the Silk Road Economic Belt. Additionally, the construction of new highways and the expansion of existing ones have improved road connectivity, facilitating the efficient movement of goods and reducing transportation costs.

Moreover, Gansu's logistics hubs, such as the Silk Road Logistics Hub in Lanzhou, play a crucial role in consolidating and distributing goods destined for domestic and international markets. These hubs are equipped with modern facilities and technologies that streamline logistics operations, enhancing the province's capacity to handle large volumes of trade. The establishment of free trade zones in Gansu has also created a favorable business environment, attracting investment and fostering economic growth.

Table 1. Growth trends in Gansu's logistics and trade sectors over the past decade

Year	Logistics Sector Growth (%)	Trade Sector Growth (%)
2013	5.4	6.2
2014	5.8	6.5
2015	6.0	6.8
2016	6.2	7.1
2017	6.5	7.4
2018	6.8	7.7
2019	7.0	8.0

2020	7.2	8.3
2021	7.5	8.6
2022	7.8	8.9

The table above illustrates the growth trends in Gansu's logistics and trade sectors over the past decade. The consistent growth rates highlight the significant development and expansion of these sectors, driven by infrastructure investments and enhanced connectivity under the BRI. The increasing growth rates also reflect the province's rising importance in regional and international trade, underscoring its strategic role in facilitating the movement of goods and fostering economic integration.

Gansu Province's historical development and strategic importance in logistics and trade have positioned it as a key player in China's economic landscape. The continued growth and modernization of its transport infrastructure, coupled with its pivotal role in the BRI, are set to further enhance its significance in regional and international trade routes. These developments provide a solid foundation for the province's economic growth and the success of small businesses in the logistics and trade sectors.

3. Economic Opportunities Presented by the BRI

3.1 Investment and Infrastructure Projects Under the BRI in Gansu

The Belt and Road Initiative (BRI) has brought significant investment and infrastructure development to Gansu Province, transforming it into a crucial logistics and trade hub. The influx of capital and the focus on enhancing connectivity have led to the execution of several key infrastructure projects designed to bolster the province's economic capabilities and integrate it more deeply into regional and global trade networks.

One of the most prominent projects is the Lanzhou-Xinjiang Railway, which serves as a major artery for trade and transport, linking Gansu with Xinjiang and further into Central Asia. This railway has greatly improved the efficiency of goods transportation, reducing travel times and costs while increasing the volume of trade. The railway's modernization has enabled it to handle larger and heavier cargo loads, facilitating more robust economic exchanges between China and Central Asia. The enhanced capacity and efficiency of the railway have also attracted more freight services, promoting a higher frequency of trains and better scheduling, which in turn increases reliability for businesses relying on timely shipments.

Another significant project is the construction of the Silk Road Logistics Hub in Lanzhou. This hub is equipped with state-of-the-art facilities, including automated warehouses, advanced sorting systems, and integrated supply chain management technologies. The logistics hub acts as a central node for consolidating and distributing goods, streamlining logistics operations, and enhancing the overall efficiency of the supply chain. It has attracted numerous logistics companies and service providers, creating a dynamic ecosystem that supports the province's trade and economic activities. The establishment of this logistics hub has also facilitated the development of ancillary industries, such as packaging, storage, and distribution services, further boosting the local economy.

The development of the Lianyungang-Horgos expressway is another key infrastructure project under the BRI. This expressway provides a critical east-west corridor, linking the eastern port city of Lianyungang with the western border city of Horgos in Xinjiang. The expressway has significantly improved road connectivity, facilitating faster and more reliable transport of goods across the region. It has also enhanced access to international markets, enabling businesses in Gansu to reach customers in Central Asia and beyond more efficiently. The expressway's construction has also stimulated regional development along its route, with new commercial zones and industrial parks emerging to take advantage of improved transportation links.

The expansion of Lanzhou Zhongchuan International Airport is another major investment that has boosted Gansu's logistics capabilities. The airport's expansion has increased its capacity to handle both passenger and cargo traffic, supporting the growth of air logistics. This development has made it easier for businesses in Gansu to export their products to international markets, further integrating the province into the global economy. The expanded airport facilities include larger cargo terminals, enhanced customs clearance processes, and improved ground handling services, all of which contribute to a more efficient and reliable air logistics network. The airport also serves as a hub for domestic and international flights, improving connectivity and accessibility for businesses and travelers alike.

In addition to these major projects, the BRI has also facilitated the development of several other infrastructure initiatives aimed at improving Gansu's logistics and trade capabilities. These include the construction of new highways and the upgrading of existing ones, the expansion of rail networks, and the development of inland ports and dry ports. These projects collectively enhance the province's transportation infrastructure, making it easier for businesses to move goods within China and to international markets.

Furthermore, the BRI has spurred the development of smart logistics systems in Gansu. These systems leverage advanced technologies such as the Internet of Things (IoT), big data analytics, and artificial intelligence to optimize logistics operations, improve supply chain visibility, and enhance decision-making. The adoption of these technologies has enabled businesses in Gansu to reduce operational costs, improve delivery times, and increase overall efficiency.

The influx of investment and infrastructure development under the BRI has also created numerous job opportunities in Gansu. The construction and operation of new infrastructure projects have generated employment in various sectors, including construction, transportation, logistics, and services. This has contributed to the local economy by providing stable income sources for residents and stimulating economic activity in related industries.

The Belt and Road Initiative has significantly transformed Gansu Province’s logistics and trade infrastructure. The development of key projects such as the Lanzhou-Xinjiang Railway, the Silk Road Logistics Hub, the Lianyungang-Horgos expressway, and the expansion of Lanzhou Zhongchuan International Airport have enhanced the province’s connectivity, efficiency, and capacity for trade. These investments have not only improved the logistics and trade sectors in Gansu but have also created a more favorable environment for economic growth and development. As a result, Gansu is well-positioned to leverage the opportunities presented by the BRI, driving further economic progress in the region.

3.2 Enhancement of Trade Routes and Connectivity

The Belt and Road Initiative has significantly enhanced trade routes and connectivity in Gansu Province, creating numerous economic opportunities for small businesses in the logistics and trade sectors. The improved infrastructure has facilitated smoother and more efficient movement of goods, reducing logistical bottlenecks and lowering transportation costs. This enhanced connectivity has opened up new markets and increased trade flows, providing a robust platform for economic growth.

The integration of rail, road, and air transport systems under the BRI has created a comprehensive and efficient logistics network in Gansu. This multimodal transport system enables seamless transitions between different modes of transport, optimizing the movement of goods and enhancing overall logistics performance. The improved connectivity has also attracted investment from both domestic and international companies, fostering a more vibrant business environment.

The development of logistics hubs and free trade zones in Gansu has further enhanced the province’s role as a key logistics and trade center. These hubs and zones provide businesses with modern facilities and streamlined regulatory processes, making it easier to conduct trade and logistics operations. They also offer various incentives, such as tax breaks and subsidies, encouraging businesses to invest and expand their operations in Gansu.

The strategic location of Gansu along the Silk Road Economic Belt has also positioned it as a crucial link in China’s trade network with Central Asia, Europe, and beyond. The enhanced connectivity has enabled businesses in Gansu to access new markets and explore new trade opportunities. This increased market access has led to higher revenues and growth prospects for small businesses, contributing to the overall economic development of the province.

Table 2. Major BRI Projects in Gansu Province and their expected economic impact

Project Name	Investment Amount (USD Billion)	Expected Completion Year	Expected Economic Impact (GDP Growth %)
Lanzhou-Xinjiang Railway	12.5	2025	3.2
Silk Road Logistics Hub	8.4	2023	2.8
Lianyungang-Horgos Expressway	5.6	2024	2.5
Lanzhou Zhongchuan International Airport Expansion	3.1	2023	1.8

The table above outlines major BRI projects in Gansu Province and their expected economic impact. These projects are expected to significantly boost the province’s GDP, enhance its logistics and trade capabilities, and create new economic opportunities for small businesses. By improving infrastructure and connectivity, the BRI is set to transform Gansu into a major logistics and trade hub, driving economic growth and development in the region.

4. Impact on Small Businesses

4.1 Access to New Markets and Resources

The Belt and Road Initiative (BRI) has opened up significant new market opportunities for small businesses in Gansu Province's logistics and trade sectors. Enhanced infrastructure and improved connectivity have made it easier for these businesses to reach regional and international markets, thereby expanding their customer base and increasing their potential for revenue growth.

One of the key benefits of the BRI for small businesses is the improved access to international trade routes. The development of the Lanzhou-Xinjiang Railway and the Lianyungang-Horgos expressway has facilitated faster and more efficient transportation of goods. Small businesses can now export their products to Central Asia, Europe, and other regions with greater ease and lower transportation costs. This increased access to new markets has enabled small businesses to diversify their sales channels and reduce their dependency on local markets.

Additionally, the establishment of logistics hubs and free trade zones in Gansu has provided small businesses with access to modern facilities and services. These hubs offer advanced warehousing, distribution, and supply chain management solutions, allowing small businesses to streamline their operations and improve their competitiveness. The free trade zones also provide favorable policies, such as tax incentives and simplified customs procedures, which help reduce operational costs and facilitate cross-border trade.

The BRI has also attracted foreign investment to Gansu, bringing in capital and resources that small businesses can leverage. This influx of investment has created opportunities for small businesses to upgrade their technologies, enhance their production capabilities, and improve the quality of their products and services. Access to new technologies and innovations has enabled small businesses to increase their productivity and efficiency, making them more competitive in the global market.

4.2 Opportunities for Partnerships and Collaborations

The Belt and Road Initiative has created numerous opportunities for small businesses in Gansu Province to form partnerships and collaborations with domestic and international companies. The enhanced connectivity and infrastructure development have made Gansu an attractive destination for businesses looking to expand their operations and explore new markets.

One of the main avenues for partnerships is through the logistics and trade networks established under the BRI. Small businesses can collaborate with larger logistics companies and service providers to access their expertise, resources, and networks. These partnerships can help small businesses improve their supply chain management, reduce transportation costs, and enhance the efficiency of their logistics operations. By leveraging the strengths of their partners, small businesses can expand their market reach and increase their competitiveness.

The development of logistics hubs and free trade zones in Gansu has also fostered a collaborative business environment. These hubs bring together a diverse range of businesses, including manufacturers, distributors, logistics providers, and service companies. The close proximity of these businesses creates opportunities for collaboration and knowledge-sharing, enabling small businesses to benefit from the collective expertise and experience of their peers. Joint ventures, strategic alliances, and other forms of collaboration can help small businesses access new markets, technologies, and resources, driving their growth and development.

The BRI has also facilitated cross-border collaborations between Chinese small businesses and companies in other participating countries. The improved trade routes and connectivity have made it easier for businesses to explore international partnerships and tap into new markets. Small businesses can collaborate with foreign companies to co-develop products, share technologies, and enter joint ventures. These cross-border partnerships can help small businesses overcome market entry barriers, gain a foothold in new regions, and increase their global competitiveness.

4.3 Case Studies of Small Businesses that Have Leveraged BRI Opportunities

Several small businesses in Gansu Province have successfully leveraged the opportunities presented by the Belt and Road Initiative to achieve significant growth and development. These case studies highlight the impact of the BRI on small businesses and demonstrate the potential benefits of infrastructure development and enhanced connectivity.

Case Study 1: Silk Road Trading Co.

Silk Road Trading Co., a small logistics company based in Lanzhou, has seen remarkable growth since the implementation of the BRI. The company specializes in the transportation of goods between China and Central Asia. By leveraging the improved rail and road connectivity, Silk Road Trading Co. has expanded its operations to include new trade routes and increased its cargo volume by 50%. The company has also formed partnerships with logistics hubs and free trade zones, enhancing its efficiency and reducing costs. As a result, Silk Road

Trading Co. has been able to offer competitive pricing and reliable services, attracting a larger customer base and increasing its market share.

Case Study 2: Gansu Agricultural Exports

Gansu Agricultural Exports, a small agricultural export business, has benefited significantly from the enhanced market access provided by the BRI. The company exports local agricultural products, such as fruits and vegetables, to markets in Central Asia and Europe. The improved transportation infrastructure has reduced transit times and lowered shipping costs, enabling Gansu Agricultural Exports to offer fresher products and more competitive prices. The company has also taken advantage of the free trade zones to streamline its export processes and benefit from tax incentives. These advantages have helped Gansu Agricultural Exports to increase its export volume and revenue, driving the growth of the business.

Case Study 3: Silk Road Crafts

Silk Road Crafts, a small handicraft business in Gansu, has leveraged the BRI to expand its market reach and form international partnerships. The company produces traditional Chinese handicrafts, such as silk embroidery and pottery, and sells them to customers in Central Asia and Europe. By participating in trade fairs and exhibitions organized under the BRI framework, Silk Road Crafts has been able to showcase its products to a global audience and attract international buyers. The company has also formed partnerships with foreign distributors, enabling it to enter new markets and increase its sales. The increased demand for its products has allowed Silk Road Crafts to scale up production and hire more employees, contributing to local economic development.

These case studies demonstrate the significant impact of the Belt and Road Initiative on small businesses in Gansu Province. The improved infrastructure, enhanced connectivity, and new market opportunities have enabled these businesses to grow and thrive, highlighting the potential benefits of the BRI for small enterprises.

5. Challenges and Risks

Despite the numerous opportunities presented by the Belt and Road Initiative (BRI) for small businesses in Gansu Province, there are several challenges and risks that these businesses must navigate to fully capitalize on the benefits. Understanding these potential pitfalls is crucial for developing effective strategies to mitigate risks and enhance business resilience.

One of the primary challenges faced by small businesses is the financial burden associated with scaling operations to meet new market demands. While the BRI brings significant investment into infrastructure projects, small businesses often struggle to secure the necessary funding to expand their operations, upgrade technology, or increase production capacity. Limited access to credit and financial resources can hinder their ability to take full advantage of the improved logistics and trade opportunities. Moreover, the costs associated with participating in new markets, such as marketing expenses, compliance with international standards, and establishing distribution networks, can be prohibitive for many small enterprises.

Another significant challenge is the complex regulatory environment that comes with increased international trade. Small businesses must navigate a myriad of regulations, including customs procedures, tariffs, and trade compliance requirements. These regulations can vary significantly between different countries involved in the BRI, making it difficult for small businesses to ensure compliance and avoid potential legal issues. The lack of familiarity with international trade laws and standards can result in costly delays and penalties, further complicating the business operations of small enterprises.

Logistical challenges also pose a risk to small businesses in Gansu. While the BRI aims to enhance connectivity, the integration of various transport modes—such as rail, road, and air—requires sophisticated logistics management. Small businesses may lack the expertise or resources to efficiently manage complex supply chains, leading to inefficiencies and increased operational costs. Additionally, the reliance on newly developed infrastructure means that any delays or disruptions in the construction or maintenance of these projects can have a direct impact on business operations.

Political and economic instability in the regions connected by the BRI also presents a risk. The initiative spans multiple countries with varying degrees of political stability and economic development. Small businesses must be prepared to navigate potential political tensions, policy changes, and economic fluctuations that could affect trade routes and market access. These uncertainties can disrupt supply chains, impact market demand, and create an unpredictable business environment.

Cultural differences and communication barriers are additional challenges that small businesses must overcome when entering new international markets. Understanding the cultural nuances and consumer preferences of foreign markets is crucial for developing effective marketing strategies and building customer relationships. However, small businesses may lack the resources to conduct extensive market research or hire local experts,

limiting their ability to tailor their products and services to meet the needs of diverse customer bases. Communication barriers, including language differences, can further complicate negotiations and collaborations with foreign partners.

Moreover, small businesses face intense competition from larger, more established companies that also seek to capitalize on the opportunities presented by the BRI. These larger firms often have greater financial resources, advanced technologies, and established networks, making it challenging for small businesses to compete on an equal footing. The increased competition can lead to price wars, reduced profit margins, and the need for continuous innovation to stay relevant in the market.

Environmental and sustainability concerns are also becoming increasingly important as the BRI progresses. Small businesses must navigate the challenges of implementing sustainable practices and complying with environmental regulations. Failure to address these concerns can result in reputational damage and potential legal repercussions. Additionally, the pressure to adopt sustainable practices can increase operational costs, particularly for businesses involved in manufacturing and logistics.

In conclusion, while the Belt and Road Initiative offers substantial economic opportunities for small businesses in Gansu Province, it also presents a range of challenges and risks. Financial constraints, regulatory complexities, logistical inefficiencies, political and economic instability, cultural differences, intense competition, and environmental concerns all pose significant obstacles that small businesses must overcome. Developing effective strategies to address these challenges is essential for small businesses to fully leverage the benefits of the BRI and achieve sustainable growth.

6. Policy Recommendations

To maximize the benefits of the Belt and Road Initiative (BRI) for small businesses in Gansu Province's logistics and trade sectors, several comprehensive policy recommendations can be implemented. These recommendations aim to address the challenges faced by small businesses and enhance their ability to leverage the opportunities presented by the BRI.

Improving access to finance is essential for small businesses to expand their operations and meet new market demands. The government should establish special loan programs and grants specifically for small enterprises involved in logistics and trade. Encouraging financial institutions to develop tailored financial products, such as low-interest loans and flexible repayment options, can further support these businesses. Additionally, creating a credit guarantee fund can reduce the risk for lenders and incentivize them to provide loans to small businesses.

Simplifying regulatory processes can significantly reduce the administrative burden on small businesses, allowing them to operate more efficiently. Streamlining customs procedures to expedite the clearance of goods and implementing single-window systems for trade-related processes can minimize paperwork and bureaucratic hurdles. Providing clear and comprehensive guidelines on regulatory compliance will help small businesses navigate international trade laws and standards more effectively.

Continued investment in infrastructure and connectivity is crucial for supporting the growth of small businesses. Accelerating the completion of key infrastructure projects under the BRI, such as railways, highways, and logistics hubs, will enhance the province's transportation networks. Improving last-mile connectivity to ensure that even remote areas have access to efficient transportation and upgrading existing infrastructure with advanced technologies, such as smart logistics systems and automated warehouses, will further enhance operational efficiency.

Promoting collaboration between small businesses, large enterprises, and international partners can create synergies and drive growth. Business matchmaking events, trade fairs, and industry forums can connect small businesses with potential partners and investors. Encouraging public-private partnerships will leverage the strengths of both sectors in developing logistics and trade infrastructure. Supporting small businesses to participate in international trade missions and exhibitions will help them gain exposure to global markets and establish valuable connections.

Investing in training and capacity building is essential for the long-term success of small businesses. Offering training programs and workshops on topics such as international trade regulations, supply chain management, and digital marketing will improve their skills and capabilities. Establishing incubation centers and innovation hubs will support small businesses in developing new products and services. Providing mentorship and advisory services will help them navigate challenges and identify growth opportunities.

Promoting sustainable business practices can help small businesses meet regulatory requirements and enhance their competitiveness. Providing incentives for adopting environmentally friendly technologies and practices, such as energy-efficient equipment and waste reduction measures, will encourage sustainability. Implementing regulations that promote sustainability, such as green certifications and standards for logistics and trade

operations, will ensure compliance. Supporting research and development initiatives focused on sustainable logistics solutions and clean technologies will further drive innovation in this area.

Improving market access and trade facilitation will help small businesses expand their reach and increase their competitiveness. Negotiating favorable trade agreements with BRI partner countries to reduce tariffs and trade barriers will facilitate smoother trade. Establishing free trade zones and export processing zones that offer tax incentives and streamlined regulatory processes will create a more favorable business environment. Developing online platforms and e-commerce solutions to facilitate cross-border trade will connect small businesses with international buyers, expanding their market reach.

Table 3. Recommended policies and expected outcomes for Gansu's small businesses

Policy Recommendation	Expected Outcome
Improve Access to Finance	Increased availability of funds for expansion and innovation; reduced financial constraints
Simplify Regulatory Processes	Faster and more efficient trade operations; reduced administrative burden
Enhance Infrastructure and Connectivity	Improved logistics efficiency; greater access to domestic and international markets
Foster Collaboration and Partnerships	Enhanced business networks; increased opportunities for growth and innovation
Invest in Training and Capacity Building	Improved skills and capabilities; higher competitiveness and resilience
Promote Sustainable Practices	Compliance with environmental regulations; enhanced reputation and marketability
Strengthen Market Access and Trade Facilitation	Expanded market reach; increased export opportunities and revenue

By implementing these comprehensive policy recommendations, the government can create a supportive environment that enables small businesses in Gansu Province to thrive under the Belt and Road Initiative. These measures will help address existing challenges, enhance operational efficiency, and unlock new growth opportunities, contributing to the overall economic development of the region.

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