

**Analysis of the Impact of the Belt and Road Initiative on China's Commercial
Distribution Enterprise Innovation from the Perspective
of Enterprise Internationalization**

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Abstract

The Belt and Road Initiative (BRI) is an open and inclusive regional cooperation initiative aiming to improve economic factor circulation and resource allocation efficiency by strengthening exchanges and cooperation among the BRI countries and regions. It has not only solidified the foundation for the development of China's commercial distribution enterprises (CDEs) but also enabled them to tap into larger markets and accelerate the pace of "going global." However, with the intensification of market competition, innovation has increasingly become a key factor affecting CDEs' international competitiveness. In view of this, this paper leverages enterprise internationalization as the perspective to explore the impact of the BRI on China's commercial distribution enterprise innovation (CDE innovation). The purpose of this paper is to provide theoretical guidance for China's CDEs to participate in the BRI's development and accelerate the pace of innovation. The paper has drawn the following conclusions: The R&D investment of China's CDEs is significantly and positively influenced by the BRI. Enterprise internationalization plays a mediating role between the BRI and China's CDE innovation.

Keywords: Belt and Road Initiative (BRI); Enterprise internationalization; Commercial distribution enterprise (CDE); Enterprise innovation; International cooperation

The pandemic has highlighted the significance of the concept of "a community

with a shared future for mankind.” It requires more international cooperation to deal with both regional and global issues. Facing the pandemic, China and other Belt and Road Initiative (BRI) countries have ushered in new opportunities for development amid the innovative cooperation mechanism within the BRI framework. According to data from China’s General Administration of Customs, China’s import and export to other BRI countries in 2021 was RMB 11.6 trillion, an increase of 23.6%, and 2.2 percentage points higher than the overall growth rate of China’s foreign trade during the same period. Among them, there are exports of RMB 6.59 trillion, an increase of 21.5%, and imports of RMB 5.01 trillion, an increase of 26.4%. Continuous BRI efforts make China’s trade with other BRI countries increasingly frequent, which undoubtedly creates good opportunities for the development of China’s commercial distribution enterprises (CDEs). In view of this, this paper explores the relationship between the BRI and China’s commercial distribution enterprise innovation (CDE innovation), with the examples of China’s CDEs and with the aim of promoting China’s CDE innovation and industry transformation and upgrading. This paper proposes a series of policy recommendations based on the results of the empirical analysis, aiming to promote China’s CDE innovation and development.

I. Theoretical Analysis and Research Hypotheses

There are two main ways for enterprises to improve their innovation capacity. The first is independent innovation by integrating internal resources; the other is secondary innovation through bringing in advanced external knowledge and technology, and then absorbing, transforming, and applying them¹. The BRI is an open regional cooperation platform that goes beyond the limitations of traditional geopolitics. Through in-depth cooperation, it promotes the circulation of economic factors and the synergistic development of economies of various countries². Therefore, the BRI provides China’s enterprises with new channels to access external resources. Promoted by this initiative, China’s enterprises will have increasingly frequent exchanges with foreign enterprises, thus bringing new ideas for the development of China’s enterprises. Meanwhile, inter-enterprise communication is accompanied by friendly competition. Competition will stimulate the innovation potential of China’s CDEs, so that they can develop and progress to tap into larger markets.

The development of enterprises is subject to influences of the external environment, while changes in the external environment may bring opportunities and challenges to enterprises. BRI countries feature different cultures and religious beliefs. As a result, China’s experience of cooperation in some countries may not be completely applicable to others. First, China’s upholding of democracy and science and its lack of sensitivity to religious beliefs invariably increase the religious risks to trade with other countries. As a result, China’s enterprises need to recognize that mutual respect is the primary prerequisite for trade in the course of mutual interaction³. Secondly, the infrastructures of BRI countries are not perfect and their financial market management

systems are not sound, adding to the economic risks of China’s enterprises. Finally, huge differences exist in the legal systems of various countries, resulting in legal

information asymmetry, non-application of laws, and other issues, which increase legal risks for China's enterprises. In general, the BRI's implementation has greatly increased the environmental uncertainties faced by China's enterprises due to the integrated effects of various risks⁴. Some scholars have studied and found that when the environmental uncertainties faced by enterprises increase, the enterprises, in order to cope with rapid changes in the external environment, will actively seek effective resources such as external technology and knowledge, improve their own absorption, integration, and transformation capabilities, accelerate enterprise innovation, and shorten the product development cycle, thus promoting enterprise innovation⁵. Besides, environmental uncertainties stimulate the enterprise spirit of risk-taking, while enterprises take the initiative to innovate and maintain competitive advantages in the market.

The BRI promotes capital circulation. The CDE innovation activities usually feature long R&D cycles, enormous risks, and high costs, while the information asymmetry between investors and enterprises makes it difficult for investors to judge the future returns of innovation projects, so the investors do not want to take excessive investment risks. All these make the CDE R&D investment difficult to acquire external financing. In order to meet the financing needs, the Asian Infrastructure Investment Bank, the New Development Bank, and the Silk Road Fund have been established in the BRI⁶. In addition to this, China's financial institutions and tax bureaus are also actively involved in providing financial support to CDEs through credit. This has largely solved the financing problems of the CDEs involved in BRI, providing them with new financing channels and alleviating the financing constraints they face, so that they can better innovate⁷. In summary, the BRI can promote CDE innovation from a variety of perspectives. Therefore, this paper proposes the following Hypothesis 1: China's CDE innovation is significantly and positively influenced by the BRI.

The implementation of the BRI, an open platform for regional cooperation, has strengthened trade cooperation between China and other BRI countries, promoted the development of China's foreign economy, and marked a new stage in China's regional economic cooperation. The BRI includes most of the countries and regions in the Eurasian Continent, involving more than 60 countries and regions, covering about two-thirds of the world's population, and concerning a total economic volume of USD 27 trillion. It has greatly expanded the external market of China's enterprises⁸. The BRI's implementation has strengthened bilateral and multilateral cooperation, and at the same time gradually developed and completed market rules in the cooperation, thus reducing international business operation risks faced by enterprises. In addition, the state also provides financial, fiscal, transportation, and other policy support for related enterprises, promoting the internationalization of China's enterprises. The interconnected development model promoted by the BRI has brought China's foreign development to a new level. Various development policies have been implemented in northwest, northeast, and southwest China, forming a comprehensive development pattern with different features. It will greatly promote the internationalization of China's enterprises⁹.

The BRI will drive enterprises to international markets, thus accelerating enterprise internationalization. In continuous internationalization, enterprises will

continue to take a firm footing in the international market through innovation. For one thing, increased CDE enterprise internationalization will enable them to gain more channels to access resources, form economies of scale, and gain more potential customers in the international market, thus recovering innovation costs more quickly and acquiring greater corporate benefits. Meanwhile, to overcome the disadvantage of outcomers and maintain their own market competitiveness, CDEs will strengthen their own innovation¹⁰. Second, increased enterprise internationalization is conducive to the CDEs in acquiring more innovation resources and improving their own innovation capacity. Companies with a high degree of internationalization are able to improve their innovation by establishing R&D departments in various countries and regions and absorbing new knowledge and ideas from there for their own use. Third, the international market features a diverse culture and prolific creativity. After entering the international market, the CDEs will cooperate and exchange with more large enterprises. Meanwhile, they will improve their own learning capacity in practice and thus improve their innovation capacity and efficiency. Therefore, this paper proposes the following Hypothesis 2: enterprise internationalization plays a mediating role in the relationship between the BRI and the CDE innovation.

II. Study Design

(I) Sample Selection, Quantity, and Sources

Since the main research variable of this paper includes the BRI, it is necessary to select data and determine the time span of the study against this background. Meanwhile, considering the BRI was put from conception into practice in 2005, this paper takes five years before and after the start of the BRI's implementation as the time window and selects China's CDEs listed on the A-share market from 2010 to 2019 as the research object, excluding enterprises in continuous loss and facing delisting, those with missing data, and those listed for less than one year. The data for a total of 143 samples are acquired. The data in this paper are acquired from enterprises' published annual reports, Wind database, and CSMAR database.

(II) Variable Design and Model Construction

First, the design of variables is carried out, with 1) the R&D investment of CDEs (YF) selected as the **explained variable**, 2) the key supported enterprises of BRI (ZD) and the BRI implementation time node (Time) as the **explanatory variables**, 3) the enterprise internationalization (GJ) as the **mediating variable**, and 4) enterprise size (Size), enterprise age (TI), asset-liability ratio (FZ), enterprise growth (HZ), return on total assets (ZY), cash flow (XJ), separation of two powers (FL), shareholding of the largest shareholder (DY), proportion of fixed assets (GD), nature of ownership (CX), and year (Year) as **control variables**. In order to verify the hypothesis of the relationship between the BRI and China's CDE innovation, the following difference-in-differences model has been established.

$$YF = \alpha + \gamma_1 ZD + \gamma_2 Time + \gamma_3 ZD * Time + \gamma_4 Size + \gamma_5 TI + \gamma_6 ZC + \gamma_7 HZ + \gamma_8 ZY + \gamma_9 XJ + \gamma_{10} FL + \gamma_{11} DY + \gamma_{12} GD + \gamma_{13} CX + \sum Year + \varepsilon_i \quad (1)$$

$$YF = \alpha + \gamma_1 ZD + \gamma_2 Time + \gamma_3 ZD * Time + \gamma_4 Size + \gamma_5 TI + \gamma_6 ZC + \gamma_7 HZ + \gamma_8 ZY + \gamma_9 XJ + \gamma_{10} FL + \gamma_{11} DY + \gamma_{12} GD + \gamma_{13} CX + \sum Year + \varepsilon_i \quad (1)$$

To study the mediating role of enterprise internationalization in the relationship between the BRI and China’s CDE innovation, the following regression model has been established.

$$GJ = \beta_0 + \beta_1ZD + \beta_2Time + \beta_3ZD * Time + \beta_4Size + \beta_5TI + \beta_6ZC + \beta_7HZ + \beta_8ZY + \beta_9XJ + \beta_{10}FL + \beta_{11}DY + \beta_{12}GD + \beta_{13}CX + \sum Year + \eta_i \tag{2}$$

$$YF = \lambda_0 + \lambda_1ZD + \lambda_2Time + \lambda_3ZD * Time + \lambda_4Size + \lambda_5TI + \lambda_6ZC + \lambda_7HZ + \lambda_8ZY + \lambda_9XJ + \lambda_{10}FL + \lambda_{11}DY + \lambda_{12}GD + \lambda_{13}CX + \sum Year + \varepsilon_i \tag{3}$$

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$$YF = \lambda_0 + \lambda_1ZD + \lambda_2Time + \lambda_3ZD * Time + \lambda_4Size + \lambda_5TI + \lambda_6ZC + \lambda_7HZ + \lambda_8ZY + \lambda_9XJ + \lambda_{10}FL + \lambda_{11}DY + \lambda_{12}GD + \lambda_{13}CX + \sum Year + \varepsilon_i \tag{3}$$

III. Empirical Analysis

Before conducting the regression analysis, a correlation test is required to determine whether there is a linear relationship among the variables. The results are shown in Table 1. As shown in Table 1, the correlation coefficients of all variables are less than 0.36, so it can be concluded that there is no multicollinearity among the variables. Besides, the correlation coefficient between enterprise internationalization and CDE R&D investment is 0.201 and the P is less than 0.01. It gives rise to the conclusion of a significant correlation between enterprise internationalization and CDE R&D investment. However, considering that the factors affecting the CDE innovation include not only enterprise internationalization, but also other internal and external factors, it is therefore necessary to analyze the role pathway of the BRI on CDE innovation.

Table 1 Results of Correlation Test for Each Variable

	YF	GJ	TI	FZ	HZ	ZY	XJ	FL	DY	CX	GD
YF	1										
GJ	0.201 ***	1									
TI	0.049 **	0.069* *	1								
FZ	-0.051 ***	0.199 ***	0.151 ***	1							
HZ	0.002	0.031 **	0.019	0.049 **	1						
ZY	0.141 **	-0.158 *	-0.192 ***	-0.181 *	0.043 **	1					
XJ	0.169 *	-0.006* *	-0.005* *	-0.141 ***	-0.015* *	0.199 ***	1				
FL	0.139 **	-0.179 *	-0.082 **	-0.157 *	0.022 **	0.083 ***	0.031 ***	1			
DY	-0.031	0.073	-0.136	0.091* *	-0.031	0.089	0.036	-0.004	1		

	***	**	***	*	**	***	**				
CX	-0.120 **	0.219 ***	0.137 **	0.353 ***	-0.048 **	-0.192 ***	-0.055 **	-0.264 **	0.152 ***	1	
GD	-0.062 **	0.154 ***	0.037 ***	0.148 ***	-0.116 **	-0.183 ***	0.119 **	-0.071 ***	0.041 ***	0.151 ***	1

	YF	GJ	TI	FZ	HZ	ZY	XJ	FL	DY	CX	GD
YF	1										
GJ	0.201 ***	1									
TI	0.049 **	0.069* *	1								
FZ	-0.051 ***	0.199 ***	0.151 ***	1							
HZ	0.002	0.031 **	0.019	0.049 **	1						
ZY	0.141 **	-0.158 *	-0.192 ***	-0.181 *	0.043 **	1					
XJ	0.169 *	-0.006* *	-0.005* *	-0.141 ***	-0.015* *	0.199 ***	1				
FL	0.139 **	-0.179 *	-0.082 **	-0.157 *	0.022 **	0.083 ***	0.031 ***	1			
DY	-0.031 ***	0.073 **	-0.136 ***	0.091* *	-0.031 **	0.089 ***	0.036 **	-0.004	1		
CX	-0.120 **	0.219 ***	0.137 **	0.353 ***	-0.048 **	-0.192 ***	-0.055 **	-0.264 **	0.152 ***	1	
GD	-0.062 **	0.154 ***	0.037 ***	0.148 ***	-0.116 **	-0.183 ***	0.119 **	-0.071 ***	0.041 ***	0.151 ***	1

Note: ***, **, and * denote $P < 0.01$, 0.05 , and 0.1 respectively.

Subsequently, this paper will utilize the multiple regression analysis to verify. By using using Model (1), this paper will verify whether the CDE innovation is significantly and positively affected by the BRI. The results of the regression analysis are shown in Columns (1) and (4) in Table 2 below. Model (2) is used to verify the role of enterprise internationalization in the relationship between the BRI and the CDE innovation. The results of the regression analysis are shown in Columns (2), (3), (5), and (6) in Table 2 below.

Table 2 Regression Analysis Results

	(1)	(2)	(3)	(4)	(5)	(6)
	(1)	(2)	(3)	(4)	(5)	(6)
	YF	GJ	YF	YF	GJ	YF
ZD	-1.071**	0.216**	-1.077**	-0.189***	0.128	-1.004***
	-2.48	2.19	-2.51	-2.96	1.41	-3.02
Time	3.592***	-0.095**	3.602***	9.781***	-0.162**	9.786***

	27.62	-2.25	27.68	38.07	-2.26	38.14
ZD* Time	1.426***	0.238**	1.415***	1.262***	0.242**	1.245***
ZD*Time	3.22	2.13	3.17	3.72	2.18	3.67
GJ			0.75***			0.61***
			3.24			3.11
Size	0.839***	0.897***	0.779***	0.845***	0.936***	0.785***
	17.48	551.88	16.72	20.43	51.84	17.07
TI	-0.482***	0.025	-0.479***	-1.065***	0.018	-1.064***
	-3.41	0.47	-3.41	-8.52	0.36	-8.53
FZ	-3.362***	0.698***	-3.411***	-2.612***	0.64***	-2.647***
	-11.27	6.12	-11.44	-10.54	6.51	-10.76
HZ	-0.341***	-0.054	-0.335***	-0.112	-0.081	-0.104
	-3.08	-1.07	-3.12	-1.21	-1.65	-1.16
ZY	-2.507***	1.638***	-2.628***	0.558	1.837***	0.446
	-3.17	4.47	-3.32	0.86	5.07	0.71
XJ	0.958***	-0.324**	0.974***	-0.278	-0.051	-0.269
	2.58	-2.07	2.71	-0.99	-0.35	-0.97
LQ	0.115	0.119***	0.103	0.036	0.091**	0.029
	1.37	3.21	1.28	0.51	2.52	0.38
DY	0.007	0.172	-0.006	-0.024	0.268**	-0.041
	0.04	1.37	-0.02	-0.08	2.24	-0.16
CX	-1.242***	-0.098**	-1.229***	-0.579***	-0.087**	-0.574***
	-9.76	-2.35	-9.47	-5.52	-2.24	-5.48
GD	-1.252**	2.004**	-1.375**	-0.256	2.116**	-0.549*
	-3.25	16.78	-3.61	-1.58	13.86	-1.91
Con.	-1.096	-1.637***	-0.978	-6.495***	-3.205***	-6.312***
	-1.12	-4.41	-1.02	-6.45	-6.75	-6.17
Year	No	No	No	Yes	Yes	Yes
Adj.R ²	0.191	0.3195	0.1902	0.4652	0.3844	0.4638
N	143	143	143	143	143	143

	(1)	(2)	(3)	(4)	(5)	(6)
	YF	GJ	YF	YF	GJ	YF
ZD	-1.071**	0.216**	-1.077**	-0.189***	0.128	-1.004***
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Time	3.592***	-0.095**	3.602***	9.781***	-0.162**	9.786***
	27.62	-2.25	27.68	38.07	-2.26	38.14
ZD*Time	1.426***	0.238**	1.415***	1.262***	0.242**	1.245***
	3.22	2.13	3.17	3.72	2.18	3.67
GJ			0.75***			0.61***
			3.24			3.11
Size	0.839***	0.897***	0.779***	0.845***	0.936***	0.785***

	17.48	551.88	16.72	20.43	51.84	17.07
TI	-0.482***	0.025	-0.479***	-1.065***	0.018	-1.064***
	-3.41	0.47	-3.41	-8.52	0.36	-8.53
FZ	-3.362***	0.698***	-3.411***	-2.612***	0.64***	-2.647***
	-11.27	6.12	-11.44	-10.54	6.51	-10.76
HZ	-0.341***	-0.054	-0.335***	-0.112	-0.081	-0.104
	-3.08	-1.07	-3.12	-1.21	-1.65	-1.16
ZY	-2.507***	1.638***	-2.628***	0.558	1.837***	0.446
	-3.17	4.47	-3.32	0.86	5.07	0.71
XJ	0.958***	-0.324**	0.974***	-0.278	-0.051	-0.269
	2.58	-2.07	2.71	-0.99	-0.35	-0.97
LQ	0.115	0.119***	0.103	0.036	0.091**	0.029
	1.37	3.21	1.28	0.51	2.52	0.38
DY	0.007	0.172	-0.006	-0.024	0.268**	-0.041
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Year	No	No	No	Yes	Yes	Yes
Adj.R ²	0.191	0.3195	0.1902	0.4652	0.3844	0.4638
N	143	143	143	143	143	143

Note: ***, **, and * denote $P < 0.01$, 0.05 , and 0.1 respectively.

According to Table 2, the regression coefficient between the CDE innovation and the ZD*Time interaction term in column (1) is 1.426, and $P < 0.01$, indicating that at the 0.01 confidence interval, China's CDE innovation is significantly and positively influenced by the BRI. After adding the control variable Year in Column (4), the regression coefficient between the CDE innovation and the ZD*Time interaction term in Column (1) is 1.262 which is less than before, but the P is still < 0.01 , indicating that at the 0.01 confidence interval, China's CDE innovation is significantly and positively influenced by the BRI. Therefore, Hypothesis 1 is valid.

Subsequently, this paper verifies the mediating effect of enterprise internationalization. First, the paper verifies whether China's CDE internationalization has been significantly and positively influenced by the BRI. The regression coefficient between the CDE innovation and the ZD*Time interaction term in Column (1) is 0.238, and $P < 0.05$, indicating that at the 0.05 confidence interval, China's CDE innovation is significantly and positively influenced by the BRI. After adding the control variable Year in Column (5), the regression coefficient between the CDE innovation and the ZD*Time interaction term is 0.242, which is a small difference, and the P is still < 0.05 , indicating that at the 0.05 confidence interval...As a result, the CDE

internationalization is significantly and positively influenced by the BRI. Second, the paper verifies whether China's CDE innovation is significantly and positively influenced by enterprise internationalization. The regression coefficient between the CDE innovation and the ZD*Time interaction term in Column (3) is 1.415, and $P < 0.01$, indicating that at the 0.01 confidence interval, China's CDE innovation is significantly and positively influenced by the BRI. The regression coefficient between the CDE innovation and enterprise internationalization is 0.75, and $P < 0.01$, indicating that at the 0.01 confidence interval, China's CDE innovation is significantly and positively influenced by enterprise internationalization. After adding the control variable YE in Column (6), the regression coefficient between the CDE innovation and the ZD*Time interaction term is 1.245 which is less than before, but the P is still < 0.01 , indicating that at the 0.01 confidence interval, China's CDE innovation is significantly and positively influenced by the BRI. The regression coefficient between the CDE innovation and enterprise internationalization is 0.61, and P is still < 0.01 , indicating that at the 0.01 confidence interval, China's CDE innovation is significantly and positively influenced by enterprise internationalization. Therefore, enterprise internationalization plays a mediating role in the relationship between the BRI and the CDE innovation. Hypothesis 2 is valid.

IV. Research Conclusions and Policy Recommendations

This paper selects listed CDEs on the A-share stock market from 2010 to 2019 as the research object and explores the interaction between the BRI and enterprise internationalization as the influencing factors of China's commercial circulation industry innovation, taking into account the specific BRI practice. The paper explores the interaction among the three factors, with two conclusions drawn as follows: First, the China's CDE innovation is significantly and positively influenced by the BRI. The BRI is China's top-level national policy, which plays a significant role in guiding the coordinated development of domestic regions, the optimization and upgrading of industrial structures, and the high-quality open development of the national economy. The BRI is an open and inclusive regional cooperation policy. By enhancing the connectivity of transportation, networks, and energy among regions, it improves the circulation of economic factors and resource allocation efficiency. It optimizes the market structure, balances market supply and demand, and realizes a wider, higher quality and deeper regional cooperation. It improves export and investment cooperation and promotes the open development of China's enterprises to go global. Besides, it promotes the internationalization and circulation of RMB. Therefore, BRI has largely provided sufficient funds for the development of CDEs, which will increase their innovation investment to pave the way for their internationalization operation and development. Second, enterprise internationalization plays a mediating role between the BRI and China's commercial circulation industry innovation. With increased enterprise internationalization, CDEs can acquire more external resources and technologies and absorb and transform them, so as to improve their own innovation capacity. In addition, with increased internationalization, enterprises will face the global international market. In order to maintain their competitive advantage in the market,

CDEs will increase the R&D innovation investment. Besides, international operation can expand the economic scale of enterprises, so that they can acquire higher operating efficiency, alleviate the financing constraints of enterprises, and provide more development funds for CDEs.

According to the conclusion of the above study, the BRI can effectively promote CDE innovation. Its role pathways and mechanisms are well explained. These are significant for promoting the deep integration of the BRI policy and the CDE innovation. In order to improve the BRI and enable CDEs to better grasp development opportunities and achieve enterprise innovation, this paper makes the following suggestions: First, the Chinese government needs to establish a comprehensive trade and investment policy based on the reality of BRI countries. China should continue to strengthen bilateral and multilateral trade policies under the BRI to provide a convenient and free foreign trade policy environment for CDEs. In addition, China needs to establish complete domestic industrial norms to provide sufficient internal financial support for CDEs to ease the pressure of external financing and accelerate CDE international development. China should further promote foreign investment, enhance China's influence in the international financial market, accelerate global economic integration, and improve the core competitiveness of China's CDEs in the global market, thereby realizing the high-quality development of China's open economy. Secondly, the BRI will enable China to better explore innovative development paths and achieve innovation-driven development. China needs to vigorously promote "mass innovation," strengthen the construction and improvement of the external market environment of the commercial distribution industry, and focus on the innovation of science and technology in the commercial distribution industry. In addition to this, China needs to support scientific and technological cooperation among countries, and improve the efficiency of the use of resources in each country, so as to leverage complementary advantages to accelerate the transformation and application of technological innovations in the commercial distribution industry. Finally, firmly grasping the BRI will not only facilitate China's economic development, but also strengthen regional economic power, unite BRI countries, and broaden the scope of international development. China needs to continuously improve the BRI, integrating the actual situation among countries and China's own characteristics, so as to strengthen the core competitiveness of CDEs in the international market.

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