

## **ACCELERATE THE DEVELOPMENT OF THE DIGITAL ECONOMY UNDER THE DEEPENING OF THE "BELT AND ROAD"**

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With the changes in the international situation and geopolitical influences, there is a significant impact on the future direction and trends of economic development of Belarus, especially it is a country with high dependence on external markets and the Russian economy, which recently suffered successive international financial sanctions, foreign exchange crisis, international oil prices and the impact of the economic crisis of Western countries on Russia economic development is facing major challenges. The article makes recommendations on the future direction of economic development of Belarus by studying the data on economic and trade transactions of Belarus.

*Keywords:* digital economy; economic growth; economic structure.

## **УСКОРЕНИЕ РАЗВИТИЯ ЦИФРОВОЙ ЭКОНОМИКИ В РАМКАХ УГЛУБЛЕНИЯ ПРОЕКТА "ОДИН ПОЯС - ОДИН ПУТЬ"**

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Изменения в международной ситуации и геополитические факторы оказывают значительное влияние на будущее направление и тенденции экономического развития Беларуси, поскольку страна с высокой степенью зависимости от внешних рынков и российской экономики, которая недавно пострадала от последовательных международных финансовых санкций, валютного кризиса, мировых цен на нефть и влияние экономического кризиса западных стран на экономическое развитие России сталкивается с серьезными проблемами. В статье даются рекомендации относительно будущего направления экономического развития Беларуси на основе изучения данных об экономических и торговых операциях.

*Ключевые слова:* цифровая экономика; экономический рост; экономическая структура.

Belarus has always been an export-oriented country and its economy is extremely vulnerable to the external (international) environment. With the gradual advancement of economic integration of the countries of the Russian-Belarusian Union, the economy of Belarus has become more resistant to the external market environment. Since the introduction of China's "One Belt, One Road" initiative in 2013, China and Belarus have deepened their strategic partnership and accelerated its development, deepening economic and trade cooperation and increasing the level of cooperation, especially the development

and construction of the China-Belarus Industrial Park has become an important achievement at the Belt and Road node between China and Belarus.

Chinese enterprises started to enter the domestic market of Belarus one after another after the meeting between the two leaders in 2010. The total trade volume between China and Belarus has been growing continuously since 2010 (Figure.1), and in 2015, China and Belarus jointly issued the Joint Declaration of the People's Republic of China and the Republic of Belarus on Further Development and Deepening of Comprehensive Strategic Partnership in Minsk, ushering in a new era of China-Belarus comprehensive strategic partnership. In 2015, China and Belarus jointly issued the Joint Declaration on Further Development and Deepening of Comprehensive Strategic Partnership in Minsk, which ushered in a new era of China-Belarus comprehensive strategic partnership. Especially since the completion of the Great Stone Industrial Park cooperation project, the scale of investment between the two sides has been expanded and the structure of investment has been optimized, with Belarusian investment in China reaching a record high of USD 18.2 million in 2018.

China and Belarus have a huge bilateral trade gap, and China has a huge economic advantage and a long-term surplus position

Against the background of the spread of COVID-19 and the deterioration of the situation in Russia and Ukraine, China continues to open up to the outside world and increase its investments in Belarus despite the difficult situation of the epidemic. The main categories of Belarus' imports and exports have not changed significantly in recent years, but there have been some changes in the structure of imports and exports [1].

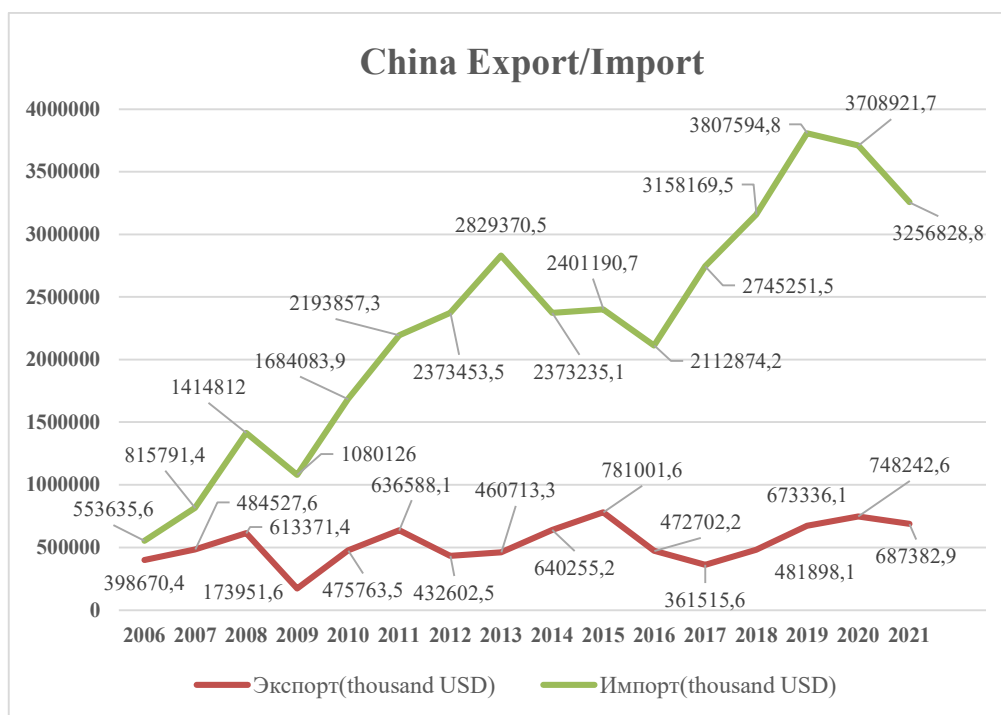


Figure 1 – China trade volume 2006-2021 (Unit: 100 million U.S. dollars)  
Source: [1].

From the situation in 2020, the large share of imports of machinery, equipment and means of transport, mineral goods, Belarusian exports of goods with a large supply include minerals such as potash, rubber products such as tires and other chemical fiber products, motorcycles and other means of transport and other machinery, food and agricultural raw materials such as dairy products, retail medicine, etc. Since 2019, China has become the second largest importer of goods. become the second largest importer of goods in Belarus, and in 2021 Belarus imported goods from China totaling \$4071.4mln, up 9.8% year-on-year [3]. However, China is not yet a major exporter of goods to Belarus (Figure.2). On the whole, China has become the second largest trading partner of Belarus. However, the structure of Belarusian exports to China is relatively homogeneous, mainly resource-based products. For example, potash, dairy products, mineral resources, etc.

Deepening the role of Belarus in "Belt and Road" and accelerating economic restructuring

In 2021, bilateral trade volume between China and Belarus will reach USD 3.822 billion, up 27.3% year-on-year. Belarus is the third largest potash producer in the world, accounting for 17.4% of the world's total potash production. Belarus ranks among the world's top three exporters of butter, condensed milk, cheese and other dairy products, exporting to 55 countries, with 100 types of whole milk products. The rich natural resources have led to the development of resource-intensive industries in Belarus, and the chemical and petrochemical industries have become its pillar industries, as well as a hot spot for foreign investment.

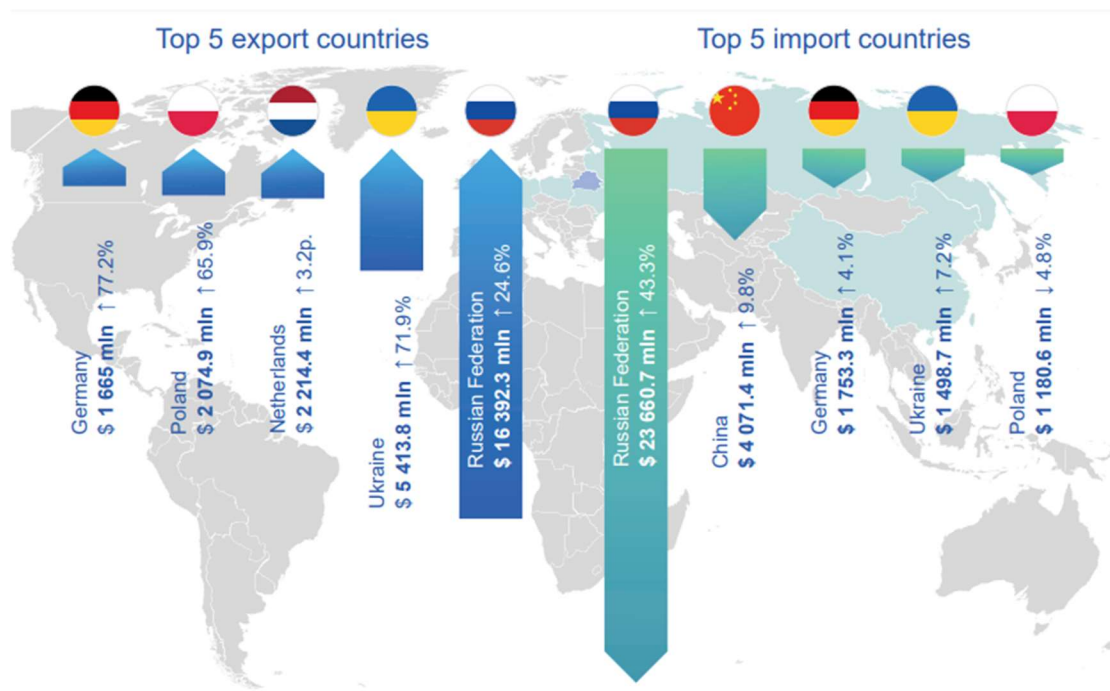


Figure 2 – Foreign trade in goods of the republic of Belarus in 2021

Source:[1].

Belarus has a good industrial and agricultural base and a high level of scientific research and education. The potential of import and export trade cooperation between Belarus and China still needs to be further explored and improved. In the foreign trade in services of Belarus in 2021, the value of exports and imports of services of ICT industry \$3677.1 mln, the value of exports rose by 19.1% year-on-year (Figure 3). Share of GVA of ICT sector in the GVA of the economy of Belarus in 2020 increased from 5.2 in 2016 to 8.4. The share of average annual wages of employees in the ICT sector in the number of regional wages increased to a record high of 3.2.

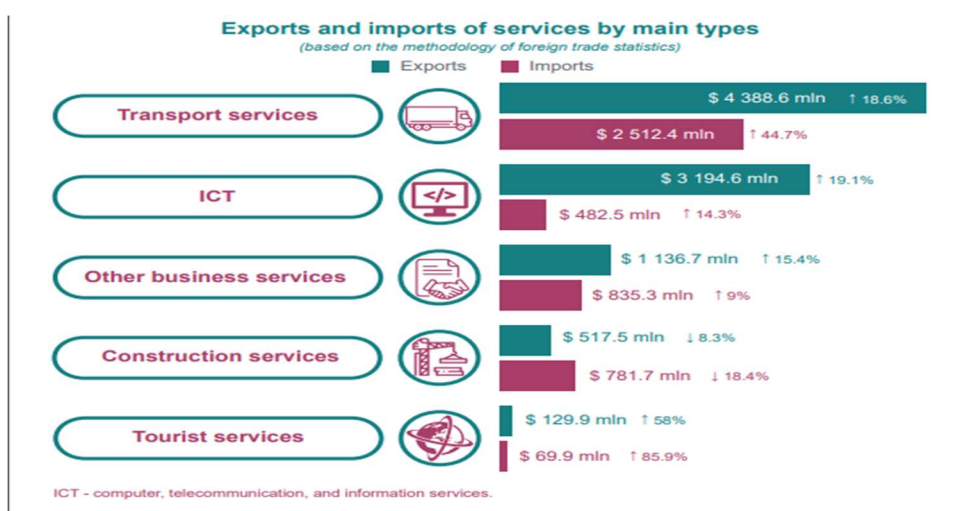


Figure 3 – Foreign trade in Service of the republic of Belarus in 2021

Source: [1].

Belarus has a huge educational advantage in building and developing the digital economy, which is one of the most literate countries in the world, with 99.7% adult literacy rate, ranking 8th in the UNESCO ranking, and which will bring huge advantages to the development of the digital economy and reduce the cost of IT transfer, bringing a positive effect on the digital transformation of Belarus and the development of smart cities. This will have a positive effect on the digital transformation and the development of smart cities in Belarus. This year is the 30th anniversary of the establishment of diplomatic relations between Belarus and China, and Belarus should strengthen bilateral exchanges and development in the field of digital economy, especially in the construction of smart cities, as China ranks second in the world among smart cities and has rich experience in building smart cities [3], which will bring new dynamics to the future economic development of Belarus by learning and learning from the Belarusian smart model cities.

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