

# CHINA & BELARUS TRADE AND ECONOMIC COOPERATION UNDER THE BELT AND ROAD INITIATIVE

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China and Belarus have taken the opportunity to promote the economic and trade cooperation under the belt and road initiative. This paper introduces the current situation of Belarus' economic and trade and China & Belarus trade and economic cooperation, and discusses the challenges faced by China & Belarus. It is found that China and Belarus have certain complementarity in the structure of goods, so as to analyze the difficulties and suggestions of bilateral economic and trade cooperation. This paper has certain practical significance for China and Belarus to adjust economic structure, upgrade technology, stimulate economic vitality and enhance international competitiveness.

**Key words:** China; Belarus; the belt and road initiative; cooperation; trade.

## ТОРГОВО-ЭКОНОМИЧЕСКОЕ СОТРУДНИЧЕСТВО КИТАЯ И БЕЛАРУСИ В РАМКАХ ИНИЦИАТИВЫ «ОДИН ПОЯС, ОДИН ПУТЬ»

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Китай и Беларусь воспользовались возможностью для развития торгово-экономического сотрудничества в рамках инициативы «Пояс и путь». В этом документе представлена текущая ситуация в торгово-экономической сфере Беларуси и торгово-экономического сотрудничества между Китаем и Беларусью, а также обсуждаются проблемы, с которыми сталкиваются Китай и Беларусь. Установлено, что Китай и Беларусь имеют определенную взаимодополняемость в структуре товаров, что позволяет проанализировать трудности и предложения двустороннего торгово-экономического сотрудничества. Этот документ имеет определенное практическое значение для Китая и Беларуси для корректировки экономической структуры, модернизации технологий, стимулирования экономической жизнеспособности и повышения международной конкурентоспособности.

**Ключевые слова:** Китай; Беларусь; инициатива пояса и пути; сотрудничество; торговля.

Belarus's domestic economy maintained a continuous high-speed growth of 8% and recovered to the economic level before the disintegration of the

Soviet Union. However, in 2008, affected by the global financial crisis, Russia's economy was sanctioned, oil prices plummeted and other economic factors, Belarus's economy declined, foreign trade volume decreased, foreign exchange depreciated and prices rose [1, p. 86].

One belt, one road project, was built in 2013, the largest investment attraction in Belarus. Belarus has been regarded as an important pivot of the «one belt and one road» because of its geographical advantages. The one belt, one road initiative will undoubtedly provide new opportunities and new vitality for the development of bilateral economic and trade cooperation [2, p. 35].

The foreign trade of Belarus is the main driving force for economic recovery [3.p.120]. The foreign trade volume of Belarus has maintained a good trend from 2017 to 2019, with an average of 10%, exceeding 70000 million US dollars in 2018 and 2019. It can be seen that in the trade of goods, it is mainly in the trend of trade deficit and further widened.

With the adjustment of economic structure and the development of foreign investment, China is getting rid of the export-oriented economic growth model and gradually turning to the economic growth model driven by investment and consumption; Belarus's dependence on foreign trade has increased year by year, indicating that Belarus's domestic economic structure is unreasonable and its industrial structure is unbalanced, resulting in its economy seriously relying on the development of foreign trade [4, p. 131]. There are many complementarities between China's broad export market and Belarus's large import market. China is trying to expand the international market through export trade, while Belarus is also trying to improve its domestic commodity structure through the development of import and export trade. There is a great possibility of cooperation between China and Belarus.

Since the formal establishment of diplomatic relations between China and Belarus in 1992, political mutual trust between the two countries has been gradually strengthened and trade and economic relations have developed steadily. The scope of cooperation has been continuously expanded and remarkable achievements have been made. However, the scale and level of cooperation need to be further improved, the cooperation potential needs to be further tapped, and the bilateral cooperation still faces some problems and challenges in the future [5, p.16].

*Firstly*, the domestic market of Belarus is limited. From 1994 to 2003, the population of Belarus continued to decline. By the end of 2017, the total population was 9.452 million, nearly 800000 less than that in 1994. It is not easy to achieve the goal of expanding economic and trade cooperation between China and Belarus in the hope of tapping the market potential of Belarus.

*Secondly*, the investment environment in Belarus needs to be improved. In terms of economic environment, the market environment of Belarus has yet to

be opened [6, p. 95]. According to the 2016 ranking of the global economic freedom index of the American Heritage Foundation, Belarus ranks 157th, of which the trade freedom index ranks 72nd, belonging to the medium level; The financial freedom index ranks 174th and the investment freedom index ranks 167, both of which are poor. In terms of ideology, Belarusian residents are friendly to the outside world and United internally. Some departments have bad phenomena such as bureaucracy, mutual prevarication and procrastination.

*Thirdly*, the influence of third-party factors cannot be ignored. Third party factors mainly refer to Russia and Eurasian Economic Union. Russia is the largest trading partner and investor of Belarus. Belarus's economy is highly dependent on Russia, which will affect China & Belarus cooperation to a certain extent. The Eurasian Economic Union established in 2015 implements unified tariff and non-tariff barriers for Non-Union countries, and Belarus is the beneficiary of the Eurasian Economic Union. In addition, other neighboring countries of Belarus and European countries will also have a certain impact on China & Belarus economic and trade cooperation.

The advantages of Belarus, which can promote the trade and economic cooperation between China and Belarus, are presented as follows:

- *Belarus has a good foundation for economic development.* Belarus has comparative advantages in resources, such as mineral resources (such as potash reserves ranking third in the world), water resources and forest resources. Rich natural resources have driven the development of resource intensive industries in Belarus. Chemical and petrochemical industries have become its pillar industries and hot areas to attract foreign investment.

- *Belarus has a good industrial and agricultural foundation and a high level of scientific research and education.* Belarus's machinery manufacturing industry, metallurgical processing industry, machine tool, chemical industry, electronics, laser technology (optical instruments) and processing industry are at the world leading level. The good industrial foundation determines that Belarus's agriculture has the characteristics of mechanized large-scale production. At the same time, the level of science and technology, education and medical treatment is high, and the industrial supporting capacity is strong. It is suitable for Chinese enterprises to implement the «going out» strategy and invest in relevant fields, so as to increase the industrial cooperation between the two countries and form a new situation of complementary advantages between the two countries.

- *Belarus has special geographical advantages and transportation foundation in promoting Eurasian Economic Cooperation.* With superior geographical location, Belarus is close to the EU market in the West and Russia

in the East. It is located at the core of the logistics network of the Silk Road Economic Belt. It is an important highway and railway transportation corridor connecting Eurasia to the EU and Atlantic ports. It can be used as a regional distribution Center for Chinese goods and a hub to Nordic countries. Belarus has better infrastructure, convenient transportation and low cost of goods transportation, which has improved the convenience of trade.

– *Belarus's trade and investment environment is getting better and better.* Belarus's economy has maintained a low-speed growth trend, the overall operation is stable, and the business environment is improving day by day. In recent years, Belarus's domestic economic reform has developed rapidly, formulated a large number of preferential policies to attract foreign investment, and signed investment protection agreements with more than 60 countries or regions. According to the 2018 business environment report released by the world bank, Belarus ranks 38th among the 190 economies in the world.

In conclusion, China and Belarus have a good foundation for cooperation, and cooperation in various fields has been steadily promoted. Under the background of the continuous enhancement of political mutual trust, strong willingness of the two countries for economic and trade cooperation and increasingly frequent people to people and cultural exchanges, there will be more room for in-depth development in the field of economy and trade, especially in the field of high science and technology, finance and tourism.

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