

CHINA — BELARUS INDUSTRIAL PARK: THE CURRENT SITUATION AND DEVELOPMENT STRATEGIES

Lu Chenyi

*Northwest Normal University,
East An Ning Avenue, 730070, Gansu, China 1131608968@qq.com*

Since the Belt and Road initiative was put forward, China and Belarus have continued to deepen economic and trade cooperation. The development and construction of the China Belarus Industrial Park has become an early harvest and demonstration project in the construction of the Silk Road Economic Belt between China and Belarus. In the complex surrounding security environment, the governments and people of China and Belarus have united and taken the initiative to resolve various risks, cultivate new opportunities in the crisis, and open up new opportunities in the changing situation.

Keywords: Belt and Road initiative; China-Belarus Industrial Park; China Belarus relations; current situation; development strategy.

КИТАЙСКО-БЕЛОРУССКИЙ ИНДУСТРИАЛЬНЫЙ ПАРК: ТЕКУЩАЯ СИТУАЦИЯ И СТРАТЕГИИ РАЗВИТИЯ

Лу Ченьи

*Северо-Западный педагогический университет,
East An Ning Avenue, 730070, Ганьсу, Кунтай 1131608968@qq.com*

С момента начала инициативы «Один пояс, один путь» Китай и Беларусь продолжают углублять торгово-экономическое сотрудничество. Разработка и строительство Китайско-Белорусского индустриального парка стали ранним урожаем и демонстрационным проектом в строительстве Экономического пояса Шелкового пути между Китаем и Беларусью. В сложной обстановке, связанной с вопросами безопасности, правительства и народы Китая и Беларуси взяли на себя инициативу по разрешению различных рисков, культивированию новых возможностей в условиях кризиса и открытию новых возможностей в изменяющейся ситуации.

Ключевые слова: инициатива «Один пояс, один путь»; Китайско-белорусский индустриальный парк; китайско-белорусские отношения; текущая ситуация; стратегия развития.

2023 is the tenth anniversary of the Belt and Road initiative. The bilateral relations between China and Belarus under the Belt and Road initiative are not only solid but also dynamic. The construction of China-Belarus industrial park (the Park) is not only solid but also promising. In the severe international situation, China and Belarus are firmly moving forward on the path of mutual benefit and trust. As an important hub for cooperation between the two

countries, the Park plays a positive and important role in deepening the all-weather comprehensive strategic partnership between the two countries, promoting regional economic health and rapid development, and maintaining regional peace and security. This «pearl» on the Silk Road Economic Belt has greatly improved its international cooperation ability, team building ability, investment attraction ability, risk prevention and control ability under the COVID-19, the spillover of the Ukrainian crisis, and the economic sanctions of the United States and the West, and has accumulated valuable experience for Chinese enterprises to go global, and for China's continued opening up. Deepening foreign cooperation provides typical cases.

China and Belarus have overcome the difficulties of long distance and poor industrial cooperation conditions in Belarus, established the China-Belarus Industrial Park on the outskirts of Minsk, the capital of Belarus, which has achieved a series of achievements after nearly a decade of development. At present, the infrastructure construction of 8.5 square kilometers in the first phase of the park has been fully completed, and has reached the construction standard of water, electricity, drainage, flood discharge, telecommunications, gas pipelines, and land leveling. As of early June 2023, 108 enterprises from 15 countries have settled in the park, including 50 Chinese enterprises, accounting for 46.73 %, 38 Belarusian enterprises, and 20 enterprises from Europe, America, and other countries, providing over ten thousand local employment opportunities. From the perspective of preferential policies, the development of the Park not only benefits from its unique transportation location advantages and complete infrastructure construction, but more importantly, it is supported by preferential policies at the national level in Belarus. In terms of taxation, the profit tax of settled enterprises is exempt for 10 years, and will be reduced by half from 10 years until June 5, 2062. Preferential policies for exempting or conditionally exempting resident enterprises from land tax, real estate tax, environmental compensation fees, and quality certificate fees for construction products and raw materials within the park [1].

At present, the park management committee has established a «one-stop» government service, which uniformly handles the relevant procedures for enterprise registration, provides businesses such as company registration projects, land transfer, construction permits, and engineering acceptance for enterprises. At the same time, it has also established an official website in three languages: China, Russia, and English, providing comprehensive information and multilingual services to the outside world, making it convenient for enterprises from all over the world to consult and understand the park's entry information. Most importantly, Belarus has issued three presidential decrees (Presidential Decree N 166 of 2017, Presidential Decree N 215 of 2021, and Presidential Decree N 161 of 2023) to promote the rapid, healthy, and high-quality development of the Park in the form of Belarus' highest decree.

However, there are some problems facing the construction of the Park. *Firstly*, as the population of Belarus is less than 10 million, and the small market, the products are rarely sold on local market. It has to rely on other markets, such as Russia, the European Union, Eastern Europe, etc., which faces tariffs and transportation issues. During the inspection in Belarus, chairman Xi Jinping also pointed out that the country has a small population and small market, so small and medium-sized enterprises should be given more play in the construction of the park. However, small and medium-sized enterprises entering the park will face certain difficulties if they compete with local enterprises in Belarus or with enterprises from other countries within the Eurasian Economic Union. In addition, the rapid development of the Park has made Belarus a major beneficiary of China's Belt and Road initiative, Russia is discontented with this. Therefore, in practice, it has also increased the difficulty of exporting to the Russian market.

Secondly, it tends to focus on attracting large and strong enterprises, neglecting the role of small and medium-sized enterprises. The role of innovative enterprises is essential for the Park to gain full competitive advantages. The flexible specialization theory proposed by Pierre and Sabel is a new form of specialization, in stark contrast to the rigid specialization in the past era of mass and standardized production [2]. This production mode has strong rapid response ability, as well as the characteristics of small batch, multiple varieties, zero inventory, low cost, and short cycle. The development of the Park and the economic vitality within the region must be based on the flexible and specialized production of small and medium-sized enterprises. At present, the Park has become the major competition ground for large enterprises such as state-owned enterprises and central enterprises [3]. If small and medium-sized enterprises are not protected and encouraged to develop, the market leading mechanism of the park will gradually weaken, and restricting the sustainable development of the Park.

Thirdly, some media outlets are concerned about the slowdown in economic growth, external economic imbalances, and the risk of currency crisis caused by Belarus' high dependence on Russia for oil consumption, the planned economy system, generally low efficiency of state-owned enterprises, and weak economic growth. Some predict the potential risks of political power transfer in Belarus after Lukashenko leaves office. Another article points out that the spillover of the Ukrainian crisis and its potential risks to the imported political crisis in Belarus cannot be ignored. These risks should indeed be taken into account when conducting investment environment assessments. However, scientific judgments should be made under a complete analysis of Belarus' economic, social, historical, and cultural conditions [4].

In addition, at present, the development of the Park still faces difficulties in financing, investment attraction, and insufficient mutual understanding.

Based above, to develop the Park, the followings can be concerned.

1. It is important to strengthen communication and exchange between the business and academic communities of China and Belarus, and to leverage the role of think tanks. There are many theoretical and policy contents that need to be exchanged between the academic and business communities of China and Belarus. For example, the Chinese academic community can communicate with scholars from Belarus to understand the national development strategy of Belarus, the positioning of Belarus in the national development plan of the Park, how Belarus understands its preferential policies for parks, and how to interpret them for Chinese enterprises from their perspective. This will have a positive impact on communication and future cooperation between Chinese and Belarus enterprises, and also provide some inspiration for Chinese enterprises to adapt to local conditions.

2. Emphasis is placed on the cultivation of science and engineering talents who understand Russian in Chinese universities. The professional and technical talents trained by domestic universities have technical knowledge and expertise, but most of them are English learners who do not understand Russian. In order to obtain their graduation and degree certificates as soon as possible, Chinese international students mainly choose majors in language and humanities and social sciences, with few in science and engineering. After Chinese enterprises «going global», they have encountered a situation where professional and technical personnel do not understand foreign languages, while translators do not understand the profession, so they cannot translate properly when communicating with both parties [4]. Therefore, there are often deviations in understanding between both parties. This situation is very unfavorable for the operation of Chinese enterprises. In the cooperation between China and Belarus, it is necessary to create conditions as much as possible to change this situation.

3. Expand logistics channels, expand markets, and ensure material supply. The crisis in Ukraine is still ongoing, with Western countries imposing increasingly severe sanctions on Belarus, and logistics between Belarus and EU countries being hindered. Therefore expanding logistics channels, markets and material supply channels, strengthening and utilizing the transportation capacity of China Railway Express are essential tasks at present. China Railway Express has strong transportation capacity and high stability. The Park can layout their industrial chains along the China Railway Express, fully utilize the resource advantages of countries along the route to develop supporting industries, expand the supply channels of raw materials and equipment, minimize political risks and cross-border business difficulties, and also help the Park expand new consumer markets [1]. Digest the relatively excess production capacity caused by the loss of European and American markets, and ensure that enterprises in the Park achieve profit growth without reducing production capacity.

4. Strengthen positive publicity by international public opinion. Widely promote the actual situation of the Park through multiple channels. It is necessary to plan and carry out positive publicity work on the construction

achievements of the Park at home and abroad, in order to dispel doubts about the construction of the Park. For example, we should make a comprehensive introduction to the Belt and Road countries on how the Park can promote the development of regional economy, how to improve the efficiency of sectoral industries, how to improve the welfare of local people and other issues, so as to dispel their doubts, remove obstacles for product exports. At the same time, actively promote the docking between the Eurasian Economic Union and the Silk Road Economic Belt, seek mutual benefit and win-win development, and better benefit the economic and foreign trade development of Belarus, as well as the economic and trade cooperation between China and Belarus.

In conclusion, China — Belarus Industrial Park is a park with the largest planned area built overseas by China, and an important construction project in the implementation of the Belt and Road initiative. In the complex surrounding security environment, the governments and people of China and Belarus have united and taken the initiative to resolve various risks, cultivate new opportunities in the crisis, and open up new opportunities in the changing situation. In 2022, the main economic indicators of residential enterprises in the Park maintain an overall growth trend. As chairman Xi pointed out, as long as we can constantly “sum up experience, strengthen confidence, and make solid progress, focus on policy communication, facility connectivity, smooth trade, financial integration, and people to people connections, so that the Belt and Road construction can benefit the people of all countries along the road”. At the same time, we must always maintain a sense of overall situation, actively implement the global security initiative proposed by chairman Xi, always maintain the overall situation of peaceful development, continuously deepen economic cooperation, and promote the two countries to work closely together, complement each other, develop together, and create brilliance in prosperity, strength, and improving well-being of people.

References

1. Wang Chao. Current Situation, Problems and Suggestions for the Development of China Belarus Industrial Park under the Crisis in Ukraine / Wang Chao, Wang Yuan // *Academic Journal of Russian Studies*. — 2023. — Vol. 13. — P. 20—36. (in Chinese).
2. Piore, M.. *The Second Industrial Divide: possibilities for prosperity* / M. Piore, Ch. Sabel. — New York : Basic Books, 1986. — 368 p.
3. Wang Chao. Research on the Development of China Belarus Industrial Park under the Background of «the Belt and Road» / Wang Chao, Ye Tianle // *Academic Journal of Russian Studies*. — 2019. — Vol. 6. — P. 57—69. (in Chinese).
4. Li Yan. China Belarus Industrial Park in the «the Belt and Road»: construction progress and development strategy / Li Yan, T. Verginskaya, O. Kaleda // *Siberian Studies*. — 2017. — Vol. 4. — P. 39—45. (in Chinese).