THE CURRENT STATE AND PROSPECTS OF ECONOMIC COOPERATION BETWEEN BELARUS AND CHINA

Abstract. The current state, features and problems of development of bilateral relations of the Republic of Belarus and the People’s Republic of China in foreign trade, investment and production spheres are considered. The most important development programs of the two countries were analyzed, key areas of Belarusian–Chinese cooperation were identified for the near future, as well as in long period. In the development of mutually beneficial strategic cooperation with China, an important role will be played by the implementation of investment projects with the participation of residents of the Chinese–Belarusian industrial park “The Great Stone” as the hub platform of the Silk Road Economic Belt in the Eurasian region. It was concluded that in the development of further joint action plans, it would be necessary to solve the tasks of the development strategies.

Keywords: One belt – One road, industrial park Great Stone, Belarus, China, economic reforms, national interests, foreign economic relations, development strategy, strategic cooperation.

СОВРЕМЕННОЕ СОСТОЯНИЕ И ПЕРСПЕКТИВЫ ЭКОНОМИЧЕСКОГО СОТРУДНИЧЕСТВА РЕСПУБЛИКИ БЕЛАРУСЬ И КИТАЙ

Аннотация. Рассмотрены современное состояние, особенности и проблемы развития двусторонних отношений Республики Беларусь и Китайской Народной Республики во внешнеторговой, инвестиционной и производственной сферах. Проанализированы важнейшие программы развития двух стран, определены ключевые направления белорусско–китайского сотрудничества на ближайшую перспективу, а также в долгосрочном периоде. Указано, что в развитии взаимовыгодного стратегического сотрудничества с Китаем важную роль будет играть реализация инвестиционных проектов с участием резидентов Китайско–Белорусского индустриального парка «Великий камень» как узловой платформы Экономического пояса Шелкового пути в Евразийском регионе. Сделан вывод о том, что при разработке дальнейших планов совместных действий потребуется решение задач по сопряжению стратегий развития двух стран.

**Introduction.** In the autumn of 2013, the XVIII Congress of the Communist Party of the People’s Republic of China was proclaimed a new investment strategy, setting the priority for the export of capital and foreign investment that promote the growth of commodity exports. This initiative, dubbed “One Belt – One Way,” suggests the creation of an “Economic Belt of the Silk Road” linking mainland China with Europe by rail and road through Central Asia, Russia and Turkey, as well as the “Sea Silk Road of the 21st Century” connecting the shipping routes of the South–East Coast of China with the ports of Europe, Africa and Southeast Asia. In total, the project involves 100 countries in which 2/3 of the world's population. It is planned that one of the transport branches will pass through Belarus. [11]

This initiative is very important for Republic of Belarus. This is indicated in Directive No. 5 of the President of the Republic of Belarus of August 31, 2015 “On the development of bilateral relations of the Republic of Belarus with the People’s Republic of China”, and the creation of the Chinese–Belarusian industrial park “The Great Stone”, specializing in industries electronics, mechanical engineering, fine chemistry, new nanomaterials, biopharmaceuticals, etc. [9]

**Methods and objects of research.** We used the following methods: formal logical methods of cognition abstraction, analysis and synthesis, comparison and analogy, methods and techniques of economic and empirical analysis (measurement and description).

**Results and its discussion.** The significance “One Road – One Belt” emphasized President of the Republic of Belarus Alexander Lukashenko when extended greetings to Chinese President Xi Jinping as the country celebrated National Day on 1 October, 2018: “Confidently approaching the 70th anniversary of the foundation of new China, the country’s leadership and people demonstrate determination to secure a prosperous, stable and advanced state. Every day the People’s Republic of China assumes increased responsibility for the fate of its allies with whom the country is implementing its Belt and Road project”.

Alexander Lukashenko noted that the relations of trust–based all–round strategic partnership and mutually beneficial cooperation between Belarus and China had entered a new level of development. He has invited Xi Jinping to attend the Belt and Road global forum which is due to take place at the China–Belarus Industrial Park Great Stone in 2019. [7]

China is one of the most important trade and economic partners of the Republic of Belarus.
Table 1 – The volume of trade in goods and services of the Republic of Belarus with China (including Hong Kong, Macao and Taiwan) in 2012–2016 (in million dollars USA)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>3 148.9</td>
<td>4 084.7</td>
<td>4 186.2</td>
<td>4 168.9</td>
<td>3 585.6</td>
</tr>
<tr>
<td>Export</td>
<td>547.4</td>
<td>811.6</td>
<td>1 091.9</td>
<td>1 257.3</td>
<td>800</td>
</tr>
<tr>
<td>Import</td>
<td>2 601.5</td>
<td>3 273.1</td>
<td>3 094.3</td>
<td>2 911.6</td>
<td>2 785.6</td>
</tr>
</tbody>
</table>

Source – Foreign Trade of the Republic of Belarus // National Statistical Committee of the Republic of Belarus [6].

The dynamics of the development of the Belarusian–Chinese trade can be judged by the fact that, within twenty-five years since the establishment of diplomatic relations, mutual trade has increased almost 100 times: from 34 million dollars in 1992 to more than 3.6 billion dollars. [10]

China also took second place in the structure of imports of goods to the Republic of Belarus in 2017 (picture 2).

The Chinese–Belarusian industrial park “The Great Stone” is a strategic and most ambitious project of bilateral cooperation.

The project is developing in the framework of the interstate Belarusian–Chinese cooperation and the signed intergovernmental documents.


The industrial park is located in Smolevichy district, Minsk region, 25 km from Minsk, the capital of the Republic of Belarus, and occupies an area of 91.5 sq. km (picture 3). Advantageous geographical location is determined by close proximity to the Minsk International Airport, railway, the Berlin–Moscow transnational highway, as well as by access to the port of Klaipeda on the Baltic Sea which is of 500 km away. [4]
The industrial park develops the potential of Belarus as a communication link between the CIS, Russia and Europe, and provides the possibility of duty-free entry into the market of countries of the Customs Union and Common Free Market Zone (Russia + Belarus + Kazakhstan) with capacity of 170 million people.

In addition to the natural favorable conditions, a preferential regime that is unprecedented by Belarusian standards is created on the territory of the Park, which includes the following benefits: personal income will be subject to income tax of 9%; Technopark residents are exempt from the three most important taxes: on land, property and profits. By Decree of the President of the Republic of Belarus of May 12, 2017 No. 166 “On the improvement of the special regime of, the list of preferences has been expanded.

It is assumed that branches will be formed in the Park that will determine its specialization. They will be the following priority areas: electronics and telecommunications, pharmaceuticals, fine chemistry, biotechnology, engineering, new materials, integrated logistics, e-commerce, activities related to the storage and processing of large amounts of data, socio-cultural activities, as well as the implementation of scientific research, developmental and experimental–technological works. [14]

Besides the Chinese–Belarusian industrial park “Great Stone” nowadays the Government of the Republic of Belarus has identified the following main development paths with China within the framework of the initiative “One Belt – One Path”

1. The effectiveness of the participation of states in the “One Belt – One Road” project largely depends on the development of international cargo transportation, logistics and ensuring the freedom of transit.

The geostrategic location of the Republic of Belarus is quite advantageous in the implementation of the movement of international goods traffic on the China–EU route.

When carrying out international cargo transportation and ensuring transit along the China–European Union route through Belarus, we should pay attention to following directions. [8]

1. EU and China are the main foreign trade partners.

China occupies the first position in deliveries to the European Union with a 16.6% share of total EU imports. At the same time, the share of the EU–28 in China’s imports is the largest and amounts to 12.4%.
Table 2 – Trade between China and major trading partners in 2017

<table>
<thead>
<tr>
<th>Countries, Regions</th>
<th>Value, millions of US dollars</th>
<th>Growth, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trade</td>
<td>Export</td>
</tr>
<tr>
<td>EU</td>
<td>616919.11</td>
<td>372049.26</td>
</tr>
<tr>
<td>USA</td>
<td>583701.40</td>
<td>429758.19</td>
</tr>
<tr>
<td>ASEAN</td>
<td>514768.91</td>
<td>279074.71</td>
</tr>
<tr>
<td>Japan</td>
<td>302986.64</td>
<td>137333.74</td>
</tr>
<tr>
<td>South Korea</td>
<td>280281.85</td>
<td>102774.41</td>
</tr>
</tbody>
</table>


From 2012 to 2017 exports from China to the EU has been a steady increase. Although exports from the European Union had a tendency to grow, they were several times lower in volume than Chinese imports.

2. Belarus has significant potential in the development of international freight and ensuring freedom of transit.

Exports of services in the Republic of Belarus in 2017 amounted to $ 7.8 billion and increased by 14.7% compared with 2016 according to the National Statistics Committee of the Republic of Belarus. [6]

The largest share in exports were transport services (44.1%), due to the favorable geographical position of the Republic of Belarus.

3. The EAEU Integration Association creates advantages in the implementation of the project “One Belt – One Way”.

4. The development of the Trans–Caspian international transport route – the Silk Wind has intensified.

It should be noted that the EAEU states in the past had a single transport system and infrastructure, and at this stage they are restoring a common transport area. Since the development of transport contributes to the acceleration of economic growth and social stability, as well as increasing employment, the formation of a common market for transport services and the creation of a unified transport system is becoming one of the main tasks of the EAEU.

The main foreign trade partner for the EEU countries is China (in 2017, the share was 16.2%). The next largest partners were the EU member states: Germany (8.7%), the Netherlands (7.3%), Italy (5.5%). [5]
began the previously officially proclaimed strategy of the Silk Road Economic Belt. In July 2011, a railway route was opened, which connected Western China with Central Asia and Europe. The trans–Asian corridor in China runs from Chongqing to Alashankou in the Xinjiang Uygur Autonomous Region, then through Kazakhstan, Russia, Belarus, Poland and Germany. The total length of this route is about 10,700 km. The delivery time on this route is 16–18 days, which is 2.5–3 times faster than transportation by sea. [3, 13]

5. **There are significant reserves for increasing the supply of goods from Belarus to China, including the use of underloaded trains leaving the EU.**

2. **Cooperation of Belarus and China in the context of the “One Belt – One Way” initiative in the sphere of the agro–industrial complex.**

China is one of the largest importers of agricultural products. On average, for the period 2010–2016, China imported annually agricultural products and food worth more than $ 92 billion. The largest share in the structure of imports of China is oil and fats, as well as oils of animal or vegetable origin.

China is one of the world's largest exporters. For the period 2010–2016 on average, China exported annually agricultural products and food worth more than $ 63 billion. The main exports of China are fish, vegetables, finished meat and fish products, processed fruits and vegetables, and fruits. [1]

The following joint projects with China in the field of agriculture are very interesting for Belarus:

1. Joint projects in the field of development and implementation of innovative technologies for growing aquaculture.

2. Stimulation of attracting direct investments in the deep processing of grain, production, storage and processing of oilseeds, vegetable crops.

3. Joint investment projects for the cultivation of grain; specialized meat and dairy cattle breeding; production of equipment for the dairy and meat industry; the development of greenhouses for the production of vegetables.

3. **Attracting direct Chinese investment in the modernization of Belarusian enterprises, creation of new jobs, innovative projects.**

In the long period, the main focus is innovative modernization of the economies of the two countries, building new chains of high value added products.

**Conclusions.** The main objective of the Belarusian–Chinese cooperation is the realization of the potential of mutually beneficial cooperation for the growth of competitiveness of national economies and the improvement of the well–being of citizens in both countries.

National economic interests of the Republic of Belarus:

– attracting foreign direct investment in the economy;
– accelerated formation of the high–tech sector, the development of the digital economy and the information society;
– modernization of traditional sectors of the economy;
– “green” production and the formation of a “green economy”;
– growth and diversification of exports of goods and services.

Belarus objectively needs new large investors in attracting foreign direct investment in the economy. And China becomes such a strategic partner for us.

The sphere of common interests touches upon the issues of joint promotion of goods to the markets of the EU and third countries, using the transport and logistics structure connecting the markets of the EU and Asia on the Silk Road Economic Belt.

No less significant vector of mutual interests is investment in the creation of new high–tech industries, including on the basis of the Chinese–Belarusian industrial park “The Great Stone”.

From the position of cooperation with the Republic of Belarus, the national interests of the People’s Republic of China, in our opinion, are:

– using the geographical position and transit potential of Belarus to locate part of the production chains and promote Chinese goods along the Silk Road Economic Belt route;
– expanding the supply of Chinese equipment and materials, other types of industrial products to the Belarusian market;
– imports of food, potash fertilizers and other Belarusian goods, the need for which is available in the Chinese market;
– expansion of cooperation in the field of creation of information technologies of a new generation, new high–tech industries;
– direct presence in the Belarusian transport and logistics market with the aim of joint development of the EU and third countries market.
From the standpoint of cooperation with the People’s Republic of China, the national interests of the Republic of Belarus:
– expanding the supply of products of Belarusian manufacturers and improving the conditions for their access to the Chinese market;
– attracting direct Chinese investment in the modernization of Belarusian enterprises, creation of new jobs, innovative projects;
– the entry of Chinese companies in the Chinese–Belarusian industrial park "Great Stone" as residents in order to create new high-tech industries;
– direct presence in the Chinese transport and logistics market, attracting Chinese partners to develop the transport and logistics structure connecting the EU and Asia markets on the Silk Road Economic Belt;
– joint development of new markets of third countries.

In the long period, priority areas for strengthening industrial integration:
– carrying out joint development in the field of promising areas of the digital economy and their introduction into production (quantum computing, neural networks, intelligent design, industrial Internet of things, 3D printing, big data processing, artificial intelligence technologies, etc.);
– development of the production of remote sensing satellites, communications and navigation;
– development of the next generation of environmentally friendly, intelligent, high-speed and heavy rail transport;
– mastering the production of automotive electric vehicles and spare parts for it;
– creation and introduction of new construction materials into the production process;
– development of new biotechnologies and medicines, medical equipment, technologies to support individualized medical treatment.

References
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ИНФОРМАЦИЯ ОБ АВТОРА

ГУЩА П.В., канд. экон. наук, доцент, заведующий кафедрой менеджмента и маркетинга, Полесский государственный университет», г. Пинск, Республика Беларусь

ГРИБОВ А.В., канд. экон. наук, доцент, декан экономического факультета, Гродненский государственный аграрный университет, г. Гродно, Республика Беларусь

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