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## Economic Cooperation between Republic of China and Republic of Belarus in the Context of Implementing the One Belt, One Road Foreign Economic Strategy

**Abstract.** This article provides insight into the dynamics and commodity pattern of the Chinese-Belarusian bilateral trade, the current state and prospects for the investment, scientific and technological cooperation between the two countries for the purpose of implementing the One Belt, One Road foreign economic strategy. With the advancement and financial support of the project, the Chinese-Russian bilateral balance of economic relations will be shifting in favor of China. Russia will act as a “subordinate partner”; its global economic and financial interests in the global economy and in the post-Soviet space will be represented less than those of China.

**Keywords:** foreign economic strategy, foreign trade cooperation, investment cooperation, scientific and technological cooperation, gravity model of bilateral trade, foreign investment, direct investment, portfolio investment, technology transfer, innovation-driven development

### 1. Introduction

A foreign economic policy is becoming the main driver of China’s economic development. The growth rate of domestic consumption is insufficient to compensate for losses from the slowdown of foreign trade turnover growth, in general, and exports, in particular. Chinese high-technology goods are hardly penetrate

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the markets of developed countries. This is due to a fall in demand in the main export markets of the USA and EU, high volumes of Chinese goods and partial non-compliance of Chinese goods with the standards of developed countries.

The main element of China's new international strategy is its plans for a profound impact on the development of the global economy in the coming decade.

The main areas of this process are as follows:

First, the restructuring of the world economic development infrastructure through the active promotion of the One Belt, One Road initiative. China offers the Silk Road member countries far-reaching possibilities for trading, economic, investment, scientific and technological cooperation.

Secondly, a change in the world monetary and financial system and China's entry into the group of the world's major financial players. If the financial component of the Silk Road initiative is implemented successfully, China will be able to strengthen the yuan as the third world currency (after the dollar and the euro).

In the West, China's new push under the One Belt, One Road initiative is called "a Chinese version of the Marshall Plan." By creating an infrastructure along the ancient Silk Road, China proposes not only to stimulate a bilateral trading, economic, investment, scientific and technological cooperation in South, Central and West Asia, Central and Eastern Europe, but also to strengthen China's influence in this region, including the former Soviet Union.

## **2. Trade and economic cooperation between China and Belarus**

The assessment of bilateral trade between Belarus and China can be made according to E. Leamer and J. Levinsohn's gravity model developed by analogy with Newton's law of universal gravitation [Leamer & Levinsohn 1995]. For purposes of comparison, in order to minimize the impact of the distance factor, Table 1 shows indicators of European countries that are more or less equidistant from the People's Republic of China (PRC).

The correlation coefficient for the countries under consideration between the size of their GDP and the volume of bilateral trade turnover with China is  $-0.889$ , that is, the greater the country's economy, the higher the bilateral trade turnover. According to this theory, the potential of Belarusian-Chinese trade depends on the growth of the Belarusian economy. Taking into account the most optimistic forecasts, a long-term average annual economic growth in Belarus does not exceed 3% [Rudy 2016: 16]. For example, according to the Oxford Economics Group, the average annual increase in GDP in Belarus from 2018 to 2030 is predicted to be 2.7% [Ross 2016].

Table 1. Components of the gravity model of bilateral trade, 2017

Country	Trade turnover with the PRC, billion dollars	Ratio of the country's nominal GDP to that of the PRC, times	Distance to the PRC, km	Trade turnover with the PRC per capita, dollars
Belarus	3.1	136	6,016	340
Ukraine	8.6	79	5,947	202
Lithuania	0.8	214	6,230	285
Poland	25.7	19	6,640	669
Czechia	19.4	50	6,968	1,847
Slovakia	6.2	103	6,736	1,148

Source: Rudy 2016: 17, 42.

A trade deficit with China is typical of all the countries under consideration, so the potential for increasing trade turnover is primarily in the growth of Chinese imports, which depends on the market capacity and competition. Taking into account the capacity of the domestic market, per capita trade turnover of Belarus is higher than in Lithuania, but it is significantly inferior to that of Poland, the Czech Republic and Slovakia (Table 1). The competitiveness of Chinese products is confirmed, for example, by the fact that in 2017 Belarusian imports from China included products traditionally produced domestically, such as onions and garlic (to the amount of 1.9 million dollars), cabbage (to the amount of 2.1 million dollars), fresh apples, pears (together with papaya to the amount of 33.7 million dollars).<sup>1</sup>

As for exports to China, they are restricted to raw material and technological opportunities of the exporting countries. The main goods purchased by China are electrical equipment, oil, vehicles and engines; for this reason, only innovations can be a competitive advantage in the Chinese market.

It should be noted that Belarusian commodity exports indicate China's investment interests in the potash industry. Besides, the popularity of Belaruskali, JSC in Asian countries accounts for the issue of its shares in Hong Kong. In its turn, direct investments from Belarus were used to promote Belarusian non-resource exports to China. For example, co-production for the MZKT, BelAZ, Gomselmash and MTZ machinery assembly was set up in China.

At the same time, Chinese investment imports in the form of procurement of processing lines and contract work serves as a prerequisite for Chinese direct investment in Belarus. However, a full-fledged transition from tied credits to the cor-

<sup>1</sup> [www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/vneshnyaya-torgovlya\\_2/operativnye-dannye\\_5/eksport-import-s-otdelnymi-stranami/](http://www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/vneshnyaya-torgovlya_2/operativnye-dannye_5/eksport-import-s-otdelnymi-stranami/) [access: 14.03.2018].

poratization of investment projects focused on exports to China has not occurred yet. Initially, Chinese intensive direct investments in Belarus were aimed at return due to the domestic demand (the *Beijing Hotel*, the *Lebyazhy* residential community). The subsequent investments (The *BelGee* automobile plant, the *Great Stone* industrial park) were oriented to the external market. At the same time, Chinese direct investment does not imply exports to the Chinese market. Besides, to minimize risks, Chinese direct investment in Belarus often has a complex financing model with a mix of own and borrowed capital on the part of China and Belarus.

The analysis of the Belarusian-Chinese trading pattern shows that the goods of the two countries complement each other well and cooperation has a great potential. In recent years, the main Belarusian exports to China have included potash fertilizers, polyamides, machines and mechanisms for harvesting and threshing crops, processed raw flax, integrated circuits, heterocyclic compounds containing nitrogen atoms, etc. (Table 2).

The analysis of China's exports to Belarus according to the enlarged commodity sections (Table 3) shows that main type of products exported by China to Bela-

Table 2. Belarusian commodity exports to China

Description of goods	2015		2016		2017	
	Q-ty	Cost, thousand dollars	Q-ty	Cost, thousand dollars	Q-ty	Cost, thousand dollars
Compounds containing functional nitrile group, tons	5,349	4,801.4	4,905	4,650.1	4,516	2,400.8
Potash fertilizers, thousand tons	434,0	243,807.6	1,137.4	493,849.7	1,397,9	646,712.0
Ethylene polymers, tons	–	–	9	3.2	3,500	3,034.3
Polyamides, tons	25,664	59,272.1	24,660	54,590.6	38,060	56,097.7
Heterocyclic compounds with nitrogen atoms, thousand tons	27.8	62,361.8	9.9	20,878.3	12.3	16,214.2
Rough timber, thousand m <sup>3</sup>	160.8	8,620.9	129.0	6,351.8	83.0	2,810.3
Unkempt wool, tons	399	2,345.2	284	1,194.1	886	2,379.0
Raw or processed flax, tons	2225	1,961.7	6,120	6,651.0	12,711	14,173.7
Synthetic filament tow, tons	4,590	9,810.1	3,146	6,575.6	2,298	3,607.6
Machines and mechanisms for harvesting and threshing crops, pcs.	893	18,011.1	305	6317.9	179	10,417.4
Electronic integrated circuits, tons	1	3,304.7	1	4716.7	1	4,357.9
Parts and accessories for vehicles and tractors, tons	115	1,494.9	36	470.6	162	1657.3

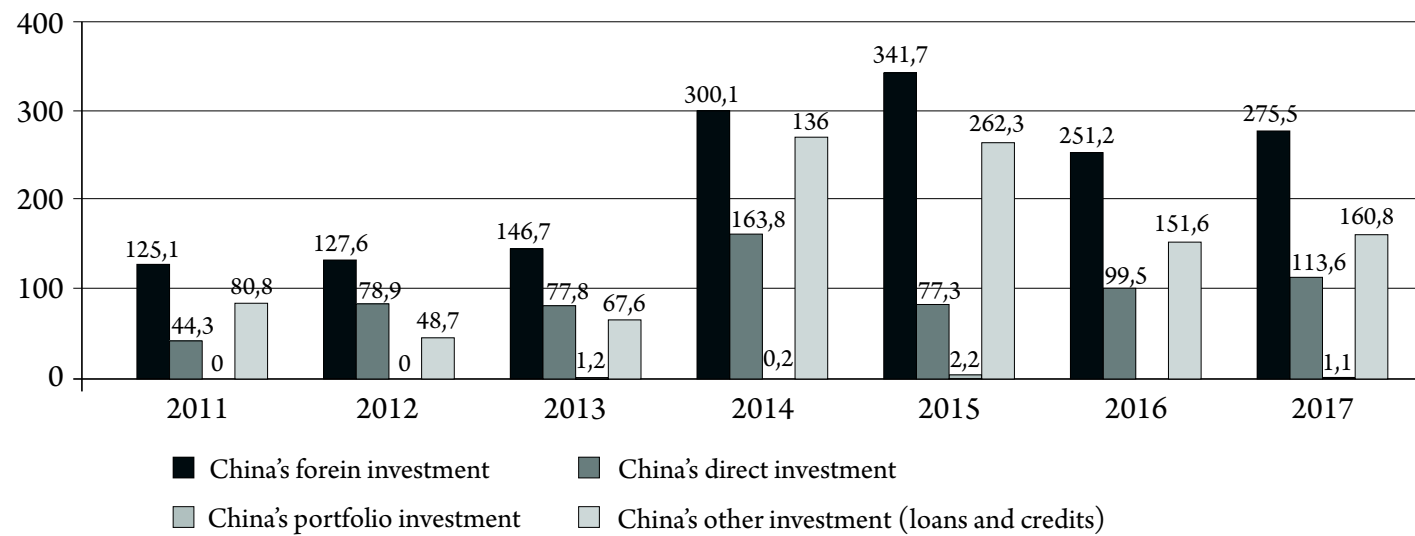
Source: based on National Statistical Committee of the Republic of Belarus, 2017: 184-185, 38.

Table 3. Chinese commodity exports to Belarus

Description of goods	2015		2016		2017	
	Q-ty	Cost, thousand dollars	Q-ty	Cost, thousand dollars	Q-ty	Cost, thousand dollars
Equipment for manufacture of paper pulp, paper and cardboard, pcs.	213	736.5	24	63.3	17	232,724.0
Telecommunications equipment and equipment parts, thousand pcs.	1,958.7	224,392.5	2,968.3	204 858.5	3,278.7	192,193.8
Computing machines for automatic information processing, thousand pcs.	3,002.6	200,470.4	3,655.4	231,905.4	1,516.6	75,469.2
Parts and accessories for vehicles and tractors, tons	19,500	76,919.3	17,770	71,622.4	13,234	49,675.6
Electrical transformers, thousand pcs.	12,087.3	25,661.9	6,773.2	19,769.2	5,821.4	39,879.6
Parts of footwear, tons	3,453	73,831.5	4,033	79,336.7	2200	39,488.0
Centrifuges, equipment and devices for the filtration of liquids or gases, thousand pcs.	1437.3	16,803.7	2,411.0	7,051.0	4,435.8	37,976.2
Antibiotics, tons	478	30,537.9	378	25,308.0	680	35,859.9
Heterocyclic compounds with nitrogen atoms, tons	1,326	33,302.0	1,412	32,182.0	2,258	35,473.1
Ferrous metal structures, tons	8,965	33,480.4	5,331	14,595.7	15,820	35,049.7
Apples, pears and quinces, fresh, tons	201	253.3	318	290.0	45,404	33,751.6
Heat-treating equipment, pcs.	9,311	3,000.4	4,431	3,070.1	6,483	30,136.1
Insulated wires, cables, tons	2,196	67,711.8	1316	11 073,5	2,022	29,200.7
Accessories and fasteners from base metals used for furniture and doors, tons	7,609	29,061.0	9,149	33,292.8	8,184	27,326.7
Vegetables, frozen, tons	141	245.5	1,2493	8,390.5	38,356	26,838.5
Toys and puzzles, tons	4,032	31,299.6	4,572	38 257.9	3,146	24,296.6
Machines and devices for hoisting, transfer, loading or unloading, pcs.	1,856	6,702.9	1,364	8,700.6	1,026	22,715.6
Amino compounds with oxygen-containing functional group, tons	6,459	17,566.6	7,068	16,675.5	8,675	20,422.4
Footwear with genuine leather upper, thousand pcs.	1,613.5	48,007.5	1,455.9	38,837.2	802.6	18,839.4
Control units, panels, tables for electrical equipment, tons	489	24,407.8	449	9,260.9	609	18,566.7

Source: based on National Statistical Committee of the Republic of Belarus, 2017: 319-324, 38.

Chart 1. China's foreign investment in the Republic of Belarus by type in 2011-2016 (in millions of dollars)



Source: Presnyakova 2017: 168, 38.



rus is equipment for the production of pulp, paper and paperboard, whose volume in 2017 as compared to 2016 increased by 366.7 times (by 225.3 million dollars as compared to 2015). This is followed by telecommunications equipment and its parts (8.28% of Belarus' imports from China in 2017), computers for automatic information processing (3.25% of Belarus' imports from China in 2017), spare parts and accessories for vehicles and tractors (2.14% of imports to Belarus in 2017), electrical transformers (1.72% of Belarus' imports from China in 2017), etc.

After the establishment of diplomatic relations between China and Belarus (from 1992 to 2017), trade turnover increased 91 times. In 1992, trade turnover between China and Belarus amounted to about 33.9 million dollars, and in 2015 reached 3.1 billion US dollars, in 2017 – 2.7 billion US dollars. Throughout 1992-2005, a consistent increase in foreign trade turnover was recorded with a fairly stable surplus in favor of Belarus. However, since 2006 the situation has been changing. Despite the fact that trade turnover continued to grow, in 2006 a deficit was registered for the first time. In 2009, the global economic crisis reduced the level of mutual trade in goods. Trade turnover in 2009 compared to 2008 decreased by 38.17%. In addition, in 2014 and 2016 the consequences of the crisis persisted in Belarus, therefore during this period there was a decline. In 2017, the growth of foreign trade turnover between Belarus and China was 119.4%.

China is becoming one of Belarus' most important trade and economic partners. As of the end of 2015, China for the first time became Belarus's second highest ranked import partner (after Russia). The share of imports from China in Belarus' total imports was 7.9% [National Statistical Committee of the Republic of Belarus 2017: 52].

According to customs statistics in the Republic of Belarus in January-March 2018, China ranked the fourth in the rate of foreign trade in goods (5.0%), after Russia – 49.7%, Ukraine – 6.6%, the United Kingdom – 5.8%. The following countries ranked among top ten major trading partners of Belarus by Germany (4.7%), Poland (3.9%), the Netherlands (3.1%), Lithuania (2.1%), Turkey (1.7%), Italy (1.2%).

### **3. Investment cooperation between China and Belarus**

Trade relations between the countries are a prerequisite for investment cooperation. A significant amount of foreign direct investment came from the Russian Federation in 2017 (in the amount of 453.6 million dollars), which accounted for 35.6% of the total net inflows of direct investments from abroad. In addition to residents of the Russian Federation, the main direct investors of the Belarusian economy were residents of the United Kingdom, Cyprus, Poland, Lithuania, Latvia.

The People's Republic of China holds a special place among Belarus' foreign economic partners, and its investments are of great importance for the Republic of Belarus.

From 2011 to 2017, the Belarusian economy received Chinese investments to the amount of 1,567.7 million dollars, of which 655.2 million dollars (41.8%) was direct investment, 907.8 million dollars (57.9%) – other investments in the form of loans and credits (Chart 1).

In 2017, Belarus received 275.5 million dollars of gross foreign investments from China, which is 109.6% more than in 2016 (in 2016 it was 251.2 million dollars). Most of them were in the form of loans and credits that did not come from a direct investor (in 2017 – 160.8 million dollars or 58.3%).

Direct investments in 2016 amounted to 99.5 million dollars, which is 22.2 million dollars more than in 2015. In 2017, 113.6 million dollars of direct investment was attracted, which is 14.1 million dollars or 114.2% in relation to 2016.

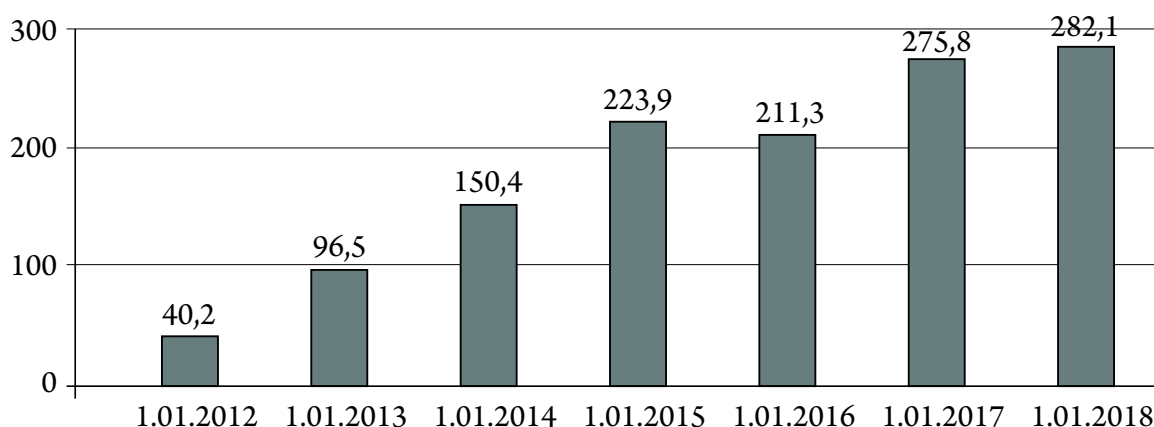
At the same time, it should be stressed that most Chinese direct investments in 2017 were debt instruments (accounts payable, loans, credits, etc.) – 63.5%.

On January 1, 2013, the amount of Chinese FDI in Belarus was 282.1 million dollars, which is 235.6 million dollars more than the value recorded one year earlier (growth by 7 times) (Chart 2).

Belarusian-Chinese relations are based on bilateral credit and investment cooperation. With the loan support of Chinese banks, a number of investment projects important for the country's economy were implemented in Belarus:

1. Creation of the *Best* mobile communications operator (a loan of 234 million dollars granted by the Export-Import Bank of China; the *Best* mobile operator (later – *Life*) was sold to the Turkcell Company (Turkey)).

Chart 2. Accumulated Chinese FDI in the Republic of Belarus in 2012-2017  
(in millions of dollars)



Source: based on Presnyakova 2017: 168, 38.



2. Modernization of Minsk CHP-2 (a concessional loan of 42 million dollars granted by the Chinese government).

3. Reconstruction of Minsk CHPP-5 (a loan of 260 million euros granted by the China Development Bank).

4. Modernization of the cement industry in Belarus (Belarusian Cement Plant, JSC and Krasnoselskstroimaterialy, JSC) (a loan of 530 million dollars granted by the Export-Import Bank of China).

5. Construction of CCGT-400 MW at Bereza Hydropower Plant; PGU-400 MW at Lukoml Hydropower Plant (a concessional loan of 633 million dollars granted by the Chinese Government).

6. Assembly factory for Geely passenger cars (a loan of 158.7 million dollars granted by the Export-Import Bank of China), etc. [Zhuravlev 2015: 104].

In 2017-2022, Belarus is expected to take out a buyer's credit from the Export-Import Bank of China amounting to 192.7 million dollars to build a plant for the production of front loaders and energy-saturated tractors in the village of Kolodishchi (Minsk district) by the Amkodor Holding Company together with the Chinese state corporations of CITIC Group and Sinomach.

The advantages of project financing from the Chinese credit line are as follows:

- a long loan term – up to 15 years (including a privilege period – up to 5 years, repayment period of the main debt – up to 10 years);
- no need to obtain a guarantee from the Belarusian government for each loan provided from the credit line;
- no need to obtain coverage of the SINOSURE export credit insurance agency, which reduces the cost of credit resources for the final recipient.

The peculiarity of Chinese loans is that their delivery is associated with the obligation to purchase Chinese equipment and often Chinese labor for the implementation of a specific investment project. Advantages of this form of cooperation for Belarus are favorable loan terms and conditions: relatively low interest and maturity with a delay of the first payment. But at the same time, Belarus is deprived of the freedom to choose its suppliers and is forced to rely on the quality of services and equipment offered by China. On the other hand, Chinese investment imports in the form of the supply of technological lines and contract work is a prerequisite for Chinese direct investment in Belarus.

The development of international cooperation under the One Belt, One Road project and targeted incentives for manufacturers in the *Great Stone* industrial park provide a competitive advantage to this facility by combining high competencies, investment and human capital, and a unique infrastructural location. The park has a significant capacity to launch quickly and increase its output of in-demand high-tech products in a comfortable business and legal environment with effective administrative and economic incentives. As a consequence,

the development of the industrial park, as well as an industrial, scientific and technological cooperation with the PRC is generally an incentive to strengthen Belarus' economic and technological position in the international space significantly.

Thus, the cooperation between the Republic of Belarus and China in the field of attracting investments is currently being implemented both by offering privatization opportunities and creating new production facilities and building large real estate objects. The majority of Chinese investments in Belarus are related credit lines for the modernization of facilities in the energy sector, manufacturing industry and road construction.

At the same time, there is a shortage of direct foreign investment in Belarus, while indicators for other types of investments are high. The *Great Stone* Chinese-Belarusian Industrial Park is the key infrastructural object of economic cooperation between Belarus and China under the One Belt, One Road project.

#### **4. Scientific and technological cooperation between China and Belarus**

The analysis of the modern scientific and technological development of the Republic of Belarus makes it possible to come to the following conclusions:

- the country's scientific and technological development is one of the priorities of the Belarusian state. The country is implementing the State Program of Innovative Development for 2016-2020, which includes 75 scientific and engineering projects;
- there were 428 organizations conducting research and development in 2017, a fall by 3 compared to 2016. A decrease in the number of organizations was followed by a reduction in the number of employees conducting research and development – in 2017 the number of employees fell by 194 persons or by 0.8%. This resulted in a smaller number of researchers per 10,000 inhabitants. In 2016, the number of researchers per 10,000 population was 17.76; in 2017 – 17.72. In recent years this ratio has increased from 37.73 to 38.87 researchers per 10,000 population;
- from 2001 to 2016 there was a steady increase in the number of new works published by Belarusian scientists in periodicals listed in the Scopus database. However, despite this growth, since 2001, there has been a decline in scientific contributions to the global volume of scientific publications. For example, since 2001 this value has decreased from 0.12% to 0.05% in 2016;
- the percentage of GDP spent on research in 2016-2017 was 0.50%, which is 0.02 percentage points less than in 2015 and it continues to decrease;

– in 2017, the percentage of innovative products in the total shipping volume of industrial organizations was 16.9%, which is 0.6 percentage points higher in 2016. In 2017, the indicator of “the share of exports of high-tech and science-intensive products in the total volume of Belarusian exports” increased by 0.5 percentage points compared to 2016 and amounted to 33.7%.

The analysis of economic aspects of scientific and technological development of the PRC makes it possible to come to the following conclusions:

– the development of China’s scientific and technological complex was a top-priority goal in the country. In 2016, the *Fundamental Provisions of the National Strategy of Innovation-Driven Development* determined the main objectives and areas of the country’s innovation-driven development for the mid-term. The PRC State Development Plan for 2016-2020 is based on the development of technological innovation;

– China ranks second in the world for the total R&D expenses amounting to 251.9 billion US dollars in 2017, or 14.6% more than in 2016.

– Chinese R&D spending accounts for more than 12% of the global R&D expenditures. The share of expenses for scientific, technical and innovative activity in 2017 was 2.1%;

– China pays special attention to the staffing in the scientific sector. Chinese universities hold the top spots in the world ranking. China ranked first in the world in terms of the number of students studying abroad. During the last 10 years more than 50% of Ph.D. holders in engineering and industrial technology sciences studied abroad. 79% and 46% of teachers respectively are younger than 45 and 35 years old. In 2016, China was the world’s second in terms of the number of international scientific publications of Chinese scientists and their citation;

– exports of medium- and high-tech products accounted for 54.6% of total exports in 2017. China’s contribution to the world exports of ICT goods in 2017 was 30.6%. China is the biggest manufacturer of telecommunications equipment, computers and semiconductors.

The prospects for scientific and technological cooperation between the two countries are based on the orientation of Belarus and China towards innovation-driven development. In China, in the field of information technology, special emphasis is put on the implementation of the *Made in China 2025* and *Internet +* strategies, the development of technologies that ensure the updating and ubiquity of “intellectual” computer systems.

The *Made in China 2025* strategy envisages the country’s innovation-driven development in the following areas of information technology, automated control systems and robotics, aerospace engineering, marine engineering equipment and high-tech maritime transport, railroad equipment, energy saving and vehicles using alternative energy sources, power equipment, new materials, medicine and medical devices, and agricultural machinery.

Table 4. Areas of institutional support for the introduction of mechanisms of scientific and technological cooperation between Belarus and China

Areas	Activities
Political	Determination of scientific and technological priorities in the domestic and foreign policy of the countries; Development of the national technological policy, as well as a system to provide advantages in the avenues of research for the concentration of the scientific and technological potential of the country in the corresponding “technological niches”
Statutory and regulatory	Development and adoption of laws and regulations that will ensure an open procedure for production cooperation between the countries, taking into account the criteria of upgrading of the technological level of production in all types of economic activity. Harmonization of the regulatory and legal framework in the field of intellectual property management towards the more effective legislative consolidation at all levels of interstate regulation of intellectual property rights and providing the legal basis for their effective protection.
Information	Development of the system of communication platforms for the selection of potential partners of the cooperation between the Republic of Belarus and the People’s Republic of China. The formation of a favorable image of a scientist, an engineer of an inventor, whose contribution to the social development is highly appreciated in the country. Creation of awareness about the achievements of Belarusian and Chinese science in the technological area.
Management	Provision of assistance in solving organizational issues, for example, within the framework of the functioning of the general innovation and technological infrastructure of „incubators”, „technoparks”, etc. Reduction of administrative barriers that block the establishment of entities with different structures with a focus on scientific and technological cooperation between the countries.

Source: Fu Jingcheng 2017: 48.

The *Internet +* strategy includes the following areas:

- Internet + Entrepreneurship and Innovation
- Internet + Industry
- Internet + Agriculture
- Internet + Energy Efficiency
- Internet + Finance
- Internet + Public Services
- Internet + Logistics
- Internet + E-Commerce
- Internet + Transport
- Internet + Ecology
- Internet + Artificial Intelligence.<sup>2</sup>

<sup>2</sup> [www.ved.gov.ru/exportcountries/cn/about\\_cn/eco\\_cn/](http://www.ved.gov.ru/exportcountries/cn/about_cn/eco_cn/), p. 72-72 [access: 19.02.2018].

To implement these strategies, special investment funds have been established in China. They are supported by enterprises operating under these strategies.

China focuses on the development of ICT technologies as the main basis for a strategic leap in such areas as industry, agriculture, energy, medicine, trade and others. In this regard, promising areas of scientific and technological cooperation between Belarus and China are as follows:

- technology transfer;
- inclusion in production chains;
- experience exchange;
- joint projects in the field of ICT;
- training of specialists;
- cooperation of the *Great Stone* Industrial Park with *Zhongguancun*, the main innovation park of high technologies in China;
- creation of a joint venture fund for the implementation of Belarusian-Chinese projects in the context of cooperation with the *Zhongguancun* Science Park;
- use of China's experience in the field of e-commerce, which is one of the main engines of the Chinese market, the Internet + development plan, as well as Big Data, Internet of Things for their implementation in the Republic of Belarus.

The development of mechanisms of institutional support for the implementation of the policy of scientific and technological cooperation between Belarus and China as a whole, as well as cooperation in the areas specified in Table 4, is important for the two countries.

Industrial and technological cooperation and trade in know-how between Belarus and China should become a sphere of growing international economic relations and contribute to the important changes in the structure of the economy of the two countries. It should be supplemented by scientific and technological cooperation at the product development stage; cooperation in direct production; provision of technological services at the stage of installation and commissioning of the facility; engineering during its operation.

## 5. Conclusion

In the West, China's new attack within the framework of the Belt and Road Initiative is called a Chinese version of the Marshall Plan. At the current stage, B&R is not only an investment strategy but rather a geopolitical strategy. By means of the infrastructure created along the ancient Silk Road it suggests not only stimulating bilateral trade and economic relations in South, Central and West Asia, Central and Eastern Europe and boosting China's direct foreign investment and trade but also strengthening the influence of the country in this gigantic region.



Russia attributes the reduction of risks associated with the implementation of the Silk Road project to the creation of balancers in case of an unfavorable scenario. These are, first, the formation of a legal, financial and institutional infrastructure to ensure Russian interests in the implementation of Chinese projects in the territory of the Eurasian Economic Union, primarily Russia, Kazakhstan and Belarus.

For China, the EAEC countries are mostly suppliers of raw materials and fuel and energy resources, as well as a market for the sale of finished products. Trade between China and the EU has a fundamentally different character, which is expressed in the predominance of non-resource-based goods with high added value in the trade structure. European countries sell mainly technically sophisticated goods to China (cars, aircraft, spare parts, electric machines and equipment, tools, microcircuits, etc.), pharmaceutical and chemical products, as well as metal waste and scrap. The basis of China's exports is mechanical and electrical machinery and equipment, clothing and footwear, furniture, photo equipment.

It is also important to note the difference in the scale of the markets of the EAEC and the EU for the PRC. While the market of the Eurasian Economic Union is 3% of China's export sales, the European market – 17%, for imported supplies, this ratio is respectively 3 and 12%.

Secondly, the creation of strategic balancers in case of increasing dependence on China: in the military and political aspect – due to the normalization of relations with the United States, in the economic – with the European Union, Japan and South Korea.

In the context of the implementation of the One Belt, One Road project, the peculiarities of the development of trade and economic relations between Belarus and China are as follows:

- the key role of the political leadership in the trade of the two countries. Reciprocal visits, summit meetings and adoption of economic policies are sure to contribute to an increase in the volume of trade turnover between the two countries. In some cases, administrative incoordination, lack of information from competitive markets, political willpower are constraints of the natural long-term development of free trade;

- China's surplus in foreign trade in goods with Belarus has been increasing since 2006. For Belarus, this situation in the long term development of trade and economic cooperation is unprofitable.

- in comparison with China's imports, the structure of Belarus' export to China is not diversified. At the same time, the goods are not unique and have analogues in other countries, which presupposes a constant analysis of the competitors' positions and caution in the field of foreign trade pricing, where there is either little or no margin for maneuver and price increase by Belarusian exporters.



In general, China's share in total turnover of the Republic of Belarus is 4.9-5.0% and is growing; the share of the Republic of Belarus in China's total trade turnover in 2009-2017 is much lower and remains at the same level (0.07-0.08%).

– currently, despite the operation of more than 40 representative offices of Chinese companies in Belarus and the implementation of about 30 joint projects, the share of Chinese direct investment on a net basis remains low (in 2017 – 34.4 million dollars, which is 2.6% of the total FDI inflows on a net basis);

– from the point of view of investment priorities, Belarus is still not significant for China in comparison with other countries of Central and Eastern Europe. At the same time, in 2011-2017 the share of Chinese investments in the total amount of foreign investments in Belarus increased from 0.7% to 2.9%, while the share of China's direct investments – from 0.3% to 1.43%.

For Belarus, trading, economic, investment, scientific and technological cooperation with the PRC is of great importance, since the implemented initiatives affect economic growth. The bilateral Chinese-Belarusian cooperation is based on common goals and objectives, which include sustainable social and economic development, increasing competitiveness, assistance in solving social and environmental problems, and protection of national interests at the regional and international levels.

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## **Współpraca gospodarcza między Republiką Chin a Republiką Białorusi w zakresie wdrażania strategii gospodarczej One Belt, One Road**

**Streszczenie.** Artykuł przedstawia dynamikę i wzór towarowy chińsko-białoruskiego handlu dwustronnego, aktualny stan i perspektywy inwestycji, współpracy naukowej i technologicznej między dwoma krajami w celu wdrożenia zagranicznej strategii gospodarczej One Belt, One Road. Wraz z postępowaniem i finansowym wsparciem projektu chińsko-rosyjskiego bilateralny układ stosunków gospodarczych będzie coraz bardziej korzystny dla Chin. Rosja będzie działać jako „partner podrzędny”; jej globalne interesy gospodarcze i finansowe w globalnej gospodarce oraz w przestrzeni poradzieckiej będą reprezentowane w mniejszym stopniu niż w Chinach.

**Słowa kluczowe:** zagraniczna strategia gospodarcza, współpraca w handlu zagranicznym, współpraca inwestycyjna, współpraca naukowa i technologiczna, grawitacyjny model handlu dwustronnego, inwestycje zagraniczne, inwestycje bezpośrednie, inwestycje portfelowe, transfer technologii, rozwój oparty na innowacjach