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## **COMMERCE AND ECONOMIC COOPERATION BETWEEN CHINA AND BELARUS**

*The trade and economic cooperation between Belarus and China is being discussed and the main joint projects that already exist or are going to be planned in the future are described for the sake of profitable agreements and contracts to be concluded in the future.*

**Keywords:** *Belarusian-Chinese economic relations, business projects*

*Обсуждается торгово-экономическое сотрудничество между Беларусью и Китаем, описываются основные совместные проекты, которые уже существуют или планируются в будущем, с целью заключения выгодных соглашений и контрактов в будущем.*

**Ключевые слова:** *белорусско-китайские экономические отношения, бизнес-проекты*

Republic of China is not only the main political, trade and economic partner of the Republic of Belarus in Asia, but also a reliable good friend of the Republic of Belarus.

20 January 2014 marked the 22nd anniversary of the establishment of diplomatic relations between the Republic of Belarus and Republic of China. By the standards of history, this period of time is a short one, but it gives grounds for studying and summarizing the achievements in the development of the relations and economic ties

between our countries, at the same time, allows us to look into the prospects of the development of Belarusian-Chinese relations.

Belarusian-Chinese political, trade and economic relations are developing dynamically, which is mostly due to the common principles of foreign policy and similar views on the most important problems of international relations. Interaction with China is a priority direction of Belarus foreign policy. The parties regularly exchange visits at the highest levels, where there is an active inter-parliamentary dialogue, and Belarusian-Chinese interagency contacts are developing dynamically.

Belarus and China have a huge potential for further development of their relations, and they will reach a new level of cooperation in such areas as investment policy and humanitarian development and the sphere of high technologies. Previously, the two countries have already established business relations in the space, technical and military spheres [4].

The fact that Belarus was very interested in cooperation with China can be seen from the number of visits of Alexander Lukashenko to China. The president has visited China 12 times, but even then, the head of state met with Chinese colleagues. The figure includes trips to attend major summits. Alexander Lukashenko made his first official visit to China in January 1995. It led to the signing of a declaration on the development and deepening of cooperation between the two countries.

The main business projects are:

1. “The Great Stone” – conversations about it began back in 2010. The plans are huge: dozens of high-tech factories and factories producing products for the EU and the Customs Union, residential areas, office and shopping and entertainment complexes, financial and research centers should appear near the airport. When the park will work at full power, it will employ 120 thousand employees. Taxes for foreign companies should help the park gain push. Now 44 residents have been registered, who have invested \$ 1.1 billion in the construction. Of the constructed objects: an administrative

building, an exhibition center, a hotel, a logistics center, several production buildings for rent and a couple of productions that have not yet begun.

2. The mining company near Lyuban is a project of the Russian billionaire Mikhail Gutseriev. The total cost of the project is \$2 billion: \$1.4 billion was borrowed from the Development Bank of China.

3. Belji company. The cost of the plant is 330 million dollars, of which 160 million is a Chinese credit issued under the guarantees of the Belarusian government.

4. Power lines at the Belarusian NPP were also built for a Chinese credit. It was agreed back in 2013. The price of the issue is 324 million dollars.

5. The residential complex “Promenade” in Lebyazhem – consists of 23 10-storey buildings. The project cost is \$250 million.

6. The hotel and business complex “Shanter Hill” is being built next to the Palace of Rhythmic Gymnastics. The scale is impressive, seven buildings are being built at once, based on a 25-storey hotel [2].

Since the establishment of diplomatic relations between Belarus and China, two-sided ties have successfully passed the stage of formation and today represent dynamically developing mechanism of cooperation. Recent years have seen changes in trade and economic cooperation. The parties are moving from trade in goods and services to realization of major investment projects. Let us note promising directions of Belarusian-Chinese cooperation:

1. In the nearest future, there are plans to create a joint production of quarry machinery in China. The agreement to implement such a project was reached during the 10th meeting of the Belarus-China commission for trade and economic cooperation, which took place in Beijing.

2. BNTU Technopark “Metolit” and the Production and Technical Center of Harbin Polytechnic University (China) are planning to create a joint production of equipment for processing medical products.

3. In November 2009 Belarus for the first time took part in one of the world's most prestigious economic forums – Global China Business Meeting, which will be held in Lisbon in November. Global China Business Meeting is an annual meeting of the best enterprises of China and their global partners, also attended by heads of leading world companies and government representatives. Participation in it allowed Belarusian enterprises to establish new contacts with international companies [4].

The trade and economic cooperation between countries:

The main Belarusian exports are potash fertilizers – 60–70 % of the total. In 2016, Belarus exported \$291 million worth of potash to China. Polyamides (\$47,5 M in 2016), linen (\$8,5 M), integrated circuits (\$4,8 M), parts and accessories for cars and tractors (\$3,1 M), storage media (3 million), fiberglass (\$3 million), passenger cars (\$2,6 million), a significant portion of the offer.

At the beginning of 2017, the export structure did not change significantly. From January to February this year, trade between Belarus and mainland China amounted to \$431 million. The balance is negative – \$275,4 million. Belarusian exports are increasing, mainly due to the supply of potassium and polyamides. There is still an insignificant volume, but a fairly significant growth in the sale of Belarusian milk.

In the near future, Belarus plans to start exporting beef, and it working on organizing the delivery of poultry meat. Today's logistics capabilities allow for deliveries that are so dependent on the speed of product delivery. There is capacity and demand to increase the export volume of beef to US\$20 million and poultry to US\$5 million in the future. It is important to gain a foothold in the huge Chinese market, which is characterized by a trend towards a significant increase in beef demand [5].

Projects in the cement industry, and mobile communications are being realized with the participation of Chinese investors in Belarus. A joint company has been set up in China to produce Belarusian agricultural machinery, and two new major enterprises are nearing

completion – for the production of BelAZ trucks and tractor machinery.

Unfortunately, in recent years, deliveries of MTZ and BelAZ products to the Chinese market have practically stopped. With their recovery, the creation of joint companies, as Gomselmash did last year, there is a reserve to increase exports of these products.

The main advantages of Chinese products can be called the following:

1. Cheap labor (this reason was the main and even the only one at the beginning of the formation of the Chinese economy).

2. Increasing quality (gradually, Chinese enterprises manage to achieve high quality indicators, often as a result of close cooperation with companies in Europe and the USA).

3. Wide assortment of goods in different product categories (as China produces many European goods on request and under the quality mark of many European companies, as well as their American competitors, Chinese manufacturers have the opportunity to realize world innovations in production).

4. Relatively low price of goods, which is due to many of the above-mentioned factors [5].

Nevertheless, Chinese products have their disadvantages.

The disadvantages include:

1. Non-compliance with global manufacturing and quality standards.

2. Non-observance of environmental and sanitary norms, which can be harmful to human health.

3. Failure of delivery dates (failure to meet delivery dates compared to those specified in the contract, because there is a tendency for excessive demand, i.e., Chinese manufacturers have so many requests that they cannot cope with fulfilling their obligations).

4. The desire of some Chinese producers to work only on a 100 % prepayment.

5. Prices for some regions, which are unable to carry out large orders, are higher than prices for regions with large orders [5].

The largest Belarusian imports from China in 2017 (over \$20 million):

- Communications equipment and parts to it (\$267,1 million);
- Computing machines (\$112,3 million);
- Automotive and tractor parts and accessories (\$110,5 million);
- Electric railroad locomotives (\$99,2 million);
- Ferrous metal structures (\$59 million);
- Parts for receiving and transmitting equipment (\$50,5 million);
- Synthetic fabrics (\$55,3 million);
- Frozen vegetables (\$34,1 million);
- Lighting equipment (\$33,5 million);
- Toys and puzzles (\$31,5 million);
- Stranded aluminum wire (\$31,5 million);
- Electrical equipment consoles, panels, tables (\$31,1 million);
- Shoe parts (\$29,1 million);
- Televisions, monitors, projectors (\$28,8 million);
- Antibiotics (\$28 million);
- Hand tools (\$27,1 million);
- Electric heaters, electric stoves (\$23,3 million);
- Rubber footwear (\$23,1 million) [1].

On this basis, we can conclude: Belarus has close trade and economic relations with China. The countries are working on many joint projects to this day, cooperating closely with each other.

Trade, economic, scientific and technical cooperation between the Republic of Belarus and China is currently actively developing. However, to solve the strategic tasks of development of the two countries, it is necessary to search for new areas of cooperation, which would meet the challenges of the modern world [1].

The development of relations with China is the most important area of Belarus's foreign policy. Visits between the countries, both at the highest level and between state authorities, have recently intense.

All this gives positive results. Despite the global financial and economic crisis, Belarus and China have not allowed a major decline in trade and economic relations.

There are no closed topics in Belarusian-Chinese relations, and cooperation is based on understanding and friendship. Belarusian-Chinese political, trade and economic relations are currently developing dynamically. This state of cooperation is based on the common principles of domestic and foreign policy and the similar views on the most important problems of international relations.

In conclusion, it is safe to say that all interactions between China and the Republic of Belarus have passed a long stage of formation and development, have achieved a great result, have brought many benefits to each party and in the future there will be more points of contact between our countries, more profitable agreements will be concluded. Our foreign policy and foreign economic relations will continue to develop. We will borrow much more, not only economically but also culturally [3].

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## **ОСНОВНЫЕ НАПРАВЛЕНИЯ РАЗВИТИЯ ТОРГОВЫХ ОТНОШЕНИЙ РЕСПУБЛИКИ БЕЛАРУСЬ И КИТАЙСКОЙ НАРОДНОЙ РЕСПУБЛИКИ**

*В статье рассматриваются основные направления торговых отношений Республики Беларусь и Китайской Народной Республике и анализируются некоторые нормативные документы, регулирующие экономические отношения двух стран. Автор приводит статистические данные, иллюстрирующие внешнеторговый оборот Беларуси и Китая.*

**Ключевые слова:** *торговые отношения, внешнеторговый оборот, стратегическое партнерство, белорусский экспорт, сальдо торгового баланса.*

*The article deals with the main directions of trade relations between the Republic of Belarus and China and analyzes some normative documents regulating economic relations between the two countries. The author provides statistical data illustrating the foreign trade turnover between Belarus and China.*

**Keywords:** *trade relations, foreign trade turnover, strategic partnership, Belarusian exports, trade balance.*