

## A Study on Economic and Trade Development between China and Eastern Europe in the Context of Belt and Road

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**Keywords:** Belt and Road, Eastern Europe, International Trade

**Abstract:** Since the implementation of the "Belt and Road" strategic plan, the trade activities between China and Eastern European countries are more full of opportunities and challenges, and more likely to develop. The construction of "Belt and Road" not only accelerates the transformation and upgrading of Chinese enterprises, but also greatly promotes the economic development of Central and Eastern European countries. Under the background of "Belt and Road", the development of economic and trade between China and Eastern Europe has become a problem worthy of discussion at this stage, this paper will analyze this and put forward some suggestions for development.

### 1. Background of "Belt and Road"

International trade in the context of "Belt and Road" is free and has unlimited possibilities for development. China's realization of this concept in line with the principle of the Community of Human Destiny has not only brought opportunities for Chinese enterprises, but also brought positive effects to the people of Eastern Europe. From the perspective of international trade, we can analyze the economic and trade data between China and Eastern European countries. This paper will study the economic and trade development of China and Eastern Europe based on the relevant background of "Belt and Road", and analyze "Belt and Road" from the perspective of necessity.

"Belt and Road" is the abbreviation of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, its economic and trade areas are vast, including East Asia, South Asia, Southeast Asia, Central Asia, West Asia and Central and Eastern Europe and other countries. "Belt and Road" is not a mechanism of compulsory output, nor is it an alliance. From a realistic point of view, "Belt and Road" is China's vision for the development of world cooperation, but also an invitation to cooperate. To be exact, "Belt and Road" is a cooperative initiative put forward by China to the world, and China provides a platform for cooperation and invites countries to carry out economic and trade cooperation fairly. On this basis, the countries along the "Belt and Road" line can not only promote their own economic and cultural development, but also strengthen the connection of the content in the world. Since its establishment in 2013, General Secretary Xi's "Belt and Road" initiative has been supported and responded by many countries in the world, and has also achieved fruitful results. So far, 103 countries and international organizations have signed the "Belt and Road" intergovernmental cooperation agreement with China, resulting in 279 results[1].



Figure 1 Belt and road

## 2. China and Eastern Europe

The economic and trade between our country and the eastern European countries have been in good condition. For a long time, the eastern European countries and our country have carried out cooperative trade relations on the principle of mutual benefit. With the implementation of the construction of "Belt and Road ", the economic and trade ties between the eastern European countries and our country have become more close.[2]This paper takes Poland, Czechoslovakia, the German Democratic Republic and Hungary as examples to analyze trade development. First, the main areas of economic and trade development between China and Poland are mechanical products, home decoration, textile and clothing, electronic products, steel, mineral resources and so on. Poland is a large economic and trade entity in the Eastern European countries and a country with relatively fast economic growth. In terms of imports and exports, China and Poland have maintained a large trade deficit for a long time. Secondly, the fields of economic and trade development between China and Czechoslovakia mainly include mechanical equipment and parts, electrical, motor, sound equipment, optical and medical equipment, non-knit clothing, complete sets of equipment, large machine tools, mechanical parts and steel, etc. The natural resources of Czechoslovakia are relatively scarce, and our country often takes into account the characteristics of the country in the course of economic and trade, and adjustments in economic and trade cooperation. Third, China's economic and trade with the German Democratic Republic has been closely linked, its main areas include mechanical and electrical products, transport equipment, optical clock medical equipment and other high-tech, high-value products, textiles and raw materials, furniture toys and other low-value-added, labor-intensive products. In addition, China and Germany have made good exchanges, import and export volume and economic and trade are developing rapidly. By 2017, the trade volume between China and Germany had risen to \$180.57 billion, of which exports were \$98.8 billion and imports were \$81.77 billion. It can be seen that the trade volume between China and Germany is huge and the trade surplus continues. Fourth, China's economic and trade with Hungary is mainly for Hungary to export chemical products, transport equipment and plastic rubber, mechanical and electrical products, base metals and products, furniture toys and so on. By 2017, the trade volume between the two countries reached \$8.09 billion, of which \$6.31 billion was imported, accounting for 5.9% of Hungary's total imports in the same year. These are the trade links between some of the marginalized countries of Eastern Europe and our country, which are growing in the context of "Belt and Road ".



Figure 2 Belt and road

## 3. The Necessity of International Trade Between My Country and the Eastern European Countries

### 3.1. Is Our Country's Need to Open Up the European Market

Eastern European countries are broad, occupy most of the geographical area, and play an important role in "Belt and Road ". In addition, the level of economic development of the Eastern European countries is similar to that of our country at this stage. Not only does the Eastern

European international need to use the carrier to develop their own economic and trade, but our country also needs to carry out international trade on this basis, which is also one of the backgrounds of the cooperation between the two sides. In addition, the eastern European market is being highly integrated with the western European market in the process of continuous change, and its technology and products have a certain amount of uniformity, and its construction of the eastern European market is similar to that of our country, and our country can use the lower transportation costs and funds at this stage to open up the European market and use the eastern European trade to carry out exchanges with the European market. From this point of view, China's international trade with Eastern European countries with the help of "Belt and Road" background is the need for China to open up the European market[3].

### **3.2. The Need to Absorb Excess Domestic Capacity**

At present, China's economy has entered a new era, and the industrial manufacturing industry still has the problem of overcapacity in a certain period of time, so it is very necessary to expand the foreign market. In addition, from the present stage, the development of the world economy is relatively slow, China's main foreign trade demand has declined, it is difficult to improve in the short term, so it is very necessary to find new trade cooperation objects to solve the problem of domestic overcapacity. At the same time, the development of light industry, manufacturing industry and so on in Eastern European countries is lagging behind, and China has a great potential to export its industry, in addition to the demand of Eastern European countries in railway, electricity and so on. Therefore, China's strengthening of trade cooperation with Eastern European countries can not only meet the needs of industrial products in other countries, but also promote the upgrading and transformation of Chinese enterprises, solve the problem of China's production capacity, and realize the optimal allocation of resources.

### **3.3. Is the Need for Both Sides to Achieve Complementary Advantages**

China's economic and trade development in the process of "Belt and Road" construction can meet the complementary needs of China and Eastern European countries. China and Eastern European countries can achieve complementary advantages and promote the economic development of both sides. The countries with the geographical borders of Eastern Europe have abundant natural resources, but they have weak technology in light industry, machinery industry, etc. Our natural resources are relatively scarce, and our infrastructure technology is relatively high, which will enable the exchange of experience and economic cooperation between economic and trade. The "Belt and Road" strategy can make both sides realize the need to complement each other and achieve common economic development.



Figure 3 Belt and road

## **4. Proposal to Strengthen China's Trade Cooperation With Eastern Europe in the Context of "Belt and Road"**

With the implementation of "Belt and Road" construction, China and Eastern European countries

as important countries along the route, not only the economy has been developed, but also the relations between countries have been repaired. In the context of "Belt and Road ", we can increase the following cooperation: first, build a free cooperation trade area between China and Eastern Europe, and increase our counterparts and cooperation. Eastern Europe is in the important position of China's maritime route, and plays an important role in the "Belt and Road" cooperation. Therefore, we should take the initiative to cooperate with the countries of Eastern Europe to establish a multilateral trade area. Through the construction of free trade zones, the trade exports between our country and the countries of Eastern Europe will be more frequent, which has an important impact on our country and the countries of Eastern Europe, and can bring about huge economic growth. Second, China should increase imports of goods from Eastern Europe and improve bilateral trade relations. From the above, we can see that our country has been in a long-term trade surplus, the export volume of Eastern European countries to our country is relatively small, and in the field of trade, our export to Eastern European countries mainly includes light industry, which shows that our country and Eastern European countries have complementary needs. Therefore, in the context of "Belt and Road ", China should increase its imports to Eastern European countries, especially high-tech products, so that the future of bilateral cooperation has unlimited possibilities, and improve the trade relations and national relations between China and Eastern European countries. Third, China should expand the field of trade cooperation with Eastern Europe, optimize trade integration, and promote the transformation and upgrading of Chinese enterprises. Eastern European countries occupy the important position of "Belt and Road ", for the time being, the Eastern European countries are in the economic transition period, at this time if our country expands the field of cooperation with the Eastern European countries, then our economic development will be further improved, and the Eastern European countries will benefit from it. For example, China's infrastructure technology and products are relatively strong, and when Eastern European countries need infrastructure construction, China can expand trade cooperation, export infrastructure experience, and vigorously develop cooperation in the field of transportation. In summary, this paper is the proposal to strengthen the trade cooperation between China and Eastern Europe under the background of "Belt and Road ". These suggestions start from the realistic point of view and are very suitable for the development of " Belt and Road "at the present stage.

## 5. Conclusion

To sum up, the construction of Belt and Road is bringing business opportunities and economic development to trade along the route. The reconstruction of the Silk Road is not only the idea of China, but also the gospel of the people of the world, which is the practical significance of the community of human destiny. From the point of view of the speed of development of the times, I believe that in the near future, with the continuous development of Belt and Road construction, China and Eastern European countries will certainly be able to reap great results in this concept.

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