

On the Trade Competitiveness and Complementarity Between China and the Five Central Asian Countries

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Abstract: With the advocacy of China's "the Belt and Road" and the reconstruction of the "Silk Road", trade between China and the five Central Asian countries has become closer, and new development opportunities have been ushered in for cooperation between them. Based on the customs statistics, this paper analyzes the G-L (intra industry trade index) and ESI (export similarity index) of China and the five Central Asian countries, and draws the conclusion that the trade between China and the five Central Asian countries has significant complementary advantages of import and export commodities and industrial trade characteristics, and each of them can deeply tap their own regional and resource advantages, Promote the development of bilateral trade between China and the five Central Asian countries through the joint construction of the "Silk Road Economic Belt".

Keywords: China; Five Central Asian countries; Trade; Competitiveness; Complementarity

The Vision and Action to Promote the Joint Construction of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, issued by China in 2015, has brought new vitality to the Silk Road, which has been prosperous for hundreds of years. Central Asia is located in the core area of the "the Belt and Road", which is the pearl of the Silk Road in history. In order to better promote trade exchanges between China and the five Central Asian countries, it is necessary to use empirical analysis to analyze the competitiveness and complementarity of their bilateral trade, and study the current situation and development potential of trade cooperation among all parties, which can provide theoretical help for win-win trade cooperation between China and the five Central Asian countries under the "the Belt and Road".

1. Overview of trade between China and the five Central Asian countries

1.1 Rapid expansion of trade scale

The overall scale of import and export trade between China and the five Central Asian countries shows a rising trend year by year. From 2007 to 2017, the bilateral trade volume between China and the five Central Asian countries showed an overall growth trend. According to the data extracted from the United Nations trade commodity database, it increased from 80 billion US dollars to 1.98 billion US dollars, with an average annual growth rate of 9.5%. Among them, the import volume from China increased from 59.7 billion US dollars to 100.3 billion US dollars, with an average annual growth rate of 5.3%. China's total exports to the country increased from 21.3 billion US dollars to 0.95 billion US dollars, with an average annual growth rate of 16.7%. From the comparative analysis of the above data, it can be seen that the import and export trade between China and the five Central Asian countries has shown a good upward trend, and there is a large space for development. At this stage, China is the largest trading partner of Uzbekistan, Kyrgyzstan and Turkmenistan among the five Central Asian countries, the second largest partner of Kazakhstan and the third largest trading partner of Tajikistan.

1.2 Increasing trade position

In the bilateral trade between China and the five Central Asian countries, China's position has become increasingly important, and China's share of the bilateral trade among the five Central Asian countries shows a growing trend. In 2007, the total bilateral trade volume between China and the five Central Asian countries accounted for only 4.3% of the total trade volume of the five Central Asian countries, but it rose to 24.9% in 2017. At this stage, China has become the top trading partner among the five Central Asian countries. Compared with the past, Russia is the largest partner of the five Central Asian countries, and now it has shown a downward trend. With

the proposal of the vision of the “Maritime Silk Road” and the promotion of its actions, the demand for energy for the production and development of China’s manufacturing sector has risen year after year, which has become increasingly important in the export trade of the five Central Asian countries. In addition, China also urgently needs to take advantage of the huge market, cheap human resources and abundant natural resources of the five Central Asian countries, promote foreign trade, and make use of foreign investment and production capacity cooperation in the five Central Asian countries to achieve win-win goals.

2. Analysis on the Trade Competitiveness and Complementarity between China and the Five Central Asian Countries

The research topic of this paper mainly focuses on the competitiveness and complementarity of trade cooperation between China and the five Central Asian countries, combined with the “the Belt and Road”, and uses targeted measurement indexes to study the foreign trade between the two regions.

2.1 Competitive Analysis

The ESI index is mainly used to analyze the trade competitiveness of China and the five Central Asian countries. This index is generally used to compare the similarity of export commodity structure in the unified market of the two countries when the export structure gradually converges due to time changes. This paper uses ESI index to compare the export similarity between the two cities, as follows:

$$ESI_{mn} = \sum_{i=1}^i \left\{ \left[\frac{(Y_{mo}^I/Y_{mo}) + (Y_{no}^I/Y_{no})}{2} \right] * \left[1 - \left| \frac{(Y_{mo}^I/Y_{mo}) - (Y_{no}^I/Y_{no})}{(Y_{mo}^I/Y_{mo}) + (Y_{no}^I/Y_{no})} \right| \right] \right\} * 100$$

Where, m, n, o respectively refer to export country m, n and import country o, Y and I respectively refer to the export volume and the first export commodity, Y_{mo}^I/Y_{mo} 、 Y_{no}^I/Y_{no} refers to the ratio of the total volume of commodity trade of the first country exported to country o by countries m and n to the total volume of commodity trade exported to country o. ESI_ The value range of mn is [0100]. If the value is larger, it indicates that the export commodity structures of m and n are similar, and the trade competitiveness is stronger.

2.2 Analysis of trade complementarity

The above analysis shows that the trade competition between the two places is not strong, but the trade cooperation between the two places may also be complementary. Therefore, this study uses the G-L index to evaluate. The intra industry trade index is mainly used to measure the key indicators of intra industry trade in various countries, that is, to divide all trade flow areas into intra industry trade and then inter industry trade, so as to analyze the changes in trade between the two regions, as follows:

$$GL_I = 1 - \frac{|X_I - W_I|}{(X_I + W_I)}$$

Where, X_I 、 W_I represents the export and import of Class I products respectively. GL_I The closer I value is to 1, the more emphasis is placed on intra industry trade in the import and export trade model of the two places, and the higher the complementarity is. Conversely, GL_I When I is close to 0, it means that more emphasis is placed on inter industry trade, and the complementarity of trade is not high. And if $GL_I > 1/2$, indicating that intra industry trade occupies an advantage, whereas inter industry trade occupies an advantage.

3. Suggestions on bilateral trade between China and the five Central Asian countries

3.1 Jointly build the “the Belt and Road” trade partnership and strengthen trade exchanges

It can be seen from the above analysis that the trade between the two places is highly complementary, and there is a large space for bilateral cooperation. It is the ardent expectation of the people of the two places to strengthen trade exchanges and promote their

economic development. The proposal of the “the Belt and Road” strategic concept has received strong response and support from countries along the region. Central Asia belongs to the core of Eurasia and has an important geographical strategic position. It also belongs to an important node of the “the Belt and Road”. Li Yongjun is required to take targeted planning measures to jointly build the “the Belt and Road” strategic cooperative partnership between the two places, focusing on a series of bilateral demonstration projects to strengthen import and export trade cooperation between the two places, build economic interdependence between each other, stimulate trade exchanges between the two places and third countries, highlight the “the Belt and Road” demonstration effect, and strengthen regional cooperation between coastal countries, We will strengthen trade and communication between countries.

3.2 Strengthen the communication and mutual assistance relationship between the two cities and promote the western radiation range

In the economic and trade exchanges between the two regions, western China is at the forefront and a potential region for the growth of bilateral trade. In recent years, despite the rapid economic growth in China, the regional economic development is uneven. There are large regional differences between the eastern coast, the central inland and the western regions. There is a strong connection between foreign trade and geography, and product transportation and trade barriers have a direct impact on industrial planning and trade growth. For a long time, an appropriate intra regional foreign trade channel is one of the key factors affecting the development of the central and western regions. Therefore, with the “the Belt and Road” as the starting point, we will vigorously promote the construction of infrastructure such as transportation along the region, strengthen the mutual assistance between key cities in the central and western regions and Central Asian countries, connect the land trade channels of Europe, Asia and Africa, facilitate the foreign trade between the two regions and the third party, and help promote the development of central and western China and the implementation of the comprehensive opening up strategy.

3.3 Strengthen the cooperation of complementary products in bilateral trade and expand the trade field

In the import and export trade between the two places, China’s machinery manufacturing products and the mineral energy products of the five Central Asian countries account for the largest proportion. Such trade complementarity is affected by the poor habits of countries in technology, mineral energy and human resources. Although it is beneficial to the import and export trade cooperation between the two places in a short time, it has a negative impact on the long-term deepening of cooperation between the two places, and has also played a certain obstacle to the implementation of the “the Belt and Road” strategy.

4. Conclusion

This paper makes a detailed analysis of the trade competitiveness and complementarities between China and the five Central Asian countries by using the G-L (intra industry trade index) and ESI (export similarity index). The conclusion is that the complementary advantages of the import and export trade between the two places are most prominent. Combined with the export similarity index of the two places, it can be seen that the export similarity index of the products of export trade between the two places is not high, and the decline is obvious year after year, This shows that the trade competition between the two places is low. According to the results calculated by the intra industry trade index of the two cities, the foreign trade between the two cities is dominated by inter industry trade, especially the complementary degree of primary product trade is weak, while the G-L index of capital and labor-intensive products is the highest. The trade complementarity of such commodities is the strongest, and there is huge potential for cooperation in the field of industrial products.

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