

# An Analysis of the Regional Cooperation Between China and the Five Central Asian Countries under the Background of the Silk Road Economic Belt

Linfu Huo

World University of Economics and Foreign Affairs Neimenggu Xinganmeng 029400

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**Abstract:** The reconstruction of the “Silk Road” is of great strategic significance to the regional cooperation and trade between China and the five Central Asian countries. Based on the characteristics of economic development in the two regions, this paper analyzes the characteristics of energy, industry and trade structure in the two regions, and discusses the cooperation space of countries along the “the Belt and Road”. The strategic choice of the “the Belt and Road” aims to use the cooperation of the countries along the new “Silk Road” to deepen the economic and trade cooperation of all countries, so that the five Central Asian countries can absorb China’s experience in development, quickly enter the road of industrialization, and enable China to quickly promote the later stage of industrialization reform.

**Keywords:** Silk Road Economic Belt; China; Five Central Asian countries; The cooperation of management and trade

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However, if we want to promote the realization of the economic development goal of the “the Belt and Road”, we should take the actual economic and trade development of the two regions as a foothold, tap the cooperation potential of each other on the “the Belt and Road”, explore effective strategies to develop these potential, so as to promote the pace of the “the Belt and Road” construction, and bring its practical value into play in regional economic development.

## 1. Economic development characteristics of China and the five Central Asian countries

### 1.1 Economic Development of the Five Central Asian Countries

There are great differences in the economic performance of the five Central Asian countries. First of all, Kazakhstan is famous for its radical industrial reform. Among the five countries, its economic growth rate is the highest, but it also has great volatility. Secondly, Tajikistan and Kyrgyzstan have also adopted radical reforms, but compared with each other, they are not satisfactory. After decades of development, they have shown nearly negative growth and high volatility. Finally, Turkmenistan and Uzbekistan are carrying out gradual reforms, and their economies are developing steadily, but the overall growth is not much. In terms of economic scale, the total domestic production of the five Central Asian countries is only 2% of that of several major Asian countries, which reflects the small scale of economic development of the five countries and the lack of development impetus [1].

### 1.2 Characteristics of China’s economic development

After half a century of economic reform, China’s gross domestic product has developed into an existence second only to the United States, and has fully realized the transformation from an agricultural country to an industrial country. Table 1 compares the gross domestic product (GDP) of major Asian countries with that of developed countries. The five Central Asian countries in the middle development stage are Turkmenistan and Kazakhstan, while the other countries are still in the primary industrialization stage. However, due to the huge population, China’s per capita GDP is still in the middle stage of industrialization, and there are still many obstacles in the way forward. First, the early growth model is difficult to sustain, and the marginal output of capital is decreasing year by year. There is no way to promote economic growth only through investment. Second, because the early growth model was insufficient in resource utilization, the rapid economic growth had a rapid demand for energy, resulting in excessive reliance on energy. After the global financial crisis, China is eager to effectively respond to the increasingly harsh foreign trade environment by reforming the

growth mode, take the new industrialization as the entry point of reform, rapidly promote the research and development and innovation of independent technology property rights, and promote industrial upgrading, so as to form trade complementation with the five Central Asian countries.

## **2. Development of the potential of regional cooperation between China and the five Central Asian countries**

### **2.1 Strategic energy**

The five Central Asian countries, led by Kazakhstan, have long recognized the importance of energy for the industrial development of each country. Therefore, when rebuilding the “Silk Road”, the most important consideration is to avoid being forced to become a subsidiary of China’s industrialization development of raw materials and a large number of selling places for products in various fields. Therefore, in the process of reform, all countries jointly expect to rapidly promote the innovation plan of industrial development, carry out practice in areas other than resources, and use bilateral cooperation in economic trade, infrastructure construction, agriculture, industry and other aspects to achieve their own higher level development. In view of the demands of the five Central Asian countries in terms of industrial development, even if they export energy and related materials, they should also use joint ventures to absorb high-end technology and advanced management experience, so as to establish and improve transportation and other infrastructure construction, and provide assistance for long-term economic development. However, most developed countries will not provide relevant construction support for Central Asian countries, and they focus more on strategic security.

### **2.2 Economic, trade and investment**

At the beginning of this century, the import and export trade between the two places has shown a trend of increasing year by year. It once surpassed Russia and became the largest trading partner of the five Central Asian countries. However, the substantial growth of the total volume is not enough to make up for the shortcomings of the actual trade structure. According to the industrial structure, we can see that the import and export trade between the two places has strong advantages. Most of their exports are based on basic mineral energy. China’s imports from Kazakhstan are mainly crude oil, Tajikistan mainly imports nonferrous metal minerals, and Turkmenistan mainly imports natural gas Kyrgyzstan imports precious metals (the main importing country), Uzbekistan imports uranium ores, etc. However, in terms of service trade at present, the scale of cooperation between the two places is relatively small. It can be found in Table 2 that Kazakhstan, the first of the five countries, also has a certain distance in terms of service export volume in terms of cooperation with other major Asian countries. The transportation sector is its main focus area, and the scale of economic and trade cooperation in finance, communications, tourism and other areas is small, which shows that the potential of the two regions in service trade cooperation is huge <sup>[2]</sup>.

## **3. Key points of regional cooperation between the two regions in the context of the Silk Road Economic Belt**

### **3.1 Traditional trade**

In the context of economic reform, the five Central Asian countries have constantly begun to formulate strategic plans for expanding the scale of agricultural economic development, which will drive the Chinese enterprises invested in them to realize the transformation of the energy field towards food processing and agricultural product processing. At present, many Chinese enterprises focusing on food processing have built factories in various regions of Central Asia, such as Heilongjiang Daxijiang Farm. The cooperation between the two places covers a wide range of fields, and the industry tends to transport and communication, energy and mineral exploration, etc. Under the influence of the sustainable development strategy, the two places also started green development and application in the energy field. Clean energy, such as wind energy and solar energy, has been introduced to Kazakhstan and other countries, gradually replacing fossil energy. Chinese investment enterprises have contributed a lot to the development of clean renewable energy, promoting win-win cooperation among all parties, and making the cooperation potential even greater<sup>[3]</sup>.

### **3.2 Service trade**

The financial service industry has always been a weak industry in the five Central Asian countries. If you want to break away from the shackles, you must make up for it. This requires the help of Chinese investment enterprises to jointly build a financing platform, enrich the content of their financial service chain, and solve the problems of financial risks and insufficient funds that have always existed in the five Central Asian countries. China has always devoted its energy to solving the development problems of Central Asian countries in a coordinated way. The People’s Bank of China signed a bilateral local currency settlement agreement with Central Asian

countries for the first time in 2008, and launched a listing transaction for tenge. In terms of the “the Belt and Road” initiative and action, China will continue to increase its assistance to Central Asian countries, and Central Asian countries will also, to a certain extent, increase their supervision of the financial industry, and the two places will cooperate with each other to achieve win-win cooperation goals in the financing industry and financial institutions.

### **3.3 Technology trade**

Technology is a key area for the development of all countries. At the technical level, compared with the five Central Asian countries, China has more experience in scientific research and technology. Taking the initiative and action of the “the Belt and Road” as an opportunity, China and the five Central Asian countries can reach a consensus in the strategic field, exchange and benefit each other at the technical level, achieve technological exchanges between the two places through foreign direct investment and project cooperation and other forms, and combine technology and development organically.

## **4. Conclusion**

To sum up, based on the advocacy and action of the “the Belt and Road”, the article has developed the space for regional cooperation between the two places, carried out resource trade cooperation with the resource endowments of the five Central Asian countries as the starting point, completed complementary advantages based on industrial industries, and gradually radiated to service technology cooperation. With the economic and trade of China and the five Central Asian countries as the core, it has spread to the entire Silk Road Economic Belt and developed into the Asian economic center. Based on the analysis of the possible cooperation space between the two cities, the goal of cooperation between the two stations was determined, that is, to jointly build the Silk Road Economic Belt, break the trade barriers caused by the differences in politics, economy and other aspects between regions, promote the communication in economy, trade, currency and other aspects between countries, and achieve mutual benefit and cooperative supply. In the face of the complex economic situation of the five Central Asian countries, we will fundamentally assist them in restoring their vitality of development, and enable them to shift from basic energy to modern industrialization. After the two countries achieve mutual benefits, the regional economic structure of Central Asia will change, and the bilateral economic and trade cooperation will also be further deepened to achieve the export of basic energy to technology and other aspects, which not only broadens the Central Asian market, but also improves the market competitiveness of domestic enterprises, and also supports the realization of new industrialization. In addition, with the great opportunity of the reconstruction of the Silk Road, China has stepped into the modern industrial road through friendly exchanges in the fields of resources, technology and economy between the two places.

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