

Analysis of Uzbekistan's Innovation and Development from the Perspective of Silk Road Economic Belt

Rong Zhao

Inner Mongolia Business & Trade Vocational College, Hohhot 010071, Inner Mongolia, China.

Abstract: As an important part of the ancient Silk Road, the economic and trade exchanges between Central Asian countries and China have been strengthened unprecedentedly under the background of new development initiatives. Adjacent to the northwest of Central Asia and China, and an important part outside the Silk Road, Uzbekistan is located in the center of Central Asia, with many neighboring countries communicating with each other, so it is called an important node of the extension of the New Silk Road, a major measure to improve the level of economic cooperation between China and Uzbekistan, and a program to enhance political mutual trust, economic integration, cultural exchanges and coordination and cooperation in bilateral and multilateral fields between China and Uzbekistan. From the perspective of "Silk Road Economic Belt", the economic cooperation between China and Uzbekistan has made remarkable achievements, but at the same time, the problems are outstanding. Uzbekistan's authoritarian politics, weak rule of law and non-traditional security have restricted the in-depth development of economic cooperation between China and Uzbekistan. Therefore, it is necessary to deepen the strategic partnership between China and Uzbekistan, deepen cooperation in economy, trade, logistics and finance, and deepen the platform construction of the Silk Road Economic Belt.

Keywords: Uzbekistan; Silk Road Economic Belt; Trade

1. Introduction

Under the relevant policies of the Silk Road Economic Belt^[1], Uzbekistan and China will give full play to their comparative advantages. China, by virtue of its labor advantage, has a relatively developed processing industry, which can provide Uzbekistan with needed goods. At the same time, China's per capita resources are scarce, and with the development of processing industry, the required raw materials and fuels are also increasing. Uzbekistan's natural resources, especially mineral resources, have obvious advantages, which can meet China's vast market demand. Uzbekistan is in a special position in Central Asia, not only living inland, but also its main neighbors are not facing the sea, so Uzbekistan has become a typical "dual landlocked country". This feature limits the trade and goods for Uzbekistan, which is also an important reason why Uzbekistan's foreign trade is not fully developed. The Silk Road Economic Belt advocates the interconnection between countries and regions, which can just make up for this shortcoming for Uzbekistan. Uzbekistan's active participation in the construction of China's "Silk Road Economic Belt" development initiative can improve the transportation facilities at home and abroad, highlight its own location factors, and have other advantageous conditions such as finance to accelerate economic transformation. As one of the largest exporters and the largest market in the world, China is an important target of Uzbekistan's foreign economic cooperation.

2. General situation of Uzbekistan's economic development

Uzbekistan is located in the northern and central parts of Central Asia with a total area of 447,400 square kilometers, ranking third only to Kazakhstan and Turkmenistan among the five Central Asian countries^[2]. It is located in the central part of Central Asia, bordering Kazakhstan, Kyrgyzstan, Afghanistan, Turkmenistan and Tajikistan, and has no territorial border

with China. With a total population of 30.241 million, the main ethnic group is Uzbeks, accounting for 78% of the total population, belonging to the same ethnic group as Uzbeks in Xinjiang, China. 88% of the population believes in Islam, Uzbek is the official language, and most citizens can speak Russian. The country has an 11-year compulsory education system, with education funds accounting for 10% of the national budget. The literacy rate of the population over 15 years old has reached 99.4%, which is 5.2% higher than that of China. Uzbekistan has 25 airports, of which 5 are international airports.

3. The economic cooperation foundation between China and Uzbekistan under the vision of the Silk Road Economic Belt^[3]

3.1 Political mutual trust

On January 2, 1992, shortly after Uzbekistan became independent, it formally established diplomatic relations with China, and China became one of the first countries to establish diplomatic relations with Uzbekistan. Over the past 20 years, thanks to the joint efforts of the leaders of the two countries and all sectors of society, especially within the framework of the Shanghai Cooperation Organization, the relations between China and Uzbekistan have changed from lack of understanding and mutual trust in the early stage of the establishment of diplomatic relations to mutual understanding and mutual trust, and the scale and quality of bilateral cooperation in economy, trade, investment, transportation, communications, energy and non-resources have maintained a sound and stable development momentum. Uzbekistan's "China-Central Asia" natural gas pipeline was put into operation at the end of 2009. A number of demonstration cooperation projects, such as Kungrat Soda Plant, Dirk Hannabad Potash Plant, Pengsheng Industrial Park, a joint venture of building materials in Syr River State, have been completed and put into operation one after another. The bilateral trade volume increased from US\$ 52.15 million at the beginning of diplomatic relations to US\$ 2.48 billion in 2014, an increase of 47 times. China-Uzbekistan relations have been developing vigorously and have been climbing to a new level. First, President Xi Jinping emphasized that China is Uzbekistan's strategic partner of "equality, mutual trust, shared security and mutual benefit". This is a summary of the history and present situation of bilateral relations, and it also clearly points out the future development direction of the two countries. In 2014, the leaders of China and Uzbekistan held two meetings to draw a blueprint, which injected new impetus into the comprehensive cooperation between the two countries. At present, China and Uzbekistan enjoy high political mutual trust, pragmatic cooperation and fruitful cultural exchanges, and the relations between the two countries have entered the best period in history.

3.2 Cultural exchanges

China and Uzbekistan are both ancient civilizations with a long history and splendid culture. Since Zhang Qian sent to the Western Regions, the exchanges between China and Uzbekistan in material culture, spiritual culture and institutional culture in history have promoted the social progress and cultural development of the two countries. The native land of the world-famous businessman, the Sogdians, has preserved a large number of historical sites and cultural heritages of exchanges between China and Uzbekistan^[4]. Since the establishment of diplomatic ties, the cultural exchanges between China and Uzbekistan have become increasingly active, which has deepened the understanding and mutual trust between the two peoples.

The signing and implementation of the cultural cooperation plan: In March 1992, China and Uzbekistan signed the Agreement on Cooperation between the Government of the People's Republic of China and the Government of Uzbekistan in Culture, Education, Health, Tourism and Sports, and the artistic groups of the two countries began to exchange visits and perform. In June 2004, during Hu Jintao's visit to Uzbekistan, he signed the cultural exchange plan between the two cultures from 2004 to 2007, which was the first implementation plan between the two cultures since the establishment of diplomatic relations between the two countries. On March 26, 2010, during the Seventh Summit of the Shanghai Cooperation Organization, Cai Wu, former Minister of Culture of China, and Alexander Saif, First Deputy Minister of Uzbekistan, signed

the Cultural Exchange Plan between the Ministry of Culture of the People's Republic of China and the Ministry of Culture and Sports of the Republic of Uzbekistan from 2010 to 2013. According to the above cultural exchange plan, China and Uzbekistan held a series of cultural activities: in 2004, "Chinese Culture Day" was held in Uzbekistan. Thanks to the joint efforts of both sides, the "Chinese Culture Day" between China and Uzbekistan was a complete success. From May 17 to May 24, 2005, Uzbekistan successfully held "Uzbekistan Culture Day" in China, and held "Silk Road Evening", "Uzbekistan Modern Painting Art Exhibition", "Uzbekistan Buddhist Cultural Relics Picture Exhibition" and other activities in Beijing and Shanghai. In October 2011, the China-Uzbekistan Intergovernmental Cooperation Committee was established, under which there was a Cultural Cooperation Committee. Since the establishment of the Cultural Cooperation Committee, it has hosted various cultural exchange activities between China and Uzbekistan. Since the establishment of diplomatic ties more than 20 years ago, the cultural exchanges between China and Uzbekistan have been expanding with various contents and forms, and have made great progress in education, art, sports and many other aspects, which has promoted mutual understanding between the two peoples, enhanced mutual trust between the two governments, and strengthened the economic ties between the two countries. It is of great significance and plays an obvious role, and it is the basis for in-depth cooperation between the two countries.

3.3 Construction of "Silk Road Economic Belt"

In September 2013, during his visit to Central Asia^[5], Chinese President Xi Jinping put forward a major measure to jointly build the Silk Road Economic Belt. In recent years, cooperation between China and Uzbekistan in various fields has shown a spurt of development. After four years of construction of the Silk Road Economic Belt, China has become Uzbekistan's second largest trading country and the largest source of foreign capital, the largest buyer of Uzbekistan's platinum cotton, and the largest importer of telecommunications equipment and soil improvement equipment. The Silk Road Economic Belt has tapped the potential of economic and trade cooperation between China and Uzbekistan. On the basis of equality and mutual benefit, the pragmatic cooperation between China and Uzbekistan has become an important highlight of the Silk Road Economic Belt. PP' Silk Road Economic Belt' provides a road map for deepening cooperation between China and Uzbekistan. Some promising economic cooperation projects have been put on the agenda, such as strengthening energy pipeline cooperation, promoting the upgrading of regional power grids, and realizing the interconnection of transportation infrastructure. Key cooperation projects such as industrial parks in Uzbekistan, including the "Jizak" industrial zone, are the new direction of economic cooperation between China and Uzbekistan in the new period under the vision of the "Silk Road Economic Belt". Since its establishment, the Asian Infrastructure Investment Bank has improved the infrastructure construction in Uzbekistan, reduced the exchange costs of capital, goods, energy and personnel between the two countries, promoted the economic and trade facilitation between the two countries, and created a brand-new new mode of economic cooperation in Eurasia. The construction of the "Silk Road Economic Belt" will provide Uzbekistan with capital and technical convenience, which is in line with Uzbekistan's domestic demand for further economic and social development and its people's urgent desire for further improvement of living standards.

4. Analysis of trade differences between China and Uzbekistan

Revealed Comparative Advantage (RCA) index analysis method^[6], that is, whether a country has comparative advantage and competitiveness in this industry is measured by the ratio of the export of a certain industry to the export of all domestic industries relative to the export of a certain industry in the world. The balassa of food, agricultural raw materials, fuel, ore metal, finished products, chemical products and mechanical transportation in various countries are calculated (Table 1), among which food, agricultural raw materials and ore metal are primary products. Finished products are included in labor-intensive products; Chemical products and machinery transportation are capital and technology-intensive products.

Table 1 RCA index of different industries in China and Uzbekistan.

Country	Age	Food	Agricultural raw materials	Fuel	Ore metal	Machinery products	Chemicals	Machinery
China	2016	0.513	0.365	0.212	0.652	1.356	0.416	1.426
	2017	0.432	0.442	0.156	0.406	1.358	0.492	1.495
	2018	0.369	0.395	0.095	0.355	1.256	0.526	1.485
	2019	0.349	0.368	0.065	0.265	1.254	0.563	1.456
Uzbekistan	2016	0.586	0.562	0.598	4.523	0.198	0.153	0.045
	2017	0.654	0.365	0.492	4.325	0.156	0.265	0.085
	2018	0.425	0.186	0.485	3.263	0.158	0.365	0.058
	2019	0.563	0.158	0.456	2.569	0.152	0.342	0.025

If the RCA value is larger, it means that the country exports more products and has comparative advantages in production. If RCA. The larger value indicates that the country imports more products and has a comparative disadvantage in production, so that the products of the two countries are complementary to each other. When the export of one country's products is in high consistency with the import of another country, the complementarity index of the two countries in this product will be greater. In the case of multi-industry trade, the comprehensive trade complementarity index can be calculated by the weighted average of the complementary indexes of various industries. It can be seen from Table 2 and Table 3 of the trade complementarity index between China and five Central Asian countries.

Table 2 Trade Complementarity Index of Chinese Exports and Uzbekistan Imports

Age	2016	2017	2018	2019
Uzbekistan	0.343	0.349	0.372	0.386

Table 3 Trade Complementarity Index of China's Import and Uzbekistan's Export

Age	2016	2017	2018	2019
Uzbekistan	0.125	0.128	0.138	0.153

Whether China exports to Uzbekistan or China imports from Uzbekistan^[7], the value of trade complementarity index between China and other countries is not high as a whole, which indicates that China and Uzbekistan are less dependent on trade and have great potential for trade development in the future. At the same time, the trade complementarity index of China's exports is higher than that of China's imports, that is, Uzbekistan is more dependent on China in terms of imports than China is on Uzbekistan, while in terms of exports, the opposite is true.

The trade complementarity index of China's exports and Uzbekistan's imports is on the rise as a whole, indicating that this complementarity is deepening with the development of economy and trade, and Uzbekistan's dependence on Chinese products' imports is gradually increasing. The trade complementarity index between China's imports and exports from Central Asian countries is on the rise, which shows that China's dependence on Uzbekistan in terms of imports has started to rise, and Uzbekistan has gradually increased its exports to China.

Conclusion

From the scale of trade between Uzbekistan and China^[8], we can see that the trade between the two countries is unbalanced. The scale of China's export to Uzbekistan is far larger than that of Uzbekistan to China. There are two reasons for this. In order to solve this problem, we must start from the reasons, and emphasize that the two-way and reciprocity in trade between the two countries are the only way to stabilize and balance the trade between the two countries.

First of all, an important reason for the trade imbalance between the two countries is that Uzbekistan's export structure to China for a long time is mainly based on primary and single resources, so the scale of trade grows slowly. To solve this problem, Uzbekistan should upgrade its industrial structure and improve its foreign trade structure. Abundant resources are Uzbekistan's advantage, and direct exports are uncompetitive and low in added value. Therefore, deepening the processing of resources and re-exporting commodities with higher scientific and technological content can help Uzbekistan increase its exports and improve its added value and international competitiveness. As the largest consumer market in the world, Uzbekistan can increase its export scale to the Chinese market as long as it exerts its advantages and forms its own industrial advantages.

Secondly, Uzbekistan exports fewer varieties, which determines its low export value. For a long time, Uzbekistan mainly exported oil, natural gas, cotton and mineral resources, while other industries and fields exported very little. This is obviously not in line with the prospect of trade development between the two countries. Uzbekistan's export potential to China has not been fully tapped, especially in the service trade. This requires the two governments to strengthen guidance and encouragement. In particular, Uzbekistan should strive to expand export industries and achieve rapid growth in trade with China through a wider range of trade areas.

Finally, the two governments should take the lead in more trade cooperation, and guide foreign trade enterprises to standardize the trade settlement methods and pricing principles of the two countries, optimize the trade structure, and explore new trade growth points on the basis of maintaining traditional trade advantages.

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