

## ASSESSMENT OF THE IMPACT OF THE SILK ROAD ECONOMIC BELT ON THE ECONOMIC PARAMETERS OF THE COUNTRY

Economic integration at the international level is defined as the economic and political unification of countries as a result of the identification of new ties and division of labor among each national economy, the coupling of the economies of these countries at different stages of formation and in different variations. International integration can be considered both at the micro level and at the macro level. The micro level includes the processes that arise as a result of the interaction of separate firms of countries located in the neighborhood, in a geographical location and the emerging relations between them, for example, the opening of a branch in another country. The level of interstate integration is determined from the understanding that new economic associations are emerging against the background of the unification of states and their national economies.

The largest producer and investor in the global economy today is China, which, There are roughly three measures of the potential for trade complementarity between the two countries: the trade advantage of country A is the trade disadvantage of country B, and the trade advantage of country B is the trade disadvantage of country A, from this we can conclude that there is trade complementarity between A and B. In the second case, the bulk exports of country A are the bulk imports of country B, and the bulk exports of country B are the bulk imports of country A. Situation Three, A, B between the two countries exist intraindustry trade complementary conditions, the two countries can conduct intra-industry trade [1-2]. Although the three situations are different, all three can consider that there is trade complementarity between the two countries, which also indicates that there is a relatively large volume of trade between the two countries. The volume of trade between China and Kazakhstan has increased significantly in recent years, the close trade complementarity between the two countries has been well documented.

According to SITC Rev.3 [3], there are 10 trade goods sectors, which are SITC0 category zero product sector, food and live livestock. SITC1 category I products, beverages and tobacco; SITC2 category II products, raw materials, inedible but not containing fuel; SITC3 Category III products, fossil fuels, lubricants and related materials; SITC4 category IV products, animal and vegetable oils, oils and waxes; SITC5 Category V product sector, chemicals and related products not included; SITC6 Category VI product sector, classified mainly by raw materials for finished products; SITC7 Category VII product sector, machinery and transport equipment; SITC8 Category VIII product sector, miscellaneous products; SITC9 category IX product division, the others didn't follow the Standard International Trade Classification.

China-Kazakhstan bilateral trade has roughly gone through four stages: the period of economic and trade cooperation from 1949 to early 1991, the period of steady growth from 1992 to 2001, the period of rapid development from 2002 to 2013, and the period from 2014 to the beginning of the "Belt and Road" [3].

### 1) 1949-1991 Early period of economic and trade cooperation

Kazakhstan was a member of the Union of Soviet Socialist Republics at this time. During the Cold War between China and the Soviet Union, the economy of the Soviet Union was kept in check and restricted by the European and American countries. However, Kazakhstan and China's Xinjiang border are adjacent, and naturally became the place for trade between China and the Soviet Union [3]. However, due to the special period, China's economy is also readjusting, so trade with the Soviet Union is sporadic and not large. During this period, the trade between China and Kazakhstan was mainly between China and the Soviet Union. The two countries mainly traded rice, soybeans, peanuts, tea, agricultural products, agricultural and sideline products, light industrial products and rare metals for export to the Soviet Union, while machinery and equipment and military supplies, as well as petroleum products (gasoline and kerosene lubricants) [3], steel and cotton are the main products imported into China. The deterioration of China-Soviet relations has affected the trade between the two countries. The deterioration of China-Soviet relations has seriously hindered the progress of trade. China, at this stage, was so heavily indebted that it was forced to increase exports and reduce imports in order to repay its loans, mainly of agricultural Cash crop, meat and minerals. After undergoing economic reforms, China's relations with the Soviet Union eased somewhat, with Xinjiang implementing independent foreign trade in 1981, China and the Soviet Union beginning economic and trade cooperation in 1982, and the Khorgos Port officially opening in 1985, in 1986, China and the Soviet Union began to attach importance to the development of the border trade between the two countries, showing a good pattern of economic and trade cooperation, creating a good foundation for future economic and trade cooperation between the two countries. During this period, China-Soviet trade was still dominated by trade in goods, and China mainly imported mechanical materials and manufactured goods from the Soviet Union. China's exports to the Soviet Union in the proportion of mineral products, consumer goods, daily necessities, clothing, food and other major export categories [4].

### 2) Period of steady growth 1992-2001

In 1991, after the collapse of the Soviet Union and the independence of Kazakhstan from Union of Soviet Socialist Republics , China and Kazakhstan formally established diplomatic relations and established a new stage of trade relations, the main emerging trade direction between China and Kazakhstan is "Tourism economy" [4]. The trade is mainly in frontier goods trade, but also in primary processed industrial consumer goods trade. As there was no formal control treaty at that time, there were frequent frictions in economic and trade exchanges between China and Kazakhstan. Since then, the two sides have gradually set up a coordination mechanism to allow trade to proceed in an orderly manner, and the bilateral economic and trade development has gradually improved.

### 3) Period of rapid development 2002-2013

After a period of running-in and development, China and Kazakhstan have signed such agreements as the Framework Agreement on the establishment of the Khorgos Center for International Border Cooperation, the China-Kazakhstan joint communique, and the China-Kazakhstan joint statement on a new stage of comprehensive strategic cooperative partnership, these agreements have brought about a favorable development environment for China-Kazakhstan economic and trade exchanges, and the bilateral trade has been developing at an accelerated pace [4]. The total trade volume between the two sides

increased from US \$1.954 billion in 2002 to US \$28.595 billion in 2013, a nearly 15-fold increase. In this stage, the type of trade cooperation between China and Kazakhstan is no longer just border trade, but the scope of trade is gradually extending inland, and trade is gradually diversifying, and it is not only daily consumables, food and clothing, began to some heavy industrial products such as large-scale mechanical products, industrial products, chemical products, electronic industrial products, building materials manufacturing products and other trade. And Kazakhstan's exports to China are mainly oil, natural gas, metal minerals and other energy resources products [5].

#### 4) The Belt and Road period from 2014 to present

In 2013, Chinese President Xi Jinping first put forward the “Belt and Road” initiative in his speech at the Nazarbayev University during his friendly visit to Kazakhstan, advocating mutual assistance and common development among countries along the route, it is hoped that Kazakhstan will become an “Inland bridge” connecting other regions. Kazakhstan has also expressed a high degree of response to this, which is highly compatible with Kazakhstan’s development strategy, bringing new opportunities for in-depth cooperation between the two countries [38]. In 2018, during his second visit to the five Central Asian countries, Xi Jinping put forward in Kazakhstan the vision and initiative of jointly building the Silk Road economic belt. Shortly afterwards, the leaders of Kazakhstan also visited China. The close interaction between the two leaders reflected the sound political and economic environment between China and Kazakhstan and the attitude of the two countries to jointly build a “Belt and Road”. In 2017, Kazakhstan and China exported and imported goods worth US \$22.45 billion. In 2018, Kazakhstan and China traded goods worth US \$14.29 billion. In 2019, the import and export volume of goods between Kazakhstan and China totaled US \$13.09 billion [5].

Over the past three years, Kazakhstan's exports to China have mainly been base metals and their manufactured products and mineral products, while China's exports to Kazakhstan have mainly been industrial manufactured products, electronic and technological products, heavy machinery products and so on. Although the value of this round of trade shows a downward trend, it does not mean that China-Kazakhstan trade is decreasing [6]. The figures show that the decrease is mainly due to the impact of the sharp depreciation in Kazakhstan Tenge on the value of trade. Although the total volume has decreased somewhat, China's total import and export trade with Kazakhstan still accounts for a large proportion of Kazakhstan's import and export trade, the importance of China to Kazakhstan is evident in the ranking of countries that trade in and out of Kazakhstan.



Figure 1– Kazakhstan in One Belt One Road

Note: Google Public Data Explorer

From the trade structure between China and Kazakhstan, we can clearly see the categories of trade products between China and Kazakhstan. In this paper, the data from 2010 to 2019 are selected and calculated.

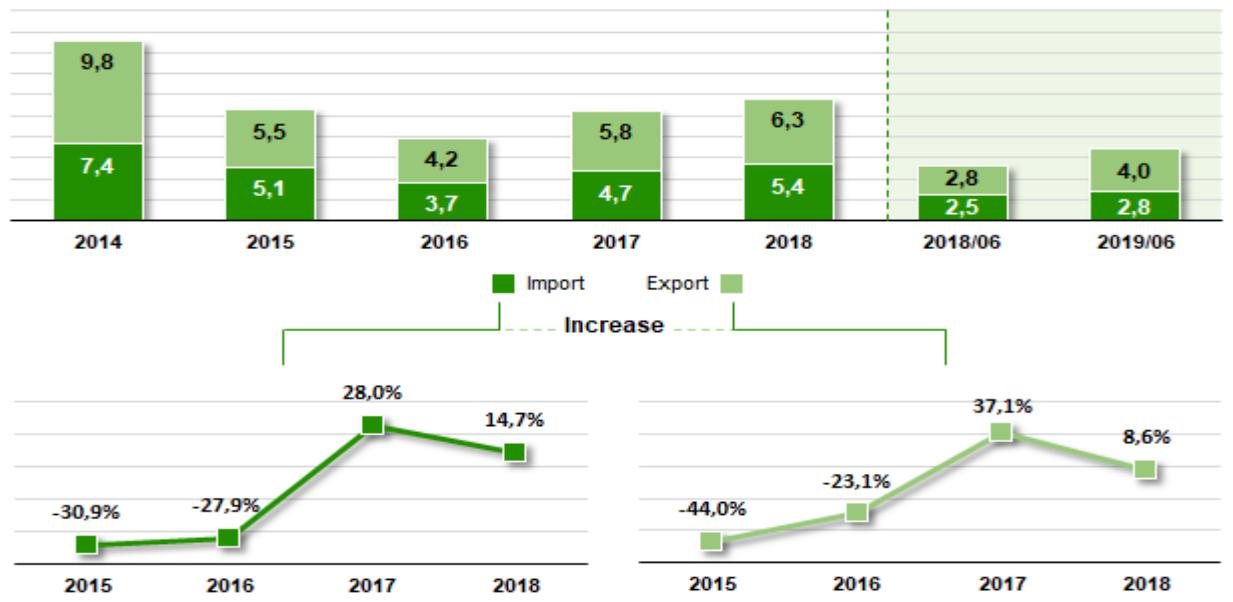


Figure 2 – Trade between Kazakhstan and China (bln US dollars)

Note: Open Data Network

### 1) Imports from China and exports from Kazakhstan

As can be seen from the table, in 2010 China imported more products from Kazakhstan in the second category, in the third category and in the sixth category, of which the third category accounted for a higher proportion, the third category is fossil fuels, lubricants and related materials, which account for 56.5 percent of China's total imports. Category Zero, Category I, Category IV, Category VII, Category VIII and Category IX products are relatively small imports, their share can be almost ignored. Overall, the third category of products has been China's imports, more product categories, in 2015 It peaked at 63.618% in 2015, overtaking all other categories as the main import product, while the share of SITC6 (manufactured goods classified mainly by materials) imports has been declining since 2010. Starting in 2016, all major categories of imports were gradually declining, and by 2019, for the first time, SITC6 (manufactured goods classified mainly by materials) had surpassed SITC3, accounting for 41.01 per cent, while SITC3 had declined from 63.618 per cent to 20.259 per cent. The trade structure of China's imports into Kazakhstan is gradually changing. Imports of SITC1, 4, 7, 8 and 9 sectors are still relatively small, with the proportion remaining unchanged at 0 per cent, but SITC0 (food and live animals) is somewhat higher. China has increased its imports of vegetables and fruits [6].

Table 1. Proportion of various products imported from Kazakhstan by China

	SITC-0	SITC-1	SITC-2	SITC-3	SITC-4	SITC-5	SITC-6	SITC-7	SITC-8	SITC-9
2010	0.011 %	0.000%	11.196%	56.489%	0.006%	1.557%	30.204%	0.021%	0.000%	*
2011	0.007 %	0.001%	14.555%	55.982%	0.000%	1.688%	27.744%	0.022%	0.002%	*
2012	0.019 %	0.000%	17.811%	44.985%	*	7.343%	29.808%	0.013%	0.021%	*
2013	0.098 %	0.000%	15.303%	52.288%	*	9.358%	22.935%	0.001%	0.016%	*
2014	0.014 %	*	10.966%	62.942%	*	9.450%	16.625%	0.002%	0.001%	*
2015	0.351 %	0.000%	9.896%	63.618%	0.000%	8.744%	17.287%	0.012%	0.002%	*
2016	0.195 %	0.001%	9.622%	62.870%	0.000%	11.668 %	15.643%	0.001%	0.000%	*
2017	1.038 %	0.000%	14.593%	46.955%	0.067%	17.215 %	20.132%	0.000%	0.001%	0.005%
2018	0.889 %	0.004%	8.601%	34.851%	0.214%	25.610 %	29.629%	0.001%	0.001%	0.202%
2019	1.261 %	0.008%	13.223%	20.259%	0.411%	23.696 %	41.010%	0.002%	0.003%	0.127%

Data Source: collated by author according to [www.un.org](http://www.un.org) (Note: \* missing data)

In particular, the volume of exports of Category III products increased gradually from 20010 to 2016, reaching a peak of 62 per cent in 2016 [41], but declined over the next three years, and Category VI products reversed to exceed Category III products in 2019, a situation that had not previously occurred. The remaining categories such as SITC0, SITC1, SITC4, SITC7, SITC8, and SITC9 can be ignored at 0%.

Table 2. Proportion of various products exported by Kazakhstan to China

	SITC-0	SITC-1	SITC-2	SITC-3	SITC-4	SITC-5	SITC-6	SITC-7	SITC-8	SITC-9
2010	0.011 %	0.000%	12.591%	50.206%	0.005%	0.993%	36.117%	0.074%	0.003%	*
2011	0.002 %	0.001%	12.927%	57.571%	2.696%	26.743 %	0.043%	0.006%	0.012%	*
2012	0.011 %	0.000%	17.013%	42.799%	0.001%	9.911%	30.172%	0.027%	0.067%	*
2013	0.101 %	0.001%	14.293%	54.690%	0.000%	9.476%	21.384%	0.022%	0.013%	0.019%
2014	0.026 %	*	13.963%	59.200%	*	8.066%	18.636%	0.068%	0.028%	0.013%
2015	0.282 %	0.000%	15.229%	55.196%	8.622%	20.649 %	0.015%	0.007%	0.000%	*
2016	0.276 %	0.003%	9.507%	62.037%	0.001%	9.356%	18.115%	0.701%	0.004%	*
2017	0.692	0.009%	12.585%	52.770%	0.072%	12.367	20.089%	1.392%	0.018%	0.00

Kazakhstan's exports to China are mainly concentrated in the second, third, fifth and sixth categories.

	%					%				5%
2018	0.907 %	0.091%	7.489%	39.160%	0.226%	22.195 %	29.494%	0.382%	0.055%	*
2019	1.591 %	0.089%	12.424%	24.034%	0.539%	19.743 %	40.480%	1.028%	0.072%	*

Data Source: collated by author according to www.un.org (Note: \* missing data)

a and imports from Kazakhstan

From the perspective of China's exports and Kazakhstan's imports, China's exports to Kazakhstan are mainly in the sixth, seventh and eighth categories, with the proportion in double digits, followed by the zero and fifth categories, between 1% and 5%. Category 8(48.83%) and category 6(exports continued to rise, but their share began to decline in 2017). This is related China's adjustment of its industrial structure. In 2013 SITC7(machinery and transport equipment) exports exceeded 50%, but fell to 26% in 2019, the eighth category of products has always maintained the first export position.

Table 3. Proportion of China's exports to Kazakhstan

	Sitc-0	Sitc-1	Sitc-2	Sitc-3	Sitc-4	Sitc-5	Sitc-6	Sitc-7	Sitc-8	Sitc-9
2010	1.088%	0.026 %	0.086%	0.595%	0.010%	3.213%	20.900%	25.248%	48.833 %	0.001 %
2011	1.229%	0.007 %	0.071%	0.783%	0.003%	3.273%	30.197%	16.451%	47.985 %	0.002 %
2012	1.596%	0.001 %	0.082%	0.282%	0.001%	3.447%	30.583%	17.189%	46.817 %	0.002 %
2013	1.420%	0.001 %	0.113%	0.685%	0.001%	3.348%	21.195%	22.076%	51.150 %	0.011 %
2014	1.762%	0.003 %	0.085%	0.906%	0.002%	3.758%	19.896%	28.422%	45.097 %	0.070 %
2015	1.717%	0.002 %	0.057%	0.707%	0.000%	3.840%	20.547%	31.429%	41.697 %	0.003 %
2016	1.833%	0.002 %	0.064%	1.178%	0.003%	3.781%	20.230%	29.005%	43.837 %	0.068 %
2017	1.801%	0.016 %	0.068%	1.542%	0.002%	3.438%	17.685%	26.999%	48.420 %	0.029 %
2018	2.728%	0.008 %	0.109%	1.276%	0.003%	4.499%	22.073%	30.558%	38.715 %	0.031 %
2019	2.515%	0.085 %	0.047%	0.135%	0.002%	3.818%	22.495%	26.017%	44.844 %	0.042 %

Data Source: collated by author according to www.un.org (Note: \* missing data)

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t can be seen from the table that labor-intensive, technology intensive and capital-intensive products are the main

categories of products imported from Kazakhstan. Among them, category 6 products, category 8 products and Category 5 products have performed relatively well [6]. Mainly processing finished products, clothing, daily consumables, footwear, precision instruments, electronic products, metal processing machinery, general industrial machinery parts, office machines, electronic products, road vehicles, chemical products, pharmaceutical products. Between 2010 and 2019, SITC6, SITC7 and SITC8 are the main products imported from Kazakhstan. In 2019, they accounted for 23.84 percent, 48.21 percent and 12.51 percent, respectively. Compared with labor-intensive commodities, Sitc0(food and live animals) imports from Kazakhstan account for a certain proportion of the rest of the categories, and Kazakhstan imports very few primary products from the country, Kazakhstan is rich in oil, gas and mineral resources, but its industrial base is relatively weak. Due to the weakness of the manufacturing infrastructure and the slow development of machinery and equipment, the efficiency of its extractive industry has been restricted. Relatively speaking, China has a high level of industrial structure, complete industrial categories, complete industrial structure and reasonable division of labor efficiency, therefore, it has obvious comparative advantage in the export of all kinds of industrial-related products [7].

Table 4. Proportion of various Chinese products imported by Kazakhstan

	Sitc-0	Sitc-1	Sitc-2	Sitc-3	Sitc-4	Sitc-5	Sitc-6	Sitc-7	Sitc-8	Sitc-9
2010	1.163 %	0.053%	0.430%	1.339 %	0.025 %	6.807 %	27.058%	53.709%	9.415 %	*
2011	2.219 %	0.058%	0.332%	1.715 %	0.007 %	7.009 %	43.436%	33.610%	8.212 %	3.402 %
2012	3.160 %	0.080%	0.420%	0.582 %	0.002 %	7.686 %	41.779%	37.327%	8.963 %	0.000 %
2013	3.152 %	0.051%	0.495%	1.545 %	0.007 %	7.529 %	24.529%	51.683%	11.007 %	0.003 %
2014	2.928 %	0.071%	0.315%	1.955 %	0.002 %	7.027 %	20.524%	55.158%	12.018 %	0.002 %

ccording to the formula (1), using the relevant

2015	2.588 %	0.036%	0.161%	0.746 %	0.002 %	5.627 %	22.126%	54.644%	14.068 %	0.000 %
2016	2.356 %	0.022%	0.148%	0.543 %	0.005 %	6.354 %	23.753%	49.204%	17.612 %	0.003 %
2017	2.860 %	0.027%	0.155%	0.582 %	0.007 %	6.347 %	19.419%	48.358%	22.243 %	0.001 %
2018	3.808 %	0.035%	0.139%	0.724 %	0.007 %	7.367 %	21.407%	50.105%	16.409 %	0.001 %
2019	3.125 %	0.052%	0.332%	0.212 %	0.005 %	8.621 %	23.842%	48.210%	15.516 %	0.084 %

Data Source: collated by author according to [www.un.org](http://www.un.org) (Note: \* missing data)

trade data from 2010 to 2019, this paper calculates the index of China-Kazakhstan trade integration, and the result is as shown in table 5. As can be seen from table 5: from 2010 to 2019, both China's Trade Integration index with Kazakhstan and Kazakhstan's Trade Integration index with China On the whole, the trade integration index is relatively high.

Table 5. China-Kazakhstan Trade Integration index

Years	China-Kazakhstan TI	Kazakhstan-China TI
2010	2.032	1.344
2011	2.924	1.533
2012	2.810	1.678
2013	3.725	1.919
2015	2.184	1.779
2016	2.150	1.608
2017	2.426	1.162
2018	1.961	1.147
2019	2.386	1.097

Data Source: calculated by author based on [www.un.org](http://www.un.org)

Over the past decade, the average value of China's Trade Integration Index with Kazakhstan has reached 2.49, slightly higher than the average value of 1.52 of Kazakhstan's Trade Integration index with China, it shows that both China and Kazakhstan have a very close relationship in both import and export trade. Over the past decade, China-Kazakhstan and Kazakhstan-China Trade Integration index has fluctuated continuously, but its value is greater than 1. This shows that China and Kazakhstan have close trade ties. We can say that the fluctuation range of China-Kazakhstan trade combination index is obvious, which is caused by the unstable development of trade between the two countries. In recent years, China's development has been growing rapidly, and some western countries have published misleading reports such as the "China Threat Theory" [49], which has caused some countries and regions to have prejudice against China, and even feel that trade cooperation is a concession to China, to the detriment of their national interests, especially the "Belt and Road" initiative, and the conservative attitude of some biased countries towards trade cooperation with China, these factors also affect Kazakhstan, due to so-called economic security concerns and policy changes have led to fluctuations in bilateral trade between the two countries.

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