

The Chinese president visits Minsk

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Xi Jinping, the President of the People's Republic of China, visited Belarus between 10 and 12 May. A friendship and co-operation agreement were signed during this visit, along with a number of other bilateral agreements, contracts and loan agreements worth a total of around US\$3.5 billion (according to information from the Belarusian Ministry of Finance). A significant part of the agreements signed are merely preliminary in nature and concern, for example, the development of Belarus's railway infrastructure, a five-year memorandum on the purchase of Belarusian potassium fertilisers by China, the construction of a car factory and a Belarusian-Chinese industrial park (this project was initiated in 2010 but is still in the initial phase).

Commentary

- The Belarusian government has made attempts to use the Chinese leader's first visit since 2001 for propaganda purposes. The government in Minsk, presenting itself as Beijing's strategic partner, wants to reinforce its image in the eyes of the Belarusian public. Xi Jinping's visit has been presented as proof of Belarus's significant position in the international arena, including that of being an important agent between the markets of the European Union and the Eurasian Economic Union.
- Nothing seems to indicate that Xi Jinping's visit could change the model of relations existing currently in place between Belarus and China. It is characterised above all by the dominance of Chinese tie-in loans, the low level of Chinese direct investments (only US\$95 million in 2012–2013) and the clearly negative balance of trade on the Belarusian side. Last year, Belarusian exports to China were worth US\$641 million as compared to imports from China worth US\$2.37 billion. Furthermore, unprocessed products (mainly potassium fertilisers) account for around 80% of Belarus's exports. Most of the loan agreements concluded as part of this visit are long-term tie-in loans (10–15 years) allocated to specific projects and imposing an obligation to buy 50–70% of Chinese products. Minsk has already had problems absorbing the credit lines offered by China so far. Only around US\$5.5 billion out of over US\$15 billion offered by China over the past two decades has been utilised. Thus the agreements signed during the recent visit will not bring any major change to the existing Belarusian-Chinese economic co-operation. Neither will they contribute to resolving Belarus's main economic problems (the decline in foreign trade, the need to repay foreign debt and the instability of its currency).

- Belarus is important for China in the context of the implementation of the New Silk Road concept, which envisages, for example, the construction of transport connections between China and Europe. When offering Alyaksandr Lukashenka more room for manoeuvre in his dealings with Russia through political and economic co-operation and offering Belarus co-operation as part of the transit of Chinese goods to Europe, Beijing has been bearing in mind the need to prevent the emergence of potential barriers to the New Silk Road within the Eurasian Economic Union. At the same time, co-operation with Belarus fits in with China's global economic expansion and its search for ways to diversify export markets.