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AN ANALYSIS OF CURRENT ISSUES AND PATHS FOR ECONOMIC INTEGRATION AMONG CHINA, RUSSIA AND REPUBLIC BELARUS

Economic integration among China, Russia, and Belarus continues to advance within a strategic framework. However, this process faces significant structural challenges across key areas. Differences in trade settlement, infrastructure standards, and industrial coordination constrain deeper cooperation. Furthermore, Western sanctions exacerbate these issues by disrupting payment channels and supply chains.

Key words: Sanctions constraints, differences in standards, settlement barriers, lack of coordination, and strategic breakthroughs

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АНАЛИЗ ТЕКУЩИХ ПРОБЛЕМ И ПУТЕЙ ЭКОНОМИЧЕСКОЙ ИНТЕГРАЦИИ МЕЖДУ КИТАЕМ, РОССИЕЙ И РЕСПУБЛИКОЙ БЕЛАРУСЬ

Экономическая интеграция между Китаем, Россией и Беларусью продолжает развиваться в рамках стратегического подхода. Однако этот процесс сталкивается со значительными структурными проблемами в ключевых областях. Различия в торговых расчетах, стандартах инфраструктуры и отраслевой координации ограничивают углубление сотрудничества. Кроме того, западные санкции усугубляют эти проблемы, нарушая платежные каналы и цепочки поставок.

Ключевые слова: санкционные ограничения, различия в стандартах, барьеры для расчетов, отсутствие координации, стратегические прорывы.

1. Structural Imbalances and Industrial Collaboration Challenges

Although trilateral trade has shown growth since Western sanctions were implemented, the problem of a homogenous product mix remains a significant constraint on the sustainability of integration (table 1). China's exports to Russia and Belarus primarily consist of mechanical and electrical products, consumer goods, and high-end equipment, while imports from both countries are heavily concentrated in energy, raw materials, and primary processed goods. This long-standing “manufactured goods-resources” exchange model has resulted in insufficient integration of the industrial chain.

For example, in Belarus, while Chinese investment has entered areas such as automotive manufacturing (such as the joint venture between Geely and BELGEE) and electronics, the transfer of key technologies and localized production have been limited, failing to fundamentally transform the country's dependent economic structure.

Table 1 – Changes in Trilateral Trade Structure among China, Russia, and Belarus (2021–2023, Unit: USD Billion) [1]

Trade Category	2021	2022	2023	Main Characteristics
China’s Exports to Russia	54.14	76.12	89.05	Mainly machinery, electronics, vehicles, consumer goods
China’s Imports from Russia	79.32	114.15	129.32	Crude oil, natural gas, minerals (> 75 %)
China’s Exports to Belarus	1.83	2.56	3.12	Industrial components, electronic products
China’s Imports from Belarus	0.87	1.12	1.35	Potash fertilizer, agricultural products, metallurgical goods
Russia-Belarus Bilateral Trade	34.96	31.58	28.54	Energy, food products, machinery

Although Russia and Belarus share a highly integrated union state framework, there is potential competition in their respective industrial positioning when it comes to the Chinese market. Belarus hopes to leverage Chinese capital to upgrade its traditionally advantageous industries, such as machinery manufacturing and chemicals, while Russia is more focused on maintaining its industrial dominance in Central Asia and Eurasia. This divergence in positioning can easily lead to resource competition when specific projects are implemented. For example, during the construction of transit logistics hubs and the promotion of industrial park investment, the three parties struggle to establish a unified industrial division of labor. Furthermore, the three countries' technical standards and certification systems are incompatible. For example, differences exist in industrial product access between China’s GB standard, Russia's GOST-R, and Belarus's STB, increasing trade and investment costs and inhibiting the participation of small and medium-sized enterprises.

2. Supply Chain and Financial Payment Challenges Under the Shadow of Sanctions

Following the escalation of the Ukrainian crisis in 2022, the West imposed multiple rounds of extreme sanctions on Russia and Belarus, affecting key sectors such as energy, finance, technology, and logistics, severely impacting traditional channels for trilateral economic integration. Regarding the supply chain, Russia and Belarus’ previous reliance on Europe for precision instruments, industrial components, and technology has been hampered. While some sourcing has shifted to China, Chinese products still cannot fully replace Western technology in certain areas (such as semiconductors and high-end machine tools), putting the Russian and Belarusian industrial systems at risk of technological degradation [2, p. 322].

Table 2 – Impact of Western Sanctions on Key Areas of Trilateral Economic Integration

Affected Area	Sanction Measures	Impact on Integration	Effectiveness of Countermeasures
1	2	3	4
Financial Payments	Exclusion from SWIFT, Asset Freezes	Share of local currency settlements rose to ~58 %, but efficiency decreased	Limited CIPS coverage, frequent settlement delays
Energy Cooperation	Price Caps, Investment Bans	China-Russia oil/gas transactions shifted to Asian currencies	Unstable payment channels, high contract execution risks

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1	2	3	4
Technology Trade	High-end Chip Embargoes, Equipment Export Controls	Industrial modernization in Russia/Belarus hindered	Chinese alternatives partially meet mid-to-low-end demand
Logistics & Transport	Closed Routes, Insurance Bans	Transportation costs increased by 30–50 %	China-Europe Railway Express capacity expanded, Arctic route developed
Investment Cooperation	Project Financing Restrictions, Secondary Sanctions Risks	Slow progress on major trilateral projects	Increase in direct investment in local currencies, but scale remains limited

The most pressing obstacle currently is the fragmentation of the financial payment system. Russia and Belarus are excluded from the SWIFT system, and settlement channels for US dollars and euros are essentially closed. Although the three countries have promoted settlement in local currencies (such as the RMB and the ruble), the actual scale is limited. The coverage and clearing efficiency of the RMB Cross-Border Interbank Payment System (CIPS) in Russia and Belarus are insufficient to support large-scale trade. Chinese companies remain cautious about conducting large-scale transactions with their Russian and Belarusian partners due to concerns about secondary sanctions. Furthermore, weak cooperation among the three countries in insurance, credit, and investment guarantees leads to high project financing costs. For example, new companies in the China-Belarus Industrial Park face financing difficulties, and Sino-Russian energy cooperation projects have repeatedly encountered negotiation deadlocks due to payment delays. While de-Westernization of financial infrastructure is a long-term goal, it is difficult to offset the negative impact of the systemic fragmentation in the short term.

3. Overlapping Institutions and Misaligned Strategic Priorities

China, Russia, and Belarus belong to different integration mechanisms: China uses the Belt and Road Initiative as its core platform, Russia leads the Eurasian Economic Union, and Russia and Belarus have established a union state. These mechanisms overlap and even conflict in terms of rules, tariffs, and regulations, leading to inefficient cooperation. For example, although China and the EAEU signed an economic and trade cooperation agreement in 2018, the content is largely principled and lacks detailed institutional arrangements in specific areas such as e-commerce, intellectual property rights, and labor mobility. Belarus, as a small economy, attempts to serve as a «bridge» between the two major powers, but its limited market size and bargaining power often force it to choose sides in key negotiations.

There are also subtle differences in the strategic goals of the three parties. China, in promoting integration, prioritizes resource security, channel development, and the export of excess capacity, emphasizing “economic rationality” Russia, on the other hand, views economic integration as a tool to maintain its “Greater Eurasia” geopolitical strategy and prefers to consolidate its dominance through collective security and economic ties. Belarus, with «survival and development» as its core concern, seeks to gain more economic aid and market access by playing both sides. This misalignment of priorities is evident in specific projects: for example, in the planning of the China-Central Asia-West Asia Economic Corridor, Russia expressed reservations about the participation of non-EAEU members. Furthermore, in Belarus’s potash fertilizer and sugar exports, Chinese market demand and Russian agricultural product protection policies have also created friction. The lack of a high-level coordination mechanism beyond bilateral cooperation has made trilateral integration prone to becoming mere “sloganistic cooperation” making it difficult to forge a unified policy synergy [3, p. 132].

4. A Deteriorating External Environment and the Dilemma of Trust-Building

The West views trilateral cooperation between China, Russia, and Belarus as an “axis of authoritarianism” and has countered it through initiatives such as the Indo-European Economic Corridor [4, p. 8]. This has resulted in trilateral integration being overly geopolitically tinged, exacerbating the risk of international isolation. Against this backdrop, businesses participating in cooperation must assess political risks in addition to economic considerations. For example, Chinese technology companies investing in Russia and Belarus face the potential threat of US “long-arm jurisdiction” forcing them to strike a difficult balance between market opportunities and global compliance.

Furthermore, the perceived differences and trust deficits within the three societies cannot be ignored. Some Russian elites are wary of China’s economic expansion and worry about the “Sinicization” of the Far East and Siberia. Meanwhile, Chinese companies have complained about the policy volatility and low ease of doing business in the Russian and Belarusian markets. Belarus, in turn, fears being relegated from a “bridge” to a “vassal” in trilateral cooperation. If these perceived contradictions are not resolved through cultural exchanges, transparent rules, and benefit-sharing mechanisms, they will undermine the social foundations of integration.

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