

# Disappearance of its soviet

[Economics](#), [Trade](#)



In less than two decades, Beijing has taken advantage of the disappearance of its Soviet neighbor to launch its program of development of the "Great West" and open up Gaining to border actions, while the states of Central Asia, seeking new partners, have sought to benefit from China's dynamism by integrating themselves into the Asia-Pacific zone of prosperity.

While the Chinese authorities may make a point of honor in establishing cordial relations with the five states of the region, Astrakhan partnership with China is termed "strategic, confirming Stand as a major political ally of Beijing in a post-Soviet climate in which the Khaki government is displaying balanced and diversified policies in the face of Moscow heavy-handed presence. This privileged China-Astrakhan partnership is based on a alliterated economic reality. These days, China-Astrakhan trade represents more than two-thirds (about 70 percent) of all China-Central Asia trade.

Unlike the other historical power in the region, Islam Karamazov Uzbekistan, Astrakhan, under the leadership of President Nursling Nazarene since 1989, has undertaken important economic liberalizing reforms that, despite their limitations, are now succeeding in attracting foreign investment. Astrakhan has thus become the second richest country in the post-Soviet space: with a GAP estimated at \$9, 400 per capita in 2006, it sits just behind Russia (with approximately \$12, 000) but ahead of the other Central Asian countries (between \$8, 500 and \$1, 300).

In 15 years, it has succeeded in dramatically halving the portion of its population living below the poverty line (now less than 25 percent), whereas in the other four states of the region, more than half of the population is still

considered " poor. " In addition, the country has seen the emergence of a middle class, a guarantee of longer-term stability. The exponential growth in economic relations with China since the beginning of the sass has not once been challenged.

Astrakhan even opened a consulate in Hong Kong in 2003 and one in Shanghai in 2005 to facilitate contact. Nevertheless, economic relations between the two countries reveal multiple imbalances that are increasingly raising questions within Astrakhan's political class and among local experts. While the official Chinese position extols the complementarity of the two economies and the mutual benefit of trade, this optimistic view is largely disputed on the ground. Khaki concerns over possible Chinese domination are based not only on economic arguments .

They need o be situated in a social context in which fear of China remains very real: the general lack of knowledge about China, and fear of too great a difference in demographic power, might well be important factors influencing Khaki reactions to China's growing presence. With the increasing integration with the global world, Chinese trade along with world trade as a whole is dominated by trade between major trading blocs, such as East Asia, the North American Free Trade Area (NONFAT) and the European Union (ELI) each of which includes economically advanced market economies.

Of these partners Chinese trade with the EX. has increased significantly in importance . In 2008, the EX. imported IIS\$378 billion of commodities from China (IIS\$ 293. 1 billion reported by China), making China the largest supplier of EX. merchandise imports. These imports included merchandise

from EX. companies that had relocated parts of their global production systems in China. The SEIZE exported IIS\$ 113 billion of goods to China (IIS\$ 132. 8 billion reported by China) making the EX. China's second largest source of imports (after Japan).

The result was a IIS\$ 265 billion trade deficit for the SEIZE. This deficit is a major source of contention between these two major riding partner. The last 20 years of china economy has been dramatic. World exports from China are growing dramatically to industrial country markets . This process could continue for some time because of huge youth population. However, by some indicators, China's experience is less dramatic than that of Japan and Korea during their period of industrialization and integration with the global economy.

Generally speaking trade between developed and developing economies involves a vertical division of labor in which developed economies produce high value-added goods and services and exchange them for low value-added goods and services from economically less-developed countries. When China embarked on a path of export-led growth, it accordingly specialized in sectors producing relatively simple, labor-intensive and mass-produced goods and services.

To maintain sustainable economic growth, China's ambition is however to upgrade its industrial structure moving into more advanced sectors and functional roles including in its trade with economically advanced countries . The Chinese-Astrakhan regional economic cooperation, according to national interests of the Republic of Astrakhan, has good conditions for institutional

semantics. Astrakhan is rich with oil: the proved stocks of oil of 24 billion tons on a land, and stocks of continental seas of 70 million tons.

Astrakhan though has a stable and safe outlet to the sea and access to the international markets according to national interests practically it can't provide. To construction Chinese-Astrakhan the oil pipeline and the gas pipeline, practically export by Astrakhan of crude oil, gas and oil products depended on Russia. The Chinese-Astrakhan regional economic cooperation promotes distribution of Astrakhan structures of radioactivity and optimization of distribution of available resources . 1. 2 Astrakhan Trade Research Status Astrakhan for 21 years was deeply integrated into world economy, actively involved in globalization process.

Now the republic does business practically all countries of the world. His trade partners are 212 states and territories on all continents. The volume of the foreign trade commodity turnover for 1994-2010 grew from bal. Dollars to 90, 1 billion. The highest volumes in 109, 1 bal. Dollars were reached in 2008. In the history of the foreign trade relations of the country positive lance in 39, 8 bal. Dollars, received for January - Seep. 2011, it is reached for the first time. It is expected that following the results of 2011 the volume of external commodity turnover will be the highest in the history of the country and will make about 115 bal. Lars. It should be noted that excess of export over import remains same as 1995 so far. In foreign trade of Astrakhan for years of Independence there were changes. Character and the maintenance of the external economic relations led to shifts in a geographical orientation of commodity streams . Two groups of partners were rated. With one steady

growth is observed, with others recession was outlined. So, for 1995-2011 in a foreign trade turnover of the country the share of Europe grew from 26% to 31, 6%, Asia from to 24%, including China from 4% to 21%, America from 1% to 5, Africa from to 0, 22.

Growth of deliveries of fuel and energy resources, mineral raw materials to these regions and growing volumes of purchases of the latest cars and the equipment from the developed countries became defining. From Africa, especially from Kenya, import of tea, Ghana cocoa increased, Tunisia and Egypt got wheat, Morocco sulfur. In export structure the greatest share is the share of EX. countries (48, 5%), despite its decrease in comparison with 2010 for 3%. The main products of export are energy carriers and oil.

The share of export to the Countries in a total amount of export for the last year decreased from 9, 4% to 8, 6%. Export to China, other countries of the world and other CICS countries for the last year, on the contrary, increased, having made 18, 5%, 18, 5% and 5, 9% respectively. Geography of Astrakhan's exports In structure of import of ARK the greatest share is the share of the Customs union countries - 445% or 16, 9 billion USED. This indicator is times more, than import volumes from EX. countries, it is 3, 4 times more than a volume of import from China and in 5, 7 times more import volume from other CICS countries.

The share of deliveries from China, the countries of the Customs union and other CICS countries grows in import of ARK whereas from the others the direction decreases. As a whole volumes of export and ARK import in mutual trade increase, however it is difficult to give an unambiguous assessment of

influence of the Customs Union on foreign trade of Astrakhan as process of administrative settlement of functioning of the Customs Union, harmonistic and unification of various procedures at implementation still proceeds mutual trade between participant countries.

Further the analysis of structure of export and import in a section of raw and processed production will be carried out, and also specification of processed production on intermediate, consumer and means of production is presented. Export of the processed goods of ARK grows, having outstripped in 2011 volumes of 2008 for 10, 6% or for 2, 1 billion USED. At the same time, the specific weight of the processed export decreases. It is connected by that cost the volume of raw export rows quicker in connection with a rise in prices for energy resources.

In 2011 the ratio of processed and raw production in import made 89% and 11% respectively, and the gain of import of processed production (24, 4%) is more, than the gain raw that can promote a competition aggravation between foreign and domestic producers who and so are in rather vulnerable situation . Export grew so quickly mainly thanks to increase in physical volumes of deliveries and prices of oil, oil products, natural gas and radioactive elements uranium. The main buyers of these goods are EX. and China therefore their shares in the total amount of export increased.

Volumes of export of other important export goods (ferrous and non-ferrous metals, including gold, and also grain and wheat flour) too increased, but in less than export of energy carriers that led to decrease in a share of these goods in a total amount of export in 2010 in comparison with 2000. It also

led to decrease in shares of Russia and Switzerland which are large import-shooting galleries of metals from Astrakhan. During 2000-2010 Astrakhan practically stopped supply of oil and oil products to offshore zones (The Bermuda and British Virgin Islands).

Astrakhan exports very few other goods besides energy resources, metals and grain; the share of such goods in the total amount of export decreased from 14% in 2000 to 6% in 2010; if to measure in absolute expression in the prices and at an exchange rate of 2010, this export decreased by 21%. 1. 3 China and Astrakhan on trade Development For Astrakhan, the future of economic relations with China is bilateral. The China-Astrakhan relationship will be strengthened even further by accession to the World Trade Organization (WTF0), which will enable Chinese companies to invest more in the Khaki market.

Economic relations are also developing to a certain degree in a multilateral context through the Shanghai Cooperation (SOC), even if China's presence by way of the SOC is considerably greater in Gyration and Atkinson. Thus, the \$900 million of credit proposed by in 2004 - and implemented from 2006 onwards -was destined primarily for the region's poorest states, not for Astrakhan. Nevertheless, the Organization has instigated projects involving all the Central Asian states, such as the Caspian Sea-China highway that starts in Russia and crosses Astrakhan, rail connections, and the construction of hydroelectric power stations.

However, despite the measures adopted by the SOC Business Council to strengthen linkages between the Central Asian states, government-to-

government disagreements often delay their implementation. Several Khaki specialists also complain of the Co's inability to promote its economic strategies in business circles; some of its decisions are said to remain declarations of intent due to a lack of information among business leaders.. It is difficult to obtain a precise assessment of China-Astrakhan trade figures.

The official statistics consider a little extent of cross-border trade, and cannot measure the amount of illegal trade, particularly in metals, or contraband, such as acetic anhydride, the chemical required to turn opium into heroin. Some local specialists point out significant differences between the Chinese and Khaki statistics. Thus, when Astrakhan claimed \$550 million of trade with China in 1999, Beijing was already confirming more than \$1 billion. In 2005, the discrepancy grew wider: Astrakhan, according to Stand, apparently achieved imports from China with a total value of \$1. Billion, compared to almost \$4 billion according to Beijing, and Stand reported exports to China worth nearly \$2. Billion, exceeding the Chinese figures by more than \$500 million. The discrepancy can be attributed partly to political reasons: Stand seeks to overvalue its exports and undervalue Chinese imports in order to reduce a trade balance skewed too greatly in China's favor. In 2006, Astrakhan's trade deficit in relation to its neighbor was at least \$1. 14 billion, 15 percent more than in 2005.

On the other hand, the discrepancy can be explained by differences in accounting; Khaki businessmen have every reason to undervalue their trade flows in order to avoid taxes, unlike their Chinese counterparts, who receive tax concessions on exports. China's progress is so great that Beijing will soon

catch up to Astrakhan's main trade partner, Russia. In 1992, China-Central Asia trade, two-thirds of which is China-Astrakhan trade, was barely \$422 million, reaching \$512 million in 1993. It plummeted in 1994 as a result of stricter visa processes, then rapidly climbed again, reaching \$699 million 1997.

It experienced a decrease (\$588 million) again as a result of the Russian economic crisis of the summer of 1998, which similarly affected Central Asia, then began to grow at a rate that seems unstoppable now. Trade passed \$1 billion in 2000 before rising tenfold to more than \$10 billion in 2006. The volume of trade tripled between 2002 and 2005, but continued to largely favor Chinese exports, which represented two thirds compared to Central Sais's one third. Thus, in 2006, China represented 15. 5 percent of Astrakhan's foreign trade (almost \$9 billion), nearing Russian's 18. Percent (almost \$11 billion). China's Trade Ministry quoted a figure of \$10. 8 billion, which would put Moscow and Beijing on an equal footing, while Vladimir Paramount and Aliases Strokes add another \$2 billion or more in illegal read, which would give China trade supremacy over Russia. According to Khaki experts, the bilateral trade figure is expected to reach \$15 billion in 2008. The imbalance of power between China and Astrakhan remains glaringly obvious. In 2006, Astrakhan represented only 0. 49 percent of China's foreign trade (the whole of Central Asia representing 0. 60 percent).

This imbalance is shifting to foreign investment: in 2005, China injected \$1. 2 billion into the Khaki economy (82 percent in the hydrocarbon sector and 14 percent in the construction sector), whereas Astrakhan invested only \$7.

Million in China. The Chinese and Khaki economies are, however, proving to be complementary to a large degree. More than 80 percent of China's exports to Astrakhan are finished consumer items (textiles, shoes, appliances, toys, electronics, spare parts, pharmaceutical products, foodstuffs), while 85 percent of Astrakhan's exports to China consist of raw materials (petroleum, ferrous and non-ferrous metals).

In some sectors such as aluminum, the unidirectional nature of trade flows is impressive: more than 95 percent of Astrakhan. 1. 4 Research Purpose and Science Contribution . 4. 1 Purpose This thesis aims to bring some conclusion like how the Bilateral relations between the countries have proved to be mutually beneficial to both for strategic reasons. The two economies are highly complementary. This thesis has tried to figure out how China can help Astrakhan in many areas since it has a lot of experience in how to develop.

And to successfully overcome the negative aftermath of the global financial crisis, also managed to significantly increase the volume of trade and economic cooperation. At the same time the thesis has tried to figure out the active aspects and threat that has arisen in Astrakhan side because of heavily depended on consuming Chinese products and not developing the self-sustainable producing and manufacturing culture. 1. 4. 2 Science contribution With these research questions in mind, the purpose of this dissertation is to investigate how China and Astrakhan will make a business in the future.

Keywords: export, import, GAP, Trade, development, bilateral relation. 2

Content and methodology 2. 1 Main content In the research we will analyze the main problems in Trade between China and Astrakhan and how to solve it. Despite stability of trade and economic, more detailed analysis of the Astrakhan-Chinese cooperation revealed a number of the main problems in system of the bilateral economic relations. First, prevalence of a raw orientation in structure of commodity turnover of Astrakhan with China.

The analysis of export-import streams shows that about 98% of the Astrakhan export to China are made by strategically important raw materials. The special attention in March, 2008 in Beijing a business forum "Astrakhan -? China was paid to discussion of this problem: partnership for success". In speech of the Prime minister of Astrakhan Karri Misaims it was noted that " the structure of the Astrakhan export to the People's Republic of China keeps a pronounced survey orientation" .

The main articles of the Astrakhan export to China -? goods of survey group: hire of ferrous and non-ferrous metals, scrap metal, oil, and also raw leather, cotton raw, wool. Astrakhan imports from China finished goods, first of all, goods of routinely demand, mechanisms, electric equipment, production of transport mechanical engineering, etc. And the Chinese import to Astrakhan is hardhearted in most cases by goods of not high quality which competes with domestic producer owing to the low price and quantity.

During the research we will prove or disprove all our assumption. The thesis will be divided into three parts: 1) The remainder of part I contains a review of the relevant literature, an introduction to the theories used to answer the

research questions and a detailed description of the method. These sections focus on the research area and research approach, providing an overall context for the thesis. 2) Part II includes the main analysis of the research subject. ) Part III contains a conclusion and recommendations. It summarizes the key findings from the dissertation.

It also includes a further scenarios and suggestions for future. 2. 2

**Methodology and data** The researcher approaches the object subjectively based on their prior understanding of the object. Therefore the authors have chosen the descriptive approach. The descriptive approach does not mean that the authors will find an absolute truth, but rather form an understanding of the investigated subject. This study does not aim to measure the exact phenomena; in contrast we aim to receive a greater understanding of bilateral trade.

Since the purpose of this paper was not to find any absolute truths, this approach will give us more freedom to interpret the information we have collected based on the frames of references. We have chosen a qualitative approach in order to be able to collect detailed information from the secondary data regarding the topic. This is of great importance in order to sustain answer to our purpose. This will lead to a greater understanding for their choices regarding our questions and enables us to discuss among those.

According to Holmes and Solving (1997) a qualitative approach will help the authors to research the problem more closely and also provides opportunities to ensure validity and reliability of the study . The authors need

to interpret and understand the usage of how the area of interest works and how it can be used. It is an advantage if those who will implemental research of qualitative approach have knowledge about the area (Patella & Davidson 2003). According to Barman and Bell (2007), there are researchers who are critical to the qualitative approach due to subjectivity. However, we have tried to be as objective as possible in our study .