New Development in the Belt and Road Initiative: A Case Study of Cooperation Between China and Hungary

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Abstract: The Belt and Road Initiative (BRI) is one of the key topics of current research. Since the BRI was put forward in 2013, the number of research projects and achievements of the BRI has increased, the quality of research has improved, and the depth and breadth of research has increased. However, most of the research focus on macro studies, such as conceptual interpretation of the BRI, and less on micro studies, especially country studies, such as the study of the BRI in Hungary, where there is still a research gap. Therefore, the paper adopts the method of case analysis and data comparison to explore the new developments of China-Hungary exchange and cooperation by collecting data on the economic, cultural and policy achievements of China and Hungary nowadays. It also further examines the significance of the BRI and proposes several suggestions for its further high-quality development. The paper finds that there are many achievements in the construction of BRI. Since the outbreak of COVID-19, China-Hungary economic and trade cooperation has still maintained a growing trend, cultural and educational exchanges have been continuously deepened, and both governments have adopted positive policies and attitudes. The Belt and Road Initiative has had a profound impact on China, Hungary, and the world. For further high-quality development, it is recommended to focus on the digital economy, the green economy, and the construction of pivot cities.

Keywords: Belt and Road Initiative (BRI), China-Hungary cooperation, global economic development, policies support, COVID-19

1. Introduction

The Belt and Road Initiative (BRI), which was first proposed in 2013, has drawn rapid and extensive interest from the academic community. By the end of 2016, there were 139 research projects and 4762 journal papers related to the topic "The Belt and Road Initiative". Recent years have witnessed an increase in both the quantity and quality of research, as well as a strengthening of both its depth and breadth. However, these research and academic papers mainly focus on macro and meso research, while micro research are rare [1]. Among them, the country studies and specific issues studies have the least number. For example, there is a research gap about Hungary among the nations along the BRI routes. As the first country supported by the EU to participate in the Belt and Road Initiative [2], Hungary has made significant progress in recent years in terms of economic trade, cultural, and political interactions with China. By compiling information on China and Hungary’s accomplishments in the areas of economics, culture, and policy nowadays, the paper...
uses the method of case analysis and data comparison to examine the new development in exchange and cooperation between the two countries. At the same time, the paper will further study the significance of the BRI and put forward some recommendations for its continued and superior development.

2. Background

The Belt and Road Initiative (BRI) is a global infrastructure development strategy adopted by the Chinese government in 2013. The Silk Road Economic Belt and the 21st-Century Maritime Silk Road are its two principal thoroughfares. China wants to establish the largest and most comprehensive Eurasian platform for economic cooperation by linking the economically developed nations of East Asia and Europe along the two historic Silk Road routes.

2.1. The History of Two Main Roads

Generally speaking, the two routes included in the BRI have a long history and culture, both of which are highly valued by the Chinese government and gotten a good policy support. Both have opened up channels for international cultural and material exchanges, accelerated world economic, scientific, technological and social development, and enhanced exchanges and friendship between people around the world.

The first part is the Silk Road Economic Belt. It is an international passage of historical significance. A road linking northwest China with the Mediterranean nations was established during the Xi Han Dynasty thanks to Zhang Qian's voyage to the Western Regions [3]. Along this route, a variety of goods, including colorful Chinese silk, porcelain, spices, and other goods, were transported, and traded, greatly advancing the economic and cultural interactions between the East and the West in antiquity and laid a solid foundation for the modern Silk Road today. The New Silk Road Economic Belt is regarded as "the longest economic corridor with the greatest development potential in the world," connecting the developed European Economic Circle to the west with the Asia-Pacific Economic Circle to the east.

The second part is 21st-Century Maritime Silk Road, which also has a long history and culture. A network of international trade routes was formed more than two thousand years ago by the Maritime Silk Road, which began in the Chinese ports of Xuwen and Hepu [4]. China's shipbuilding and navigational technologies, particularly in the Song and Yuan Dynasties, were highly advanced, which significantly enhanced merchant ships' capacity for long-distance navigation and promoted the growth of private maritime trade. The accomplishments of Zheng He's expeditions during the Ming Dynasty helped define the development of the Maritime Silk Road up until its peak era. Definitely speaking, the Maritime Silk Road is one of the greatest feats in ancient Chinese history. Nowadays, based on the historical road, 21st-Century Maritime Silk Road was brought forward. Centering on the development of ports in coastal cities in southeast China, this road has strengthened the functions of international hub airports, such as Shanghai and Guangzhou, and positively promoted the development of innovative and open economic systems and mechanisms.

2.2. The Features and Achievements of the BRI

In the article “Correctly Understanding the Belt and Road”, Prof. Chen mentioned several features of the BRI. First of all, it is not an exclusive and exclusive "clique" of China but an open and inclusive regional cooperation program [5]. Second, it is not a geopolitical tool for China; rather, it is a forum for pragmatic cooperation. Thirdly, it is a bridge for people-to-people exchanges rather than a conduit for a clash of civilizations. The author agrees with that and have own understanding
The author believes that openness, exchange, win-win, harmony and inclusiveness are the distinctive features of the BRI. Among them, openness and inclusiveness are the brightest feature. It is open and inclusive in the four aspects of cooperation concept, space, areas and methods. China hopes and welcomes that more and more countries will have the opportunity to participate in the cooperation platform of BRI.

The Chinese Government has always attached great importance to the development of BRI, and the past achievements indicate that BRI is the right strategy to benefit all countries in the world. Official website shows that so far, with 149 nations and 32 international organizations, China has signed more than 200 cooperation agreements [6], and the BRI has been included in United Nations, APEC, and other multilateral mechanisms' final reports. By the end of 2021, Chinese companies had put more than $43 billion into state-built parks for international trade and economic cooperation, creating more than 340,000 employment in the region. China's products trade with nations along the BRI reached a value of $12 trillion by the close of August 2022, and it had made non-financial direct investments in these nations worth more than $140 billion. From the data, it is clearly that the achievements of the BRI in recent years have been tremendous and have considerable potential for development. Many institutional organizations and infrastructures have been built and developed successfully under the BRI strategy, such as Asian Infrastructure Investment Bank (AIIB), China Railway Express (CR Express), Silk Road Fund, and so on. It is worth mentioning that these institutions have clear development plans and good prospects for growth. From 5 to 10 November 2022, the 5th Fair was held in Shanghai, China, with the participation of 145 countries, regions, and international organizations [7]. A total of 461,000 people entered the Fair, and more than 2,800 companies from 127 countries and regions participated in the corporate business exhibition, showcasing 438 representative premieres of new products, technologies and services [7]. This year's Fair intends to turnover US$73.52 billion on a one-year basis, an increase of 3.9% over the previous year. Meanwhile, the digital platform built for the first time supported 368 technical and equipment enterprises to exhibit online, organized 64 live or broadcast activities and reached 600,000 views. The exhibition was a complete success.

3. **Case Study: The Cooperation Between China and Hungary**

The 73rd celebration of the beginning of diplomatic relations between China and Hungary is in 2022. Hungary's "opening up to the East" policy and China's Belt and Road Initiative have recently been in sync. China-Hungary relations have made some new achievements and highlights in economic and cultural cooperation. Among EU countries, Hungary was the first European country to join the initiative (2015) and the strongest supporter of the BRI. Nowadays, China is Hungary's largest and most stable trading partner outside Europe.

3.1. **Economic and Financial Cooperation**

In 2019, before the COVID-19, China and Hungary conducted more economic and trade cooperation, with trade volume and investment volume reaching a small peak. First, in terms of bilateral trade. The trade volume between two countries was about $10 billion in 2019, down 6.2% year-on-year as Table 1 shown. Second, in terms of two-way investment. According to China’s Ministry of Commerce, China's industry-wide direct investment in Hungary reached $56.76 million in 2019. Comparatively, Hungary's investment in China directly totaled $21.89 million in 2019. Third, in terms of project contracting. By the close of 2019, China received $540 million in revenue from contracts worth $1.35 billion in projects in Hungary. From these data, it is clearly that the bilateral economic and trade cooperation between China and Hungary is very significant in 2019.
And it is large in scale, high in value and involved in a wide range of aspects, and it occupies an important position in the economic development of import and export of both sides.

In 2020, the bilateral trade between China and Hungary still increased in Table 1 and Table 2, despite the COVID-19 situation of a severe contraction in global trade. According to Chinese statistics, bilateral trade volume between China and Hungary reached ¥11.82 billion in 2020, up 14.4% year-on-year and hitting a record high. Among them, China’s exports and imports reached ¥7.4 billion and ¥4.28 billion respectively. China’s trade surplus with Hungary reached ¥3.12 billion, up 14.7% year-on-year. It is worth mentioning that in November 2020, at the third CIIE at Shanghai, the intended transaction volume between two countries was four times that of the previous one.

Table 1: List of trade volume of Hungary's top four major global trading partners.

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade Volume ($100 million)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>On year-on-year basis%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td></td>
<td>2454.45</td>
<td>2443.86</td>
<td>2356.64</td>
<td>-3.572</td>
</tr>
<tr>
<td>1st-German</td>
<td></td>
<td>640.68</td>
<td>637.07</td>
<td>613.38</td>
<td>-3.75</td>
</tr>
<tr>
<td>2nd-Austria</td>
<td></td>
<td>136.57</td>
<td>134.36</td>
<td>121.88</td>
<td>-9.28</td>
</tr>
<tr>
<td>3rd-Slovakia</td>
<td></td>
<td>124.27</td>
<td>124.43</td>
<td>118.69</td>
<td>-4.61</td>
</tr>
<tr>
<td>4th-China</td>
<td></td>
<td>93.19</td>
<td>99.89</td>
<td>118.21</td>
<td>18.34</td>
</tr>
</tbody>
</table>

Data from the Customs System (Global Trade Watch): http://gtf.sinomex.com

Table 2: List of trade in goods (imports) of Hungary's main trading partners.

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade Volume ($100 million)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>On year-on-year basis%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td></td>
<td>1207.41</td>
<td>1205.89</td>
<td></td>
<td>-4.34</td>
</tr>
<tr>
<td>1st-German</td>
<td></td>
<td>1153.53</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd-China</td>
<td></td>
<td>298.63</td>
<td>294.42</td>
<td>276.39</td>
<td>-6.12</td>
</tr>
<tr>
<td>3rd-Austria</td>
<td></td>
<td>75.53</td>
<td>83.65</td>
<td>100.91</td>
<td>20.62</td>
</tr>
<tr>
<td>4th-Poland</td>
<td></td>
<td>65.23</td>
<td>67.83</td>
<td>67.83</td>
<td>-3.84</td>
</tr>
</tbody>
</table>

Data from the Customs System (Global Trade Watch): http://gtf.sinomex.com

In a nutshell, despite the significantly negative impact of COVID-19 on the global economic trade situation, that is the import and export trade in many countries has come to a standstill, the trade between China and Hungary has been increasing and continues to show growth during the pandemic period. This is closely related to the fact that both sides are actively overcoming difficulties and promoting practical cooperation. Furthermore, as for the specific reasons for the trade growth, the author will show the following three main points. First and foremost, the friendly political stability and solid bilateral relations between China and Hungary make the bilateral trade show resilience and resistance to impact. Hungary has been committed to the policy of “opening up to the East” and don’t give up. Secondly, Hungary’s Central and Eastern European location, fast logistics and cross-border e-commerce are obvious advantages. Hungary has increased the number of regular direct freight flights from Shenzhen and other direct flights to the capital Budapest, which made up for the supply gap caused by the pandemic with efficient logistics. Last but not least, the sudden increase in demand for anti-epidemic medical supplies causes the increase import trade
volume. At the end of 2020, Hungary's annual import of goods from China increased by 20.62% year-on-year according to customs statistics.

3.2. Cultural and Educational Cooperation

The cultural exchange between China and Hungary is in good trend, among which the Confucius Institute is worth mentioning. There are five Confucius Institutes in Hungary, which are located at the University of Loránd, the University of Szeged, Miskolc Egyetem, the University of Pécs and the University of Debrecen. And there is also a regular Chinese-Hungarian bilingual school, which was incorporated into Hungary's formal education system in September 2004. It is the only full-time public school in Europe that uses both its own national language and Chinese as the language of instruction.

The first-built one is the Confucius Institutes of Loránd University, which was established on December 7, 2006. This is a comprehensive Confucius Institute integrating Chinese teaching, cultural communication, and academic research. It exhibits the longest establishment, the largest scale and the most exchange and cooperation. Since its establishment, in addition to adult classes, the school has opened Chinese courses in 27 universities, middle schools and primary schools in Hungary to teach and promote Chinese. At present, the Confucius Institute has more than 30 professional teachers who speak Chinese as their mother tongue and 2,359 registered students, with 33 teaching sites in 10 major cities across the country [8]. While the special one is the Confucius Institutes of University of Pécs, because it is the only one focusing on the teaching of traditional Chinese medicine. During the COVID-19, it has held many online lectures on epidemic prevention, providing students with traditional Chinese medicine treatments to protect themselves. When the Russia-Ukraine war broke out in March 2022, it also took the initiative to provide online diagnosis and treatment services and psychological counseling for Ukrainian students in Hungary.

As can be seen from the construction and development of the Confucius Institute in Hungary, the Confucius Institute has built a unique channel of cultural exchange and communication between the two countries with language as a bridge. Thanks to the high attention of the two governments and the unique charm of the Chinese language and excellent traditional Chinese culture, it has gradually developed into a platform for promoting Chinese language and studying China, becoming a link for friendly exchanges between young people of the two countries, and playing an essential role in cultural and educational cooperation and humanistic exchanges between China and Hungary.

3.3. Government Policies

China is committed to an independent foreign policy of peace and the Chinese government totally supports the BRI and the development of China’s foreign trade. On Oct 16, 2022, the 20th National Congress of the Communist Party of China (CPC) is held in Beijing. The government report is a programmatic document that opens a new journey for China. The report stressed that the BRI has become a popular international public good and platform for international cooperation, and China attaches great significance to the construction and development of the BRI. In the future, China will pursue a more proactive opening-up strategy and actively promote high-quality development of the BRI. There is no doubt that China’s new development provides new opportunities for the world and contributes to the development of a human society with a common future. Meanwhile, China has also contributed Chinese wisdom and Chinese solutions to the transformation and development of the international governance system. For example, in the 20th National Congress report of the CPC, the term “Chinese-style modernization” has attracted extensive attention from the international community. In an interview with the People’s Daily Online, Sami Abdul Emir Abd, a journalist and broadcaster of the Iraqi News Group, said that he hopes to introduce the development model of
"Chinese-style modernization" to more people so that more countries can learn from China's innovative development [9]. And he described the BRI as a "sunshine avenue" for everyone to join hands and a "compass" to lead the world forward. It shows that the positive influence of “Chinese-style modernization” and the international friends have a positive attitude towards it.

The Orbán government of Hungary has launched a foreign policy of "Opening to the East" since 2010 [10], which is highly compatible with China's Belt and Road Initiative. When studying Hungary's foreign policy of “Opening to the East” at the current stage in 2022, Prof. Song pointed out that this policy is not a speculative policy of Orbán's government in the short term, but a judgment and action choice of the global development trend of "rising east and falling west". The policy is characterized by universality and particularity. To put it simply, it is similar to other CEE countries' pursuit of economic and trade diversification and geopolitical balance, but at the same time, it is also characterized by unique Oriental national identity. As we all know, Mr. Orbán's Fidesz Party has long insisted on a long-term perspective in foreign and trade policy. On November 5, 2019, the Hungary-China Business Forum was held in Shanghai. During the forum, Hungarian Deputy Secretary of State for Foreign Affairs and Foreign Economy Stephan expressed that the Hungarian government is fully aware of the importance of the Chinese economy and Chinese companies in the global economy [11]. Although the limited autonomy of the Hungarian government's diplomacy will be compressed under the influence of the Russia-Ukraine conflict, the Orbán government will continue to uphold the pragmatic cooperation attitude in its economic and trade policy towards China in the face of the huge potential of the Chinese market and the increasingly close economic and trade relationship between China and Europe. There will be new opportunities for bilateral trade and investment.

4. Influence

For China. The "Belt and Road Initiative" strategy's execution has a significant impact on China's development environment. First, it will help promote regional integration and development, narrow the imbalance in regional economic development, and provide a peaceful and stable neighborhood for China. Second, it will support the expansion of exports and imports in China, provide more international trade opportunities, and optimize the supply and demand structure. Third, during the COVID-19, it is conducive to the sustained and healthy development of China's economy. The BRI provides transportation equipment and means for China to export masks and other medical goods on a large scale, helping to absorb China's relatively excess production capacity and capital. Fourth, it is conducive to promoting Chinese culture to the world and strengthening communications between the people of China and the countries along the BRI to build a harmonious and stable living environment.

For Hungary. The economic, cultural, and international trade development of Hungary has been influenced favorably by the Belt and Road Initiative. Firstly, promote infrastructure construction in Hungary and ease the tension in the investment market. Second, encourage the expansion of Hungary's importing and exporting industries and create more chances for product importation and exportation. Advance bilateral cooperation between China and Hungary in trade, industry, investment, energy and resources, finance, ecology, and environmental protection. Third, promote Hungarian culture to the world, strengthen exchanges between Chinese culture and Hungarian culture to promote the further innovative development of Hungary’s indigenous culture. And finally let the world know more about Hungary and make Hungary better and better.

For global. In a word, the Belt and Road Initiative has provided new drivers and good opportunity for global economic growth. According to Prof. Lin, the BRI has two benefits for world development. The first one is to help promote globalization [12]. The second one is to offer Chinese solutions to promote common prosperity and development of all countries [12]. The author agrees
with his point of view and makes further analysis and discussion based on it. First, it can help promote globalization. On the one hand, the BRI promotes economic globalization. The author believes that the BRI has increased the opportunities for economic exchanges among countries along road, improved the trade and business environment, and promoted the free flow of production factors on a global scale, thus promoting the development of international trade and the globalization in economy. What’s more, the BRI has promoted infrastructure construction in countries along the routes, such as the construction of the China-Europe Freight Train, and enhanced infrastructure connectivity among countries [13]. A complex infrastructure network is taking shape, said by Prof. Lin [12]. On the other hand, the BRI promotes cultural globalization. It is obvious that the BRI has increased the chance for people lived in different country to communication in cultural area [14]. Second, it can offer China's solutions to promote common prosperity and development of all countries. The author believes that the BRI is a combination of government macro-control and market independent regulation, that is a distinctive Chinese characteristic. It is similar to China's Dual-Track Growth Model from 1978 to 2000. On the one hand, the government encourages state-owned enterprises to stay in business. On the other hand, opening up the market allows the non-state economy, including the private economy and foreign enterprises to develop rapidly. Different from the "shock therapy" of developed countries at that time, this reform was based on China's national conditions, and it joined the government's policy guarantee instead of blindly emphasizing the market economic system. It also offers new options and Chinese solution for other countries to switch to more appropriate growth models.

In a nutshell, the BRI has brought significant positive impact to the whole world, especially the further development of the country's import and export trade and national economy. However, if thinking critically, the author believes that it cannot say there is no negative effect at all. Some people argue that the development of the BRI may obscure the traditional cultural specialties and ethnic products of some neighboring countries. But the author thinks that China more than compensates for this shortcoming by offering business opportunities and benefits to neighboring countries. Moreover, when these countries and societies become rich, they can also inject money to protect local characteristics. Therefore, the Belt and Road Initiative is a constructive policy for fostering global economic integration and development, a strategy for the betterment of all humanity, and a tool for creating a community with a shared future for all of humanity.

5. Suggestions

In the post-pandemic era, the issue of how to further develop the Belt and Road Initiative or how to transfer the crisis into opportunity has been hotly discussed in the academic field [15]. After extensive reading and discussion, the author concluded the following creative suggestions.

First, promote the digital economy and build the “online Belt and Road”. Prof. Hu said that the reason why global trade development is better than expected today is that, in addition to the success of epidemic prevention and control, e-commerce has played a very positive role in facilitating trade development during the epidemic [16]. The author agrees with Prof. Hu that the development of cross-border e-commerce will not only break the limitation of trade space and provide more opportunities for international trade, but also promote the construction of a new system of global online connectivity.

Second, build the “green Belt and Road” and focus on the sustainable development. In recent years, environmental issues, such as global warming and carbon market trading, have attracted wide attention. Zhang Jian, executive director of the Institute of Climate Change and Sustainable Development at Tsinghua University, pointed out that climate action should be at the heart of the Belt and Road economic recovery initiatives. "COVID-19 is our immediate crisis, but climate change is humanity's longer term and deeper crisis [17]." The author believes that to achieve green
transformation, countries along the BRI should pay attention to the development of circular economy, make legislation on environmental protection, and use market mechanism to protect the environment, develop green finance and make green investment.

Third, construct “pivot cities”. A.B. Ostrovsky proposed a “pivot cities” project in 2021 [18]. Based on this argument, the author concludes that one of the pivot cities' primary responsibilities is to ensure seamless trade, which aids in the global economic recovery. On this basis, some cities will develop themselves by coordinating with each other, which will further promote the formation of a global economic infrastructure system. Ostrovsky said that many of the smaller cities along the BRI may already have the potential to become international business centers and important transportation hubs. What’s more, some Chinese scholars have also said that pivot cities have a strong power to gather resources and upgrade the industrial level. Therefore, the author believes that building and developing the pivot cities is an important measure to promote the further development of the BRI.

6. Conclusion

The recent developments of the Belt and Road Initiative in terms of economic trade, academic collaboration, and policy assistance between China and Hungary are examined in this paper. The paper argues that the BRI has made significant progress toward promoting global economic and cultural development since it was first announced in 2013, including the AIIB, the China-Europe freight train, and other infrastructure projects. The paper finds that with the policies support from both China and Hungary’s government, Hungary’s import and export trade with China has continued to expand throughout the COVID-19, with China emerging as its biggest and most reliable commercial partner outside of Europe. And there are currently five Confucius Institutes in Hungary, more than thousands of Hungarians are studying Chinese nowadays. What’s more, the BRI has a favorable effect on the world, particularly on international trade between nations and the growth of the world economy. It encourages economic and cultural globalization, offering unique Chinese methods for regional development. The paper suggests that a “green” and “online” Belt and road and “pivot cities” should be built in the future to better serve the people and advance globally sustainable development.

This paper makes up the research gap of national studies in BRI research and contributes to the analysis of the new cooperation between China and Hungary in terms of economic trade, educational exchange, and policies support to show the new development and achievement of BRI. In the end, the paper still has several shortcomings, such as the sample size of data is small, the study period is short, causing there is no overall macro trend comparison analysis. In the future, it is recommended that collecting the trade data for a long period and the wide trade nations in Hungary to expand the sample size and make further analysis on the overall trend of economic trade between Hungary and China, even with other European countries.

References