

## CHINA-HUNGARY TRADE RELATIONS UNDER THE BELT AND ROAD INITIATIVE

Yang Zhifang<sup>1</sup>, Zhang Jieqian<sup>2</sup> Rudnák Ildikó<sup>3</sup>

<sup>1,2,3</sup> Hungarian University of Agriculture and Life Sciences,  
e-mail: 295058759@qq.com

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### ABSTRACT

The Belt and Road Initiative is the abbreviation of “Silk Road Economic Belt” and “21st Century Maritime Silk Road”. In September 2013 and October 2013, Chinese President Xi Jinping proposed the construction of the “New Silk Road Economic Belt”, “New Silk Road Economic Belt” and “21st Century Maritime Silk Road” respectively. This is a major strategic move by Chinese leaders to promote China's opening to the outside world and regional harmonious development. At the beginning of 2020, COVID-19 spread rapidly around the world, threatening people's lives, and having varying degrees of impact on the global economy. This article study about China-Hungary trade and the impact of COVID-19 in the context of The Belt and Road Initiative.

**Key point:** Trade, PESTEL analysis, Trade-to-GDP ratio

**Jel classification:** F01, F10, F15

### INTRODUCTION

The Belt and Road Initiative relies entirely on the existing bilateral and multilateral mechanisms between China and relevant countries. China will take advantage of the existing effective regional cooperation platforms, learn from the historical symbols of the ancient Silk Road, hold high the banner of peaceful development, actively develop economic partnerships with countries along “The Belt and Road”, and jointly build the “The Belt and Road” community. A community of destiny and responsibility based on political mutual trust, economic integration and cultural tolerance.

Today, the deep-seated impact of the international financial crisis is constantly emerging, and the world economy is slowly recovering and developing. The international investment and trade pattern is undergoing profound adjustment. The development problems faced by all countries are still severe. The joint construction of the "Belt and Road" conforms to the trend of world multi-polarization, economic globalization, cultural diversification, and social informatization, adheres to the spirit of open regional cooperation, and is committed to maintaining the global free trade system and an open world economy.

China is Hungary's fourth largest trading partner. Meanwhile, Hungary is China's third largest trading partner in Central and Eastern Europe. In 2010, the Hungarian government decided to strengthen its trading partners with the East, known as the "Open East" policy. This policy coincides with the "One Belt, One Road" policy at the geographical and target level.

China-Hungary trade has achieved remarkable results, bringing cooperation in different fields to the people of both countries.

The global spread of COVID-19 has dramatically changed life in most countries in 2020. The measures taken to contain this pandemic have profoundly affected not only the lives of members of society, but the functioning of economies and the world economy as a whole. When the epidemic prevention measures are strengthened, the economies of all countries are experiencing a process of recession, such as the reduction of resources, the shaking of the financial system, the shrinking of capital, the reduction of labor force, and the destruction of global value chains. The epidemic has also led to a rapid adjustment of the demand structure, and the demand for some services has temporarily disappeared, such as tourism, catering, and event organizations. COVID-19 has had a different impact on world trade, and it has also had a different impact on trade with China and Hungary.

## **LITERATURE**

### **The Silk Road**

The Silk Road was an ancient land-based commercial and trade route that originated in ancient China and connected Asia, Africa, and Europe. Its original function was to transport silk, porcelain, and other goods produced in ancient China. Later, it became the main way of communication between the East and the West in many aspects, such as economy, politics, culture and so on. German geographer Richthofen (1912), in his book 'China', described this term as "from 114 BC to 127 AD, this western transportation road between China and Central Asia, China and India, mediated by silk trade, was named 'Silk Road'..." which was quickly accepted by academia. Later, in the book "the Ancient Silk Road between China and Syria", published at the beginning of the 20th century, the German historian Holman further extended the Silk Road to the West Bank of the Mediterranean and Asia Minor on the basis of newly discovered cultural relics and archaeological data (Meng Fanren, 2012).

From the mode of transportation, the Silk Road is mainly divided into the onshore Silk Road and the Maritime Silk Road. The onshore Silk Road refers to the Western Han Dynasty, opening up the western region with the capital Chang'an (now Xi'an) as the starting point, Rome as the end, a total length of 6440 kilometers. This road is considered to be the intersection of ancient Eastern and Western civilizations. The Maritime Silk Road refers to the ancient China and the rest of the world for economic communication. The earliest one was opened in the Qin and Han dynasties. (Chinese Cultural Center, 2019).

### **The Belt and Road Initiative**

In China, there are many books related to the "Belt and Road". In his article "Silk Road Economic Belt and Corridor Economic Development" in 2014, Gao believed that the "Belt and Road" is an important channel for trade and cultural exchanges between the East and the West. It is necessary to make full use of cultural and geographical advantages to inject vitality into the economic development along the route. Feng (2014) believed in "The Strategic Significance of the Belt and Road Initiative" that the "Belt and Road" concept is of great significance in China.

Howard (2014) mentioned that cooperation with China and other countries is not a bad thing, cooperation can strive for the greatest benefits, and both sides can show more culture, which is beneficial to the international development of the country.

Around 2015, the importance of Europe in The Belt and Road Initiative received extensive attention from China. Since then, the literature devoted to the study of China-EU cooperation under the "Belt and Road" has gradually increased. In general, the Chinese side is generally optimistic about the cooperation under the China-EU initiative. The researchers conducted a detailed analysis of the cooperation under the China-EU "Belt and Road" initiative from the perspective of strategy and policy, and put forward some suggestions. Among them, the representative studies are as follows: Zhang Ji and Chen (2015) argued in "The Belt and Road Initiative's China-EU Docking: A Two-Level European Perspective" that China-EU cooperation under the "Belt and Road" has gone through a stage from ambiguity to local alignment. Then to the overall connection. In the process, the two sides formed a closer cooperative relationship. Liu (2015) "Europe and the "Belt and Road": Response and Risks "Focus" on 16+1 Cooperation "Between China and Central and Eastern Europe. This paper analyzes the risks of China-Europe cooperation under the "Belt and Road" initiative. Liu (2015).

This paper analyzes the problems of China's investment in Central and Eastern Europe under the new situation, and believes that China should seize the "window period" of investment in Central and Eastern Europe, and analyze the main investment characteristics and challenges. Long and Shi (2016) borrowed the export market similarity index and trade density index. According to the trade index and in-depth analysis, it is concluded that there is a significant and stable trade complementarity between China and CEE countries. Szunomar (2014) "China's investment and financial participation in Hungary" wrote, The main objective of the Hungarian government's China policy has been of an economic nature since 2003. Good political relations were, and are now, a tool, not an end. The purpose is to facilitate and possibly facilitate bilateral trade restructuring, relatively reducing trade deficits and China's foreign direct investment flows in to create employment opportunities. Today, the China-Europe freight train has started operation, and China's investment in Central and Eastern Europe is gradually increasing. It is precisely because of the deepening of the economic relationship between the two sides that it is possible to lay the foundation for the further development of subsequent economic and trade cooperation.

#### **Affected by COVID-19**

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus. The first known patient of the disease was diagnosed in Wuhan, China in late 2019, and the disease has since spread globally, leading to an ongoing outbreak that has become one of the deadliest epidemics in human history. As of November 28, 2021, more than 261 million confirmed cases have been reported worldwide, and more than 5.198 million patients have died, which is still spreading. Estimates of the case fatality rate of the disease vary widely among countries around the world. As of February 8, 2021, the global preliminary revised case fatality rate is about 2.9% (World Health Organization, 2021).

In 2020, under the influence of the raging new crown pneumonia epidemic sweeping the world and the severe contraction of world trade, Hungary's trade also showed a sharp decline. In 2020, Hungary's trade in goods totaled US\$235.664 billion, down 3.57% year-on-year, of which exports were US\$120.311 billion, down 2.82% year-on-year, and imports were US\$235.664 billion, down 3.57% year-on-year (World Trade Organization, 2020).

Despite the impact of the new crown pneumonia epidemic, the bilateral trade volume between China and Hungary maintained a substantial growth of 12.3% from January to October 2020. The annual bilateral trade volume reached 11.69 billion US dollars, a year-on-year increase of 14.4% and a record high. China has become Hungary's most important trading partner outside Europe. Whether in the fields of economy, trade, investment or finance, the pragmatic and cooperative relationship between Hungary and China is exemplary. The 3rd China International Import in Shanghai in November 2020 At the expo, the intentional turnover between China and Hungary was four times that of the previous one (Meng. 2020).

## **RESEARCH METHODS**

For first, I conducted a desk research, in order to summarize and discuss the literature sources dealing with The Belt and Road Initiative and the basic background of China and Hungary.

I prepared a wide analysis for the macroenvironment using the PESTEL analysis of China in relation with the "The Belt and Road" program. I also pointed out Hungary's advantages and disadvantages in trade with China under OBOR initiative. Based on statistical (secondary) data I conducted analysis to introduce the trade connections between China and Hungary, compared the RCA indices of the two countries and explored the trade connections. At last, I put forward some suggestions.

### **Advocate PESTEL analysis of the macro environment**

#### **Policy**

China is Hungary's fourth largest trading partner. Hungary is also China's third largest trading partner in Central and Eastern Europe. In 2010, the Hungarian Government decided to strengthen ties with its trading partners in the East, known as the "Eastern Opening" policy. Chinese-Hungarian relations have set many "first" records. Hungary was the first European country to sign a document with China on jointly promoting "The Belt and Road" construction cooperation, the first country to launch the "Belt and Road" working group mechanism with China, the first central and eastern European country to issue renminbi bonds and set up an office of the China Tourism Administration. Go Out policy is China's strategy to encourage its enterprises to invest overseas. Most nations favor attracting inward foreign investment, and support outward foreign investment only passively. China attaches importance to both inward and outward foreign investment. The Go Out Policy (also referred to as the Going Global Strategy) was an effort initiated in 1999 by the Chinese government to promote Chinese investments abroad.

At the beginning of the Chinese government's The “Belt and Road” initiative, Europe was relatively cautious. However, with the introduction of the corresponding measures for China's implementation of the “Belt and Road” initiative, Europe became relatively pragmatic and supported by practical actions. Historically, Europe has been the end of the Silk Road. Today, Europe is also an important partner and stakeholder in the construction of OBOR.

It is conducive to practical cooperation between two sides and the expansion of the integration of interests. Of course, promoting the strategic docking of two sides also faces many challenges, including differences in cognition and ideas, as well as differences in practical interests, which requires China and the EU to jointly meet the challenges and resolve differences. China has accumulated a lot of experience in the field of infrastructure construction. The cooperation in energy and energy efficiency projects are very important for the transformation and upgrading of China's industry, It is also an important area for the future development of China's economy.

### **Economic**

China remains one of the fastest growing economy and the main contributor to global economic growth in the world. The annual production surplus of China is 800-900 billion USD, which in itself meets the world's 16th largest economy. Particularly interesting is that China's economy is becoming more dominant in Asia. The three largest national economies after China; Japan, India and South Korea's joint economic performance in 2016 (8,000 billion USD) is only 65.3% of the total Chinese (Trading economics, 2017).

the GDP in Hungary was worth 139.14 billion US dollars in 2017. The GDP value of Hungary represents 0.22 percent of the world economy. GDP Growth Rate in Hungary averaged 0.61 percent from 1995 until 2018. Hungary continues to be one of the leading nations in Central and Eastern Europe for attracting foreign direct investment: the inward FDI in the country was \$119.8 billion in 2015, while Hungary invests more than \$50 billion abroad. As of 2015, the key trading partners of Hungary were Germany, Austria, Romania, Slovakia, France, Italy, Poland and the Czech Republic. Major industries include food processing, pharmaceuticals, motor vehicles, information technology, chemicals, metallurgy, machinery, electrical goods, and tourism (Trading economics, 2017).

## Social

Economic globalization is the inevitable trend of world economic development and an irresistible historical trend. Economic globalization is mainly manifested in the free flow and optimal allocation of capital, technology, information, goods and services, so that the economies of all countries depend on each other and influence each other, becoming an inseparable whole of organic relations. On the one hand, economic globalization will bring new opportunities to China and Hungary. On the other hand, it will also bring severe challenges. Only by complying with the trend of globalization in the development of the world economy, complying with the new situation after accession to the WTO, developing an open economy, and implementing the strategies can seize the potential opportunities and try to meet the challenges of reality. By participating in the international division of labor, international exchanges and cooperation, we should give our comparative advantages, speed up the reform of the political and economic systems, promote the leap-forward development of social productive forces, and constantly narrow the gap with developed countries. What's more, it also speeds up the process of modernization.

The Belt and Road Initiative is not a simple economic development, but a multi-fields cooperation. How to open up the situation of development and take the first step of success, culture, as the spiritual vanguard of "The Belt and Road", takes the lead in moving forward, which is not only the inheritance and dissemination of the spirit of the ancient Silk Road, but also it is through cultural exchanges to enhance the attractiveness of "The Belt and Road". This is a road of mutual respect and trust, a road of win-win cooperation and a road of cultural mutual learning.

The Silk Road spirit of "peaceful cooperation, openness and inclusiveness, mutual learning, mutual benefit and win-win" is not only the main theme of China's opening to the world, but also reflects China's profound cultural connotation.

Hungary has Chinese-Hungarian Bilingual Primary, Secondary and High Schools and three Confucius Institutes, namely in Budapest, in Miskolc and in Szeged, which are all cities with the greatest universities. Confucius Institute, a non-profit educational institution, is mainly committed to the development of the Chinese language and the Chinese language around the world. These educational lines could give a basis of Chinese and Hungarian speaking future employees as well as it could be an alternative option for the families of the Chinese investors or employees working and living in Hungary. There are many cultural activities between China and Hungary. These activities are concrete manifestations of the cultural charm of the two countries.

### **Technology**

China has considerable advantages in infrastructure construction. Infrastructure is critical to development and can fully unleash the creativity of enterprises. It includes not only railways and highways, but also oil and gas pipelines, power channels, airports, water supply systems, bridges, communications and other infrastructure.. On the one hand, it can solve the problem of domestic overcapacity to a certain extent; on the other hand, it can promote local economic development and employment.

China has high-speed railway technology. Trains travel faster than 200km/h. The cost of air transportation is higher than that of land transportation. If the high-speed railways between different countries will be built, the land transportation time of Eurasia can be reduced. The transportation cost can be reduced at the same time. Moreover, connecting Asian and European countries along the Silk Road and building a commodity transport network can promote the economic development and cultural exchanges of various countries.

For example, because of The Belt and Road's cooperation, China helped build the Hungarian-Serbian railway. The Hungarian-Serbian railway runs 350 kilometers from Budapest, the capital of Hungary, to Belgrade, the capital of Serbia. It is about 166 kilometers in Hungary and 184 kilometers in Serbia. The project is an electrified mixed passenger and freight railway, with a design that top speed is 200 kilometers per hour. The construction period is two years .After completion and opening to traffic, the running time between the two places will be reduced from the current eight hours to less than three hours.

### **Environment**

Hungary is the largest investment destination in Central and Eastern Europe with China. It is bordered by the most developed EU integration market in Western Europe and the western Asia region, which is rich in natural resources .Hungary has unique geographical advantages.

In the past few years, with the increasing increase in Hungary in Hungary, there are nearly 5,000 Chinese companies and trading companies in Hungary. Most of them are small businesses and companies, engage in clothing, shoes and hats and luggage business, and also operate hundreds of Chinese restaurants. Large companies and companies entering Hungary include Bank of China, "ZTE" and "Huawei Company". Subsequently, a group of large-scale electronic enterprises, such as "Hisense", "Lenovo" also entered Hungary, produced and assembled related products in the country. Recently, "BYD" have also entered Hungary. With the entry of these large companies, the China and Hungary trade have also entered a new stage and new environment. (Chen, 2010)

## DATA ANALYSIS

### Trade-to-GDP ratio

The trade-to-GDP ratio is an indicator of the relative importance of international trade in the economy of a country. The trade-to-GDP-ratio is the sum of exports and imports divided by GDP. This indicator measures a country's "openness" or "integration" in the world economy. It represents the combined weight of total trade in its economy, a measure of the degree of dependence of domestic producers on foreign markets and their trade orientation (for exports) and the degree of reliance of domestic demand on foreign supply of goods and services (for imports). The trade-to-GDP-ratio is often called the "trade openness ratio".

$$Z = \frac{X + M}{GDP} \times 100\%$$

The formula is:

Where Z is trade-to-GDP ratio, X is the total value of exports, and M is the total value of imports.

Hungary is one of the members of the European Union. In order to analyze the current economic and trade relations between China and Hungary, it is necessary to understand the trade dependence index of China and the European Union.

The European Union is the concentrated embodiment of regional economic integration, with a total of 28 member countries, and has become an indispensable and important component of the current world economy. From the point of view of the current economic situation of the European Union, the degree of economic openness of the European Union is relatively high, and the "Trade-to-GDP ratio" is the basic index to evaluate the degree of economic openness of an economy.

**Table.1: Main data of China trade. Unit :Trillion**

	2011	2013	2015	2017	2019	2020
IMPORT	1.74	1.95	1.68	1.84	2.08	2.05
EXPORT	1.90	2.21	2.27	2.26	2.49	2.59
GDP	7.57	9.61	11.06	12.24	14.28	14.72
IMPORT/GDP	23.02%	20.30%	15.18%	15.07%	14.57%	13.93%
EXPORT/GDP	25.07%	22.99%	20.55%	18.50%	17.44%	17.60%
RATIO	48.09%	43.29%	35.73%	33.56%	32.01%	31.53%

Source: developed by the authors based on statistical data. (UN comtrade database).

**Table 2: Main data of EU28 trade. Unit :Trillion**

	2011	2013	2015	2017	2019	2020
IMPORT	2.41	2.24	1.92	2.10	2.30	1.96
EXPORT	2.18	2.31	1.98	2.12	2.28	2.19
GDP	18.35	18.03	16.42	17.28	15.63	15.20
IMPORT/GDP	13.15%	12.44%	11.68%	12.13%	14.72%	12.89%
EXPORT/GDP	11.87%	12.82%	12.08%	12.28%	14.56%	14.40%
RATIO	25.02%	25.26%	23.77%	24.41%	29.28%	27.9%

Source: developed by the authors based on statistical data. (UN comtrade database).

According to the data in two tables (Table1 and Table 2.) China's dependence on foreign market has always been at a high level, as twice as EU's. After 2013, China's Trade-to-GDP ratio has declined. This is mainly due to the relatively stable situation of total imports and exports, while the growth rate of GDP increased, resulting in a smaller coefficient. But still maintained at a high level. It shows that while maintaining trade, China is also readjusting its economic structure and promoting economic growth at the domestic level. The EU's dependence on trade is relatively low. The EU itself is made up of 28 countries, which have free trade agreements and Schengen policies. Therefore they are less dependent on foreign countries. With the gradual development of The Belt and Road Initiative between China and Asian & European countries, the economic interaction between China and other countries is more frequent, and the importance of trade is becoming higher and higher.

Since the rapid spread of COVID-19 in 2020, the world economy has been affected. Under the circumstance that world trade is seriously shrinking, the trade of China and EU member states has been reduced to varying degrees, among which the EU member states have experienced a larger decline. Since the outbreak of the epidemic, the different epidemic prevention policies, economic foundations and government policies among EU member states are the main reasons for the decline in trade.

### **Revealed Comparative Advantage**

Standard International Trade Classification (SITC) is a classification of goods used to classify the exports and imports of a country to enable comparing different countries and years. The classification system is maintained by the United Nations. The SITC classification, is currently at revision four, which was promulgated in 2006. The classification system is divided into 10 levels.

**Table 3: China's export to Hungary. Unit: Million**

	2011	2013	2015	2017	2019	2020
SITC0	12.76	12.18	14.8	14.29	15.09	18.33
SITC1	0.05	0.22	0.03	0.23	0.45	0.88
SITC2	3.15	3.06	4.17	8.41	14.75	6.88
SITC3	-	0.03	0.04	0.04	0.04	1.23
SITC4	0.04	0.1	0.23	0.23	0.02	0.13
SITC5	121.79	105.89	160.95	203.12	234.71	361.82
SITC6	171.41	189.98	223.89	330.38	374.03	592.54
SITC7	5218.13	4362.16	3670.06	4152.39	4658.01	4464.48
SITC8	1278.28	1.18.67	1123.28	1333.06	112.39	188.56
SITC9	0.4	-	0.004	7.19	17.98	74.22

Source: developed by the authors based on statistical data. (Ministry of Commerce of the People's Republic of China).

0. Food and live animals
1. Beverages and tobacco
2. Crude materials, inedible, except fuels
3. Mineral fuels, lubricants and related materials
4. Animal and vegetable oils, fats and waxes
5. Chemicals and related products, n.e.s.
6. Manufactured goods classified chiefly by material
7. Machinery and transport equipment
8. Miscellaneous manufactured articles
9. Commodities and transactions not classified elsewhere in the SITC

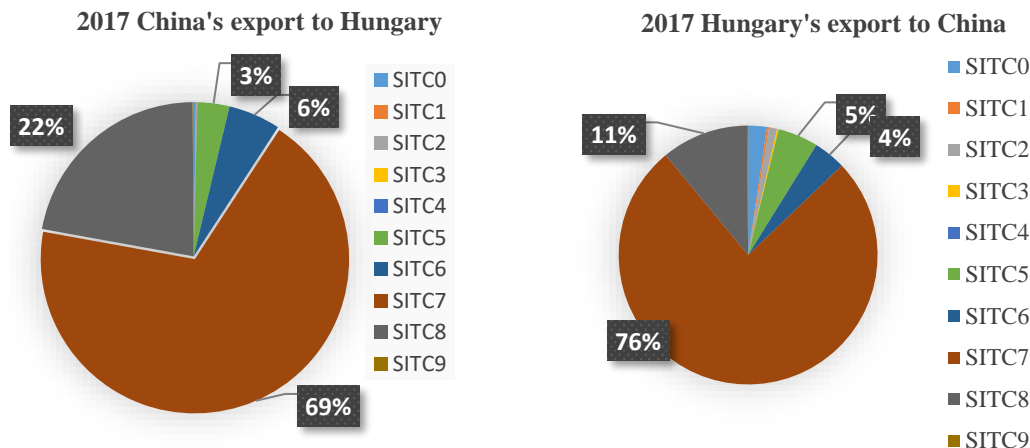
The total exports of all kinds of goods, are shown in the following Tables 3 and 4

**Table 4: Hungary's export to China. Unit: Million**

	2011	2013	2015	2017	2019	2020
SITC0	1.5	1.9	43.3	62	11.56	14.35
SITC1	2.8	4.2	4.4	7.2	6.37	6.74
SITC2	53.3	44.4	21	26.5	45.16	31.07
SITC3	7.3	0.2	4.2	5.5	10.20	3.91
SITC4	0	0.008	1.5	0.2	0.50	0.81
SITC5	29.2	84.6	112.8	134.3	218.53	185.39
SITC6	65.7	133	114.8	107.6	203.63	252.57
SITC7	1363.4	1498.6	1288.1	2027.6	942.67	1323.47
SITC8	157.5	228.6	205.8	289.4	223.52	236.50
SITC9	2.4	1.9	0.9	3.6	4.39	8.66

Source: developed by the authors based on statistical data. (Hungarian Central Statistical Office).

**Figure 1: Commodities exported between two countries in 2017**



Source: developed by the authors based on statistical data. (Hungarian Central Statistical Office). (Ministry of Commerce of the People's Republic of China).

For case of analysis, I drew a pie chart based on the value of exports between China and Hungary in 2017. According to Figure 4, it can be seen that the largest proportion of goods traded between the two countries is SITC7, Machinery and transport equipment. China's SITC 7 exports accounted for 69%, Hungary's exports accounted for 76%. The smaller proportions are SITC1,2,3,4, which are dominated by the primary industry. Only 1% of total exports in 2017. Neither China nor Hungary has an export advantage in these commodity trade. Relatively speaking, the types of export commodities between the two countries are on the single side. It can be seen that most of the leading industries that account for the trade between China and Hungary today are capital-intensive industries and technology-intensive industries. Through the comparison of the data in the past ten years, it can be seen that the growth rate is faster and the proportion is increasing obviously. The situation of technology-intensive industries reflects the level of national science and technology development, which provides advanced labor and a variety of new materials for various sectors of the national economy. The development of technology-intensive industries is conducive to giving full play to the role of scientific and technological talents, to the application and popularization of the latest scientific and technological achievements at mainland and abroad, to the introduction of foreign advanced technology and the production of high-precision products, and to the improvement of the economic benefits of enterprises. It can promote the development of productive forces and high-precision products.

The automobile industry is Hungary's pillar industry, accounting for 31 percent of the manufacturing industry. There are more than 740 automobile and parts manufacturers in Hungary, with 150000 employees. Ninety per cent of the industry's output value is export-oriented. At present, 14 of the world's 20 largest first-class auto suppliers are based in Hungary and production is expanding. The perfect local supplier system, coupled with superior geographical location and rich human resources, makes the Hungarian automobile industry very attractive.

China's high-speed rail technology and communications technology have a unique competitive advantage. Based on the characteristics of China's large population and low labor cost, China's new industrialization road will vigorously develop capital-technology-intensive industries, develop, improve and upgrade labor-intensive industries, and promote economic development.

In the wake of the financial crisis, both countries have experienced varying degrees of impact. After 2010, with the development of "The Belt and Road", two countries economy gradually recovered. Hungarian exports to China in the SITC 7<sup>th</sup> maintained a growth rate of 10 per cent in 2008-2013, followed by a peak growth rate of 27 % in recent years. The growth rate of China's exports to Hungary in the 7<sup>th</sup> remained basically at 5 per cent, while the 5<sup>th</sup> category grew more significantly, reaching as high as 35% in 2017. In the process of gradually carrying out "The Belt and Road", the economic ties between China and Hungary have become deeper. Moreover, the types of export commodities of the two countries are similar to each other to some extent.

In terms of bilateral trade between China and Hungary, in 2020, all parties will overcome difficulties and promote practical cooperation to buck the trend. According to Chinese statistics, the bilateral trade volume between China and Hungary in 2020 will reach 11.69 billion US dollars, a year-on-year increase of 14.4%, a record high. Among them, the export was 7.4 billion US dollars, a year-on-year increase of 14.4%; the import was 4.28 billion US dollars, a year-on-year increase of 14.3%. (Analysis of Hungary's trade in 2020) Hungary adheres to the policy of "opening to the east" and works together with China's "Belt and Road" initiative. Many Chinese-funded enterprises have invested their economic and trade cooperation projects in Hungary, and investment drives trade development.

Hungary has obvious advantages such as geographical advantages and cross-border e-commerce. During the COVID-19 period in Hungary, the logistics systems such as China-Europe freight trains and overseas warehouses have maintained work efficiency, and they have also opened regular direct cargo flights from many places in China to the capital Budapest in a timely manner. Today, China is one of Hungary's largest and most stable trading partners outside Europe.

## **CONCLUSION**

The Belt and Road initiative has brought growth to the trade between China and Hungary since its inception. Despite the impact of the new crown pneumonia epidemic, the bilateral trade volume between China and Hungary has maintained growth in 2020. During the COVID-19, Chinese and Hungarian companies canceled their previous offline business meetings and exhibitions, but these events were soon re-hosted online. China has become Hungary's most important trading partner outside Europe, and the pragmatic and cooperative relations between Hungary and China are exemplary in the fields of economy, trade, investment or finance.

“The Belt and Road” includes political, trade, currency, facilities and other fields. China Hungary is an important partner that is carried out in the context of initiatives. Economic and trade cooperation under this framework also has played coordination and guiding role in global resource issues, climate change, ecological environmental protection. Through the mutual cooperation between “The Belt and Road”, the economic and trade cooperation between the China Human Council has also undergone profound changes. With the acceleration of economic globalization, the trade volume has gradually increased. Trade with Hungary in the future will also develop in the direction of steady growth. From the perspective of the trade relationship between the two countries, China occupies the status of trade surplus in the economy. However, structural surplus also needs to continue to study, so that China and Hungary finds benign and stable growth balance points in trade, and thereby achieving mutually beneficial trade activities.

In terms of goods, transportation equipment, electromechanical products and chemical products are the main products of Hungary's exports to China. The trade commodities in the two countries have certain similarities and competitiveness. The bilateral trade volume in China presents growth trends.

The core of “The Belt and Road” is to promote international trade. The expansion of economic and trade and cultural exchanges has also enabled culture between countries more frequently, especially in new fields, has become an inevitable trend in the future development of the world.

The distance between Hungary and China is about 8,000 kilometers. One is the European country and the other is Asian countries. Although there are many historical origins in the two countries, the regional differences have created different cultures. Trade between the two countries needs to communicate with each other. Strengthening the cultural exchanges of the two countries, actively establish partnerships, joint ventures, and cultivate talents in related fields, and can bring more opportunities for trade cooperation.

Developing cultural tourism is also one of the ways to create a new cultural carrier for cultural dissemination. Many countries in the world are not aware of The Belt and Road Initiative, bringing uncertainty to future cooperation development. "A band all the way" is not a single-sided output of Chinese capital and culture, but actively cooperates with different cultural carriers to establish a multi-win-win system.

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