Research on Cooperation Model of Coal Resources between China and Central Asia

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Abstract. Central Asia is rich in coal resources, but the development level is relatively low due to funding, technology and other constraints. China has been affected by the haze since 2013, coal consumption is decreased. Belt and Road Initiative background, Chinese and Central Asia needs to strengthen the innovation cooperation mode of coal resources, to establish cooperation mechanisms in common to achieve the effective development of coal resources and efficient use.

Introduction

Xi Jinping, Chinese President visited five Central Asian countries in 2013 when he visited Nazarbayev University in Kazakhstan and presented a strategic vision for a new Silk Road economic belt. The concept of the new Silk Road economic belt is an innovative mode of cross-regional economic cooperation put forward by China according to the new situation of regional economic integration and economic globalization. It is also a plan for the revival of the ancient Silk Road in the new era. The New Silk Road Economic Belt is probably within the ancient Silk Road region and belongs to an area of economic cooperation between China and the countries of Central Asia. The Chinese region includes southwest China, northwest China, including Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and other five provinces, southwest including Chongqing, Sichuan, Yunnan, Guangxi and other four provinces and municipalities. Promoting energy cooperation between China and Central Asia is a bright spot proposed by the New Silk Road Economic Belt.

There is no related research on coal resources cooperation model between China and Central Asia. The existing documents mainly focus on the cooperation model of mineral resources, energy resources, cotton and other crops between China and Central Asia. Hanyun Lei and Zhongjun Zhang (2015) put forward four kinds of resource cooperation modes, including resource diplomacy, risk exploration, credit, engineering and resource exchange, and joint venture cooperation. Wang Li, Haimin Miao and Ya Wen (2016) pointed out that the cooperative potential and pattern of cotton between China and the five Central Asian countries formed complementary cooperative conditions between the low-cost agricultural resources of the five Central Asian countries and China’s mature planting management technology system. Three modes of cooperation are put forward. This article mainly discusses the innovation path of coal resources cooperation mode between China and Central Asia.

Distribution of Coal Resources in Central Asia and China’s Coal Market

Distribution of Coal Resources in Central Asia

Central Asia is rich in coal resources, mainly concentrated in Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan has a small amount of coal, Turkmenistan basically does not produce coal. Kazakhstan is rich in coal reserves, with 176.7 billion tons of coal reserves in the country, second only to China, the United States, Russia, Australia, India, South Africa and Ukraine, ranking eighth in the world for coal resources. It accounts for 4% of the world’s total reserves. The country has proven and developed more than 100 coal fields. According to the data from the 2016BP World Energy Statistics Yearbook, Kazakhstan’s coal resources production in 2010-2015 is on a decreasing trend, with 106.48 million tons of carbon produced by Kazakhstan in 2015.
Kazakhstan’s coal consumption fell by 6.58 million tons from 2010 to 2015, down 8.31 percent from the same period last year to 32.5 million tons.

**Current Situation of Coal Industry in China**

The growth rate of raw coal in China has gradually decreased since 2011. Due to the global economic crisis, China’s economic growth has slowed down gradually. In order to promote the development of ecological civilization, China’s economic structure has been transformed, the industrial structure has been optimized, and the energy structure has been constantly adjusted. As a result, China’s coal market is affected by many factors have changed a lot. Since the second half of 2012, China’s coal market began a serious recession; coal industry is basically in a state of loss. China’s coal prices have continued to fall, making it more difficult for the entire coal industry to operate, and the number of coal companies going bankrupt is growing. China’s coal consumption was about 3.5 billion tons in 2015, 5 billion tons in 2016 and 1.5 billion tons overcapacity. China withdrew 250 million tons of coal capacity in 2016. According to the Energy work guidelines for 2017, the coal output target of 50 million tons is expected to be withdrawn by 2017, but it is increasingly difficult to do so. In recent years, China’s coal industry has lost more than 90% of its losses by 2015.

**Current Situation of Coal Resources Cooperation between China and Central Asia**

China is rich in coal resources, China’s coal resource exports are mainly Japan, South Korea and other East Asian countries, Central Asian countries have coal resources. Energy cooperation between China and Central Asian countries is a major practical issue related to China’s future development. But as far as the status quo, China and Central Asia in coal resources have not been a deep and effective cooperation. At present, China is one of the most important investment partners of Central Asian countries.

**Analysis on the Influencing Factors of Coal Resources Cooperation between China and Central Asia**

Li Chai, Lixia Cheng (2014), in the context of "the Silk Road Economic Belt", selected China’s domestic economic development, energy import trade, and international security in the context of energy cooperation between China and Central Asian countries. Four kinds of factors, such as energy policy of Central Asian countries, are used as variables to analyze the influence of China’s oil import from Central Asian countries. Guanju Chen (2015), analyzes the factors that affect transnational resource cooperation projects, such as the host country’s big green system, government efficiency and logistics ability, and suggests that enterprises should be cautious in their cooperation projects. Reduce blind investment and improve the efficiency of project operation. This paper mainly discusses the influence factors of coal resources cooperation between China and Central Asia from two aspects of positive and negative factors.

**Positive Factors of Coal Resources Cooperation between China and Central Asia**

China’s "Belt and Road" initiative will bring new opportunities to countries along the route. Countries along the route should seize this opportunity, strengthen mutual cooperation and achieve common development. In the process of "Belt and Road" construction, China and Central Asian countries need to follow the principle of co-negotiation, co-construction and sharing. They belong to the community of interests and responsibility of regional economic development, and develop together to realize the well-being of people along the Silk Road economic belt. Therefore, under the background of the new Belt and Road economic belt, China and Central Asia strengthen the cooperation in all aspects, which provides great convenience for the cooperation of coal resources.
Negative Factors of Coal Resources Cooperation between China and Central Asia

The cooperation between China and Central Asian countries in coal resources needs a good policy environment and business environment. However, the market economy of Central Asian countries is not developed, the legal consciousness of national residents is not strong, the consciousness of market economy is not strong, and the market transaction behavior is manipulated artificially. The latent rules seriously affect the freedom and opening of the market, fairness and competition; Enterprises that have already invested in Central Asia have generally reflected that in Central Asia, the procedures for approving enterprises are cumbersome, the time is longer, various kinds of expenses are incurred, the officials do not act in accordance with the law, and commercial bribery is prevalent. At the same time, the level of economic development in Central Asia is backward, the infrastructure construction is not in place, and the financial system is not perfect; the biggest political risk may come from the unstable political situation in Central Asian countries, and the "three shares" are more active and dampen the enthusiasm of Chinese investors.

Coal Resources Cooperation Model between China and Central Asia

To Formulate Cooperative Policies for China’s Coal Exports to Coal-free Countries or Regions in Central Asia

As a result of industrial structure limits, China’s coal resources market gradually decline. Coal export can not only solve the problem of overcapacity in China’s coal market, but also exchange more oil and gas resources for China or increase foreign exchange earnings, support the coal industry and achieve economic growth. China and Central Asia strengthen the adjustment of coal import and export policy. China allows the western coal resources to be exported to Central Asia. There are no coal countries or regions in Central Asia. The Central Asian region allows China’s coal resources to enter the region and realize the exchange of coal resources. In other words, we should persist in the strategy of "going out" and "bringing in" coal resources, support domestic superior coal resource enterprises to participate in the development of overseas coal resources, introduce advanced technology, and promote the safety, ecology, efficiency, and green cooperation of the coal industry.

Constructing the Cooperative Mechanism of Coal Resources between China and Central Asia

It is necessary to strengthen the construction of cooperation mechanism between China and Central Asia, establish coordination mechanism of coal resources policy, communication mechanism of external policy environment and overall technical cooperation mechanism between China and Central Asia. The mechanism of comprehensive technical cooperation can establish the joint research body of the coal resources research center, realize the joint research, development, utilization of the resources, promote the development of more ecological coal resources, and promote the adjustment and optimization of the coal industry structure.

To Establish Financial Investment Cooperation in Coal Resources

It is important to establish coal finance center in coal rich area, promote financial cooperation and innovation between China and Central Asia, to establish a coal finance center, to establish a new financial system of coal cooperation between China and Central Asia, to build bases and platforms for the flow of people, logistics, capital and information in the coal finance center, and to promote the capital flow of the coal industry. Promoting the sustainable development of coal industry; In order to promote the adjustment and optimization of coal industry, it is necessary to provide investment and financing services such as technological innovation and transformation of achievements for the supply and demand of capital for coal industry integration and reorganization. China’s coal enterprises in Central Asia should be encouraged to actively carry out investment
activities, vigorously promote the long-term investment mechanism of coal cooperation between China and Central Asia, and extend the space for the development of Chinese coal enterprises.

Summary

To sum up, as the core hinterland of Eurasia, Central Asia is an important channel for China to advocate the construction of Silk Road economic belt. China needs to deepen multilateral and bilateral exchanges, strengthen top-level design, strengthen pragmatic cooperation with the Central Asian countries, and meet the new opportunities of the new Silk Road economic belt as soon as possible in order to promote the implementation of the "Belt and Road" strategy. It is necessary to transform development ideas, strengthen policy cooperation, accelerate innovation of coal resources cooperation mode between China and Central Asia, promote the common development of China and Central Asia economy and realize common interests.

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