

# On Features of Russian-Chinese Economic Relations in the Integration Field of Eurasia

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**Abstract**—The reorientation of the Russian economy to new markets for domestic products and the strengthening of trade and economic relations with a number of countries in Asia and Latin America have created conditions in recent years for the development of long-term foreign economic relations with them. First of all, this concerns China, one of the largest Russia's partner in Asia. We can say confidently that China is the most important and priority partner in the context of our country's foreign trade development in the current conditions of global economic development. Russian economy will get additional incentives for its development considering perspective initiative of China aimed at improving, existing and creating new trade routes, transport and economic corridors, which was initially called the "Economic belt of the Silk Road", and now this concept is called "one belt, one road". There is no doubt that the development of Russian-Chinese relations for our country in the current conditions is of priority in the context of the implementation of foreign economic policy. Moreover, for China, given the ongoing economic and political confrontation with the United States, the deepening of foreign economic ties with our country are becoming more promising. This is evidenced by the fact that over the past three years the development of cooperation between Russia and China has become more and more intensive: the turnover of foreign trade and economic, political and other types of cooperation has grown exponentially.

**Keywords**—foreign activities, foreign commerce, the Russian-Chinese economic relationships, Economic belt of the Silk Road

## I. INTRODUCTION

The development of a strategic approach to bilateral economic cooperation with China is the most relevant in the modern system of coordinates of Russia's foreign economic activity. There have been different stages in the history of relations between Russia and China, but their current state gives the hope for an even greater mutually beneficial effect in the strategic perspective. The history of relations between the countries dates back to the XIII century, but formally, the two States began to contact only in the XVII century. Their connection has always been a very important factor in the development of these two major powers, and the state of

relations between two countries has influenced the entire Asia-Pacific region, and often the whole world.

The study of the formation, transformation and development of Russian-Chinese relations is relevant in the context of foreign economic relations and projects which are conditioned by the growing influence of China (Chinese People's Republic) in Russia over the past four years, the cooling of relations between Russia and the West after the events of 2014 and the Russian "return to the East" [4].

It's possible to see now more often in the media a stable phrase that "Russia has made a turn to the East" now. "This statement appeared because of the ambiguous political conflicts. The difficult situation on the world scene, strained after the events of 2014-2015, and the following sanctions against our country was forced to change the priorities for international cooperation towards new centers of the world, namely China, India and other BRICS and the EAEC member countries. The Russian-Chinese relations have reached a unique level of comprehensive strategic cooperation and partnership in their history and, without a doubt, have good prospects for development» [1].

As practice shows in the development of foreign economic relations, at the moment the most intensively established relationships and bilateral arrangements between Russia and China, as evidenced of foreign trade and economic, political and other types of cooperation, such as the agreement on the Eurasian Economic Community, the construction of the EurAsEc and the concept of "OPOP".

We cannot disagree with the opinion of a number of experts that: "partners from the West are trying hard to impede Russia's high-quality shift to the technological borders, near which are the country's economy functions, pushing it to the raw material nature of the economy. The Russian economy has entered a phase of strategic partnership with the countries of the Asia-Pacific region (APR), the main of them is "Chinese People's Republic" and thereby achieves the goal of innovation development []. One of the most important factors of the "turn Russia to the East" today is the sanctions, the

negative attitude to the domestic economy, to Russia as a whole, from the "developed Western countries". Here, in fact, we can remember one of the laws of life: "one door closes, another opens." At the same time, it should be noted that Russia is trying to maintain mutually beneficial relations, including economic ones, with a number of countries that are trying to show independence and sovereignty in these questions.

A lot of attention has been paid to the problems of developing Russian-Chinese economic relations in the strategic perspective and developing an effective mechanism for foreign economic cooperation between Russia and China. In our opinion, a special place among them is occupied by research on Russian-Chinese relations and their role in increasing Russia's foreign trade turnover. Among them are the following works: Andriyanova L.S., Andriyanova A.A. [2], Grishin O.E., Trofimova A.V. [4], Ivanova S.A. [6], Zhao J., Ezhov V., Vasiliev D. [18], Blanchard B. [3], Halpin A., Ummelas O. [5].

The following works of these authors : Karaganov S.A., Makarov I.A. [7], Pronina A.YU., Svetlova A.V., Ivanova N.I. [11], Selyukov M. [12, 13], Van SH., Van' C. [16] are devoted to the consideration of issues related to the future development of the Russian economy in the context of the integration of the EEC and the "Economic belt of the Silk Road".

## II. METHODOLOGY

The development of Russian-Chinese relations is a priority for our country in the current conditions in the context of implementing foreign economic policy. Moreover, for China, given the ongoing economic and political confrontation with the United States, the strengthening of foreign economic relationships with our country is becoming more and more perspective. This is evidenced of the fact that the development of cooperation between Russia and China has become increasingly intensive over the past three years: foreign trade's turn, economic, political and other types of cooperation has significantly increased.

This is due to the geographical proximity of the two countries, as well as the strong economic partnerships formed over a long period of time and approach in the political field. However, it is important to understand how these foreign economic relations will be developed in the "post-pandemic" period, what will be the reasons for further intensification of trade and economic relations between two countries, and which areas and sectors of Russia's and Chinese economies will be the most important in the the short and long term view within the framework of foreign economic cooperation.

As a result, the methodological basis for the study of the prospects and problems of the development of Russian-Chinese economic relations are the basic provisions of the systematic and comprehensive approaches in the integration field of Eurasia. This allowed us to study and analyze the external and internal factors of the development of trade and economic cooperation between Russia and China, as well as the elements and connections that most significantly affect the development of joint mutually beneficial projects.

An important role in the research played the methods of factor and complex analysis, marketing analysis and supervision. Special attention was paid to a comprehensive assessment of the current trade and economic relations with the Chinese People's Republic (CPR). Empirical data

processing was conducted using mathematical statistics methods. These methods were used in various combinations at different stages of the study, depending on the goals and objectives.

## III. RESULTS AND DISCUSSION

Today, according to the statement of Russian President V.V. Putin, "Russian-Chinese relations have probably reached the highest level in the history and continue progressive to develop. The partnership between Russia and China is based on the deep mutual respect and trust, the double-sided basic interests, and on the interest in the prosperity of our countries» [17].

The determining factors of Russian-Chinese relations are mutual cooperation and trade partnership between Russia and China, the complementarity of two economies in the spheres of energy resources, high technology economic sectors, heavy equipment and mining industry on one side in Russia, and on the other light industry, the availability of cheap labour force, a significant foreign exchange reserves in China.

Turning to special statistical figures of Russian-Chinese economic cooperation, we can say with confidence that China is the most important and priority partner in the context of foreign trade development of our country.

Mutual cooperation and trade partnership between Russia and China the complementarity of the two economies in the energy intensive sectors of the economy, heavy equipment and mining industry – on the part of Russia and light industry, the availability of cheap labour, a significant foreign exchange reserves – with China, are the determining factors of Russian-Chinese relations. Turning to specific statistical figures of Russian-Chinese economic cooperation, we can say the following. Today, we can say with confidence that China is the most important and priority partner in the context of foreign trade development of our country.

The result of trade and economic relations with China is the first place of the latter in the turnover of Russia as a whole (86975 million dollars. or 14.9%), and in the context of exports (38919 million dollars. or 10.9%) and imports (48056 million dollars. or 21.1%) since 2017. Moreover, China is the leader in Russia's non-oil export (\$11322 million), which is the most important factor in the further modernization of the domestic economy.

Russia's trade turnover with China also has positive dynamic, in particular, it increased by 3.4% in 2019 as compared to 2018 and amounted to us \$ 110.75 billion.

At the end of 2019, Russia ranked 11th in the ranking of China's 20 main trading partners (10th place excluding Hong Kong). The volume of foreign trade with China, Russia was ahead of the United States (541,2 billion. -14,6%), Japan (315 billion. -3,9%), Hong Kong (288 billion. -7,2%), Republic of Korea (284,5 billion. -9,2%), Taiwan (228,1 billion. +0,8%), Germany (184,9 billion. +0,6%), Australia (169,6 billion. +10,8%), Vietnam (\$162 billion., +9,6%), Malaysia (124 billion. +14,2%), Brazil (reach 115.3 billion. +3.7 per cent). Russia was followed by: India (\$92.8 billion, -2.8%), Thailand (\$91.7 billion, +4.8%), Singapore (\$89.9 billion, +8.7%), the United Kingdom (\$86.3 billion, +7.3%), the Netherlands (\$85.1 billion, 0%), Indonesia (\$79.7 billion, +3.1%), France (\$65.5 billion, +4.2%), Canada (\$65 billion, +2.4%), the Philippines (\$61 billion, +9.5%), Italy (\$54.9 billion, +1.2%).

In the reporting year – 2019, exports to Russia increased by 3.6% and reached the figure of 49.7 billion dollars. Russia has delivered goods to China worth 61.05 billion dollars. The total figure of exports and imports of goods exceeded 10 billion dollars between Russia and China only in December (figure 2.2). It should be noted that in previous years, there was a positive trend: Russia's exports to China in 2018 amounted to 56065 million dollars, an increase of 44.05% (17143 million dollars) compared to 2017. Russia's imports from China in 2018 amounted to 52218 million dollars, an increase of 8.7% (4176 million dollars) compared to 2017.

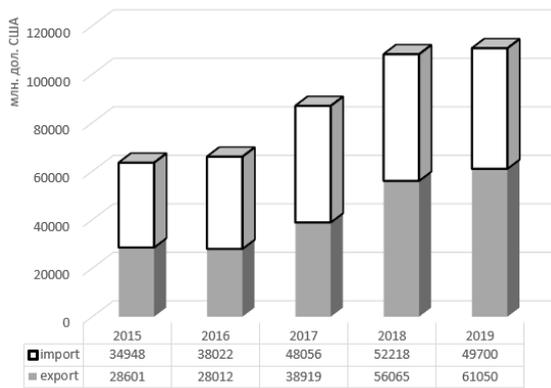


Fig. 1. Dynamics of indicators of foreign trade turnover between Russia and China in 2015-2019

According to Rosstat, China accounted for 10.9% of Russia's total exports in 2017, 12.5% in 2018, and 13.4% in 2019, respectively. According to the share in Russian exports during the entire period of the study, China occupies the first place. In total imports – 21.2%, 21.9% and 22.2%, respectively, which made China the first partner. Unfortunately, considering the share of Russia in the total exports and imports of China, we should note a less impressive result. If we talk about the place and share of Russia in China's foreign trade turnover, today it is a position in the second ten countries, both in terms of exports and imports. This fact once again makes us think about the importance of the Chinese market for us and the Russian market for China.

Thus, mutually beneficial economic cooperation with China is important for the development of the Russian economy. "It is assumed that Russia will help Beijing develop the field of nuclear power industry, aircraft construction industry, outer space and China will assist Moscow in the development of power engineering, shipbuilding, railways, etc. If we consider the structure of exports of Russia and China, we can draw a conclusion to the disfavor of Russia – as a result of this policy, Russia can become a "Junior partner" of China. In this regard, equal economic relations should be created and Russia's raw material role in the relation to China should not be allowed to outweigh» (Andriyanova, L.S., Andriyanova, A.A., 2019). The Russian side should pay close attention in this situation to the development of the Far East regions, to the building of advanced development areas, to the promotion of import substitution, to the creation of its own industry and the introduction of the Russian economy to a new level. Under the pressing conditions of Western sanctions on Russia, China occupies a leading position in the list of Russia's strategic partners. China, in turn, as a result of a planned change in the concept of socio-economic development of the

country, in the person of Russia has a political and an important trading partner.

We can already identify a number of problems and "bottlenecks" in bilateral economic cooperation between countries, despite a sufficient number of factors, suppositions and arguments for the further development of Russian-Chinese relations in the economic field. The difficulties that exist in a projects realization between Russia and China require, first of all, the bilateral approach to their solution and finding a consensus. Thus, "the existing certain difficulties of Chinese policy forces Russia to adapt to new elements of Chinese policy, in connection with the tasks set by the new Chinese leadership led by Xi Jinping, where along with innovative domestic policy, a large role is assigned to foreign policy (Vladimir Putin-Kitaj – eto klyuchevoj partner Rossii, 2019). A number of experts highlight the following possible problems of Russian-Chinese international relations at the same time: "The Russia's unequal perception of China; the zigzag development of bilateral relations; the lack of mutual trust in the connection with Chinese policy towards the United States" (Andriyanova, L. S., Andriyanova, A. A., 2019).

These contradictions will increase with the growth of China's economic, military and innovative power (Vladimir Putin-Kitaj – eto klyuchevoj partner Rossii, 2019). Russia should reconsider its attitude to China's position in both domestic and foreign policy and try to adapt to existing realities in modern conditions. If Russia have chosen China as its basic tactical partner, it should accept China not only as a consumer of raw materials, but also as a clever partner in the modernization process of the Russian economy.

#### IV. CONCLUSIONS

Economic relations between Russia and China require further development in the context of the ongoing large-scale global recession provoked by the COVID-19 pandemic and characterized by its unique in comparison with previous crises. Moreover, according to a number of experts, Russia will emerge from the crisis later than the developed countries. In particular, "according to the IMF forecast, Russian GDP in 2020 will decrease by 5.5%, and in 2021 the country's economy will win back only 3.5%. In the baseline scenario, the final recovery will be in 2022.

In General, suppositions and factors for the further development of relations and the deepening of trade and economic cooperation between Russia and China have been developing more and more recently. Political factors are increasing in addition to the classic factors: geographical, territorial proximity, and, consequently, the common border, which allows us to develop new forms of cooperation and business (cross-border trade, cross-border economic zones and clusters, interbank calculation in national currency on border territories, etc.). Also the influence of trends are increasing in the development of the modern world economy on the deepening of bilateral economic relations between countries. However, it is important to remember that in today's reality, Russia needs China more than China needs Russia. As a result, Russia should reconsider its attitude to China's position in both domestic and foreign policy and try to adapt to existing realities in modern conditions.

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