

Discussion on the Development of Sino-Russian Economic and Trade Cooperation Against the Background of "the Belt and Road Initiative"

Yanling Zhou
School of Economics
Heihe University
Heihe, China

Abstract—In the current era, economic globalization and diversification have become the mainstream. For this reason, China has also put forward "the Belt and Road Initiative" in line with the trend of the times, aiming to realize the beautiful vision of the great rejuvenation of the Chinese nation through "the Belt and Road Initiative" and open up to the world, building a global economic belt and conducting bilateral economic and trade exchanges with countries. Taking the development of Sino-Russian economic and trade cooperation as the object, this paper discusses the basic situation of Sino-Russian economic and trade cooperation, and studies the existing problems and future construction paths of Sino-Russian economic and trade cooperation against the background of "the Belt and Road Initiative".

Keywords—Sino-Russian economic and trade cooperation; "the Belt and Road Initiative"; trade commodity structure; development issues; construction path

I. INTRODUCTION

China and Russia are big economic and trade countries, and the direction of economic policies of both countries will have a huge impact on the two countries and the whole world. China officially proposed "the Belt and Road Initiative" in 2013, strengthened its economic and trade cooperation and development with various countries and regions in Asia and Europe, and established a new "Maritime Silk Road". Among them, the construction of economic and trade cooperation corridors between China and Russia is the most interesting. China has always had close relations with Russia. Therefore, the comprehensive promotion and scale expansion of economic and trade cooperation between the two countries against the background of "the Belt and Road Initiative" has become imperative.

II. ANALYSIS ON THE CURRENT SITUATION OF SINO-RUSSIAN ECONOMIC AND TRADE COOPERATION AGAINST THE BACKGROUND OF "THE BELT AND ROAD INITIATIVE"

A. Overview on the Establishment of Sino-Russian Economic and Trade Cooperation

"The Belt and Road Initiative" is China's large-scale economic corridor that is fully radiated to the countries of

Asia and Europe. Due to the economic sanctions imposed by Western countries, the transformation of Russia's foreign policy since 2015, the "Eurasian Economic Union" advocated by Russia has just perfectly matched with "the Belt and Road Initiative" proposed by China. Both sides hope to use new technologies and new economic concept to establish a platform for economic and trade cooperation. In the mutual state visits between China and Russia in the past three years, the leaders of the two countries also formally signed a declaration on the cooperation between the "Eurasian Economic Union" and the economic region along "the Belt and Road". In this way, we will strengthen economic and trade cooperation between the two countries, consolidate cooperation and win-win results and comprehensively deepen strategic partnership.

On the other hand, Russia has also raised concerns about China's "the Belt and Road Initiative". China's initiative is open to European and Asian countries, and Russia's "Eurasian Economic Union" takes Central Asia as important hinterland of economic strategies in the future. There are coincidences between the two major strategies. Russia is worried that in the economic and trade cooperation activities, Central Asian countries will consider to cooperate with China and neglect the cooperation with itself, leading to a serious loss of their right to speak in Central Asia. However, based on "the Belt and Road Initiative" and basic concept of cooperation with economic and trade countries, China hopes to reach a consensus with Russia and be close to Russia based on the basic principle of "win-win cooperation and common prosperity", which also dispels Russia's concerns raised by "the Belt and Road Initiative". And then, the two countries have been devoted to developing economic and trade cooperation. With the support of friendly policies, China and Russia have basically established a good bilateral trade commodity structure, paving the way for the smooth development of China's "the Belt and Road Initiative".

B. Sino-Russian Bilateral Trade Commodity Structure

Under the guidance of "the Belt and Road Initiative" strategy, the bilateral trade volume between China and Russia has generally shown an upward trend from 2014 to 2017. The construction base and construction scale of Sino-

Russian free trade zone are also increasing and expanding. In 2014, the bilateral trade volume between China and Russia reached US\$96.02 billion, achieving the peak in the history. In 2015, due to the emergence of the Russian economic crisis, the bilateral trade volume shrank by more than 30%. However, under the guidance of the new strategy, trade between the two countries is still seeking breakthroughs in twists and turns. The two countries hope to continue to expand the trade areas and raise the level of trade. After 2016, international crude oil prices have gradually recovered, and the construction of Sino-Russian bilateral trade relations has

steadily developed. Referring to the statistics of China Customs, the bilateral trade volume between China and Russia increased by 3% in 2016. By the end of 2017, this trade volume reached 103.49 billion US dollars, an overall increase of 30%. This shows that after the gradual recovery of crude oil prices, Russia's economic situation has also improved. However, objectively speaking, Sino-Russian trade relations are still in a period of recovery, which shows that there is still much space for the development of economic and trade cooperation between the two sides in the future. (As shown in "Table I")

TABLE I. BILATERAL TRADE VOLUME DATA OF CHINA AND RUSSIA FROM 2014 TO 2017

Year	Export (billion/US dollar)	Import (billion/US dollar)	import-export volume (billion/US dollar)
2014	454	416.2	960.2
2015	399	410.8	809.8
2016	404.3	398.1	802.4
2017	506	528.9	1034.9

After Russia reversed the economic crisis, it exerted unlimited trade development potential under the influence of China's "the Belt and Road Initiative" and the trade volume increased greatly. Therefore, from the current point of view, the economic and trade cooperation and development relationship between the two countries cannot be underestimated. The new growth model driven by the strategy is in line with the common interests of the people of two countries. In terms of economic and trade cooperation and resource trading, the cooperation of two countries has expanded to the railway, aviation technology, medical and service industries. With the natural resource of Russia, China has imported a large number of resource products such as rubber, crude oil and natural gas from Russia since 2017, and exported a large number of electrical appliances, automobiles, daily necessities, medicines and other products. In particular, during Xi Jinping's visit to Russia in 2015, the two sides also signed a number of cooperation agreements worth up to 32 billion US dollars, including high-speed rail construction projects for the Russian Far East Area, and foreign economic bank cooperation projects. China also offered a five-year loan of 10 billion yuan to Russia, hoping to help Russia quickly get rid of the impact of the economic crisis. Moreover, the new energy trading plan of RMB settlement for the export of oil to China by the Russia in 2015 has also strengthened the political and economic relationship between the two sides [1].

III. EXISTING PROBLEMS IN THE DEVELOPMENT OF SINO-RUSSIAN ECONOMIC AND TRADE COOPERATION AGAINST THE BACKGROUND OF "THE BELT AND ROAD INITIATIVE"

With "the Belt and Road Initiative", China has established a completely open platform. It has the ability to upgrade the economic and trade cooperation between China and Russia. At the same time, the two countries must also face up the existing real problems in the development of bilateral economic and trade cooperation under the new policy.

A. Imperfect Policy and Regulation Mechanism

At present, "the Belt and Road Initiative" is still in the construction. It has driven China and Russia to make sustained breakthroughs in materials, finance, investment, credit and trade. However, it is undeniable that China and Russia still lack trade supervision mechanisms. In other words, the current form of trade between the two countries is still too simple, and does not match with the overall strategy and economic and trade planning of the two countries. In the early stage of the construction of "the Belt and Road Initiative", it should also be the most difficult period for the formulation of laws and regulations. China must be aware of this point and think about how to abandon the old concept of international bilateral economic and trade cooperation. For the construction of the most basic policies and regulations, both countries need to rethink and actively innovate.

B. Serious Trade Barriers

At present, in the context of global economic development, a global integrated economy that has participated in international affairs has formed. Therefore, under the influence of the EU and Russia's economic development policy regulations, Russia has become a country with multiple trade barriers. The tariffs, non-tariffs, and the combination of the two forms of barriers are obvious, which is not conducive to the future development of Sino-Russian economic and trade cooperation. Specifically, the current economic and trade cooperation channels and the development of the trade system develop slowly. For example, Russia has raised oil export tariffs by 24% in 2016 to get rid of economic crisis. In November 2018, Russia's oil export tariffs have increased to \$152/ton, with an increase of \$14.5/ton. These barriers have directly hindered the development of economic and trade cooperation between the two countries. Especially, it has no benefits for the establishment and development of Sino-Russian free trade zone.

C. Blocking Capital Finance

At present, China and Russia have been considering how to optimize the settlement channels and strengthen the cooperation of financial institutions in the process of establishing economic and trade cooperation and development relations, ensuring the stable development of bilateral economic and trade cooperation. In fact, Russia's macroeconomic environment has not been fully restored due to the impact of 2016. Under the economic crisis in Ukraine and the economic sanctions imposed by the United States, the overall economic structure of Russia has experienced a serious imbalance. Especially, its construction of the financial channel was blocked and the overall economic situation was serious. From the data of Russia's GDP growth rate from 2014 to 2017 (0.5%, -3.3%, -0.5%, 0.7%), the country's macroeconomic development is extremely unstable, and the re-dip of international oil prices has accelerated the recession of Russian economy. Russia has repeatedly been rebuffed in various fields such as industry, manufacturing and resource industries, and the financing channels are becoming narrower and narrower. China should consider using "the Belt and Road Initiative" to help Russia get rid of the economic development predicament, expand the bilateral economic and trade cooperation between China and Russia, and deepen the cooperation relationship [2].

IV. EXPLORATION ON THE FUTURE DEVELOPMENT AND CONSTRUCTION PATH OF SINO-RUSSIAN ECONOMIC AND TRADE COOPERATION AGAINST THE BACKGROUND OF "THE BELT AND ROAD INITIATIVE"

A. Strengthening the Construction of Laws and Regulations

In the process of developing Sino-Russian economic and trade cooperation, we should first do a good job in strengthening the construction of laws and regulations, and highlight the international credibility of the two sides in economic and trade cooperation. Therefore, it is necessary to establish a fair and just legal environment.

First of all, it is necessary to strengthen the construction of exclusive judicial institutions in the Sino-Russian Free Trade Area. It mainly relies on the local courts of the Free Trade Zone to establish a relatively applicable and flexible judicial system for bilateral economic and trade cooperation. It can conduct a unified investigation and trial of all commercial disputes within the free trade zone, realizing the fairness of the bilateral economic and trade cooperation process and promoting mutual economic and political trust.

Secondly, it is necessary to establish a living environment of legal and international economic and trade cooperation with a high degree of freedom, supervision and convenience, promoting the legalization and rationalization of the arbitration process for the Sino-Russian Free Trade Zone. It can set an arbitration mechanism that is highly applied and can quickly handle legal disputes between the two parties, effectively guarding the interests of both parties. For example, the new Sino-Russian free trade zone built by Harbin in Heilongjiang Province has already added an "emergency arbitral tribunal" to comprehensively guard the

development interests of Sino-Russian economic and trade cooperation, quickly resolve disputes between the two sides, and realize reasonable restraint on the two countries from the perspective of laws and regulations. It also promoted the stable and healthy development of the free trade zone.

B. Breaking the Trade Barriers Between the Two Countries

Trade barriers are the biggest hidden danger that hinders the development of bilateral economic and trade cooperation. Therefore, China and Russia should actively consider how to break this huge and diversified trade barrier. First of all, we should make full use of the WTO's organizational rules, combine the open thinking of China's "the Belt and Road Initiative", and resolve the Sino-Russian trade disputes in accordance with international law and the international management framework, improving the awareness and capability of safeguarding rights.

Also, it is to create brand-name products and break down technical barriers to economic and trade. It is hoped to remove the negative impact Sino-Russian economic and trade cooperation in the past by improving the product quality and the added value of product effects. More technological innovation and technological content of the products will be added. The products from China will be provided to Russia. The other party can choose the products with confidence, promoting the healthy development of Sino-Russian economic and trade cooperation.

Finally, we must lower tariffs and break tariff barriers. Since 2019, Russia's oil export tariffs will gradually decrease to zero, which is good news for China. China should reasonably grasp this policy opportunity.

C. Improving the Trade and Investment Between China and Russia

At present, China should consider further increasing the scope of trade and investment against Russia. This is another innovative solution to the development of Sino-Russian economic and trade cooperation. Strictly speaking, the two countries are still in the initial development stage of investment. Among them, China's actual use of Russian direct investment funds accounts for less than 0.1% of China's actual use of FDI. This figure shows that China's economic and trade investment against Russia still has large climbing space. With the rapid development of China's economy, it is necessary to strengthen Sino-Russian economic and trade cooperation and development and expand the construction scale of Sino-Russian free trade area by optimizing the investment. This behavior can also effectively improve Russia's direct investment in China. It plays a certain role in promoting the bilateral trade volume between China and Russia [3].

V. CONCLUSION

Under the guidance of China's "the Belt and Road Initiative", the development of Sino-Russian economic and trade cooperation is gradually changing from the type of production investment to the type of efficiency demand. As the world's two major economic entities, we have reason to

believe that "the Belt and Road Initiative" can lead the economic development of the two countries to take off in the future, and deepen the strategic cooperative partnership between the two countries, achieving comprehensive win-win development.

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