

Research on the Current Situation, Problems and Countermeasures of Sino Russian Economic and Trade Cooperation

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Abstract

Since the establishment of diplomatic relations between China and Russia in 1992, after decades of development, Sino Russian economic and trade cooperation has reached a certain scale, and has changed from a period of political security oriented to a period of strategic transition led by economic cooperation. Under the new historical conditions, promoting the economic and trade cooperation between China and Russia is of great strategic significance: first, it is conducive to consolidating and developing the existing equality, trust and comprehensive strategic cooperative partnership between China and Russia in the new era, which is an important strategic factor for China to strive for a favorable international environment; Second, expanding bilateral economic and trade cooperation is conducive to China's deepening reform and opening up; Third, it is conducive to the sustainable development of China's economy; Fourth, it is conducive to promoting the construction of a community with a shared future for mankind. Under the new opportunities, China and Russia should actively seek new areas of cooperation and in-depth cooperation contents, comprehensively improve the level of cooperation, and promote the long-term and stable development of bilateral economic and trade cooperation.

Keywords

China-Russia Economic and Trade Cooperation; Strategy; Countermeasures.

1. Introduction

China-Russia relations are one of the most important relations in China's foreign relations. Under the sound political foundation and diplomatic environment of China and Russia, and driven by the internal impetus of complementary economic cooperation, the economic and trade cooperation between the two countries has unique advantages and good development prospects.

2. Status and Characteristics of China-Russia Economic and Trade Cooperation

2.1. The Trade Environment between China and Russia Continues to Improve and Deepen Multi-depth Cooperation, Boosting the Further Expansion of Bilateral Trade.

In recent years, China and Russia have gradually strengthened cooperation relations, successively signed the Memorandum of China-Russia Eastern Gas Cooperation Project, China-Russia Cooperation in Russia (2018-2024, Economic and Eurasian Cooperation Agreement, etc. In particular, during President Xi Jinping's visit to Russia in June 2019, China signed the Memorandum on Promoting High-Quality Development of Bilateral Trade, which clearly put forward the goal of promoting bilateral trade to US \$ 200 billion. The China-Russia

Comprehensive Strategic Partnership of Cooperation has created an important prerequisite for the development of economic and trade cooperation between the two countries.[9] Under the "China-Russia Comprehensive Strategic Partnership of Cooperation in the New Era", with the deepening of the "One Belt And One Road" initiative and the implementation of the economic and trade cooperation agreement signed by China and the Eurasian Economic Union, the two sides have made important achievements in various fields such as finance, agricultural products and oil and gas. Diversified cooperation has boosted the further expansion of bilateral trade.

Table 1. Summary of Key Economic and Trade Cooperation between China and Russia from 2012 to 2021[10]

Number	Time (Year)	Content
1	2012	China and Russia jointly issued the Joint Statement of the People's Republic of China and the Russian Federation on the Comprehensive Strategic Partnership of Cooperation for Further Deepening Equal and Trust
2	2014	China and Russia sign the Memorandum of China-Russia East Line Natural Gas Cooperation Project and the Eastern Line Gas Supply and Purchase Contract between CNPC and Gazprom
3	2017	The Joint Statement of the People's Republic of China and the Russian Federation on Further Deepening the Comprehensive Strategic Partnership of Cooperation
4	2018	The China-Russia Cooperation and Development Plan in the Russian Far East (2018-2024) Agricultural Development Plan for Northeast China and Russian Far East and Baikal Region
5	2019	China and Russia signed the Memorandum on Promoting High-quality Development of Bilateral Trade
6	2019	The China and Eurasian Economic and Trade Cooperation Agreement (effective)
7	2020	Russian capital companies signed seven cooperation agreements during the 2020
8	2021	China-Russia —— Tianwan Nuclear Power Plant and Xuabao Nuclear Power Plant for Nuclear Cooperation Project

2.2. China-Russia Trade Full Production Chain to Carry Out Cooperation, with a Strong Growth Trend.

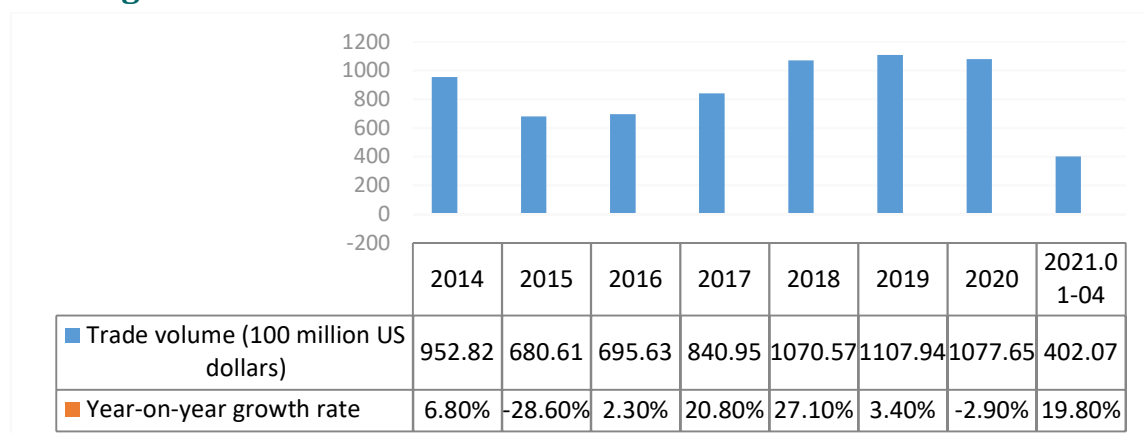


Figure 1. Total China-Russia trade from 2014 to 2021[11]

According to statistics, China and Russia have ranked first among China's major trading partners, China continues to maintain the position of Russia's largest trading partner, and Russia is China's 10th largest trading partner. Total trade between China and Russia exceeded

US \$ 100 billion in 2018-2020 for three consecutive years. Bilateral trade between China and Russia from January to April 2021 was \$ 40.21 billion, first breaking \$ 40 billion in the first four months, up 21.2% from the same period in 2019 and doubling from the same period in 2016. It is expected that China and Russia trade will continue to maintain its growth momentum in 2021, and the annual trade scale is expected to hit a new high.

2.3. The Complementarity of Bilateral Trade Structure is Obvious.

From the perspective of trade structure, in 2020 as an example, China imported oil, natural gas, iron ore and other ore products accounted for 64.5%, USD 36.91 billion, followed by 11.6% of base metals and products, 6.5% of wood and products and 3.9% of animal products; China's exports to Russia reached the most USD 20.94 billion, or 41.4%, followed by textiles and raw materials, 7.3%, furniture and other miscellaneous products accounted for 7.1%. On the whole, energy, agricultural products, medical devices, light industry products and machinery and equipment still occupy an important position in the trade between China and Russia, and the bilateral trade structure between China and Russia has certain complementary characteristics.

2.4. The Trade Structure of China and Russia Has Gradually Diversified, and the Cultivation of New Drivers of Economic and Trade Cooperation in Emerging Areas.

With the promotion of China-Russia relations to a new stage of comprehensive strategic partnership of cooperation, the cooperation between the two countries has been continuously expanded from the traditional energy and resources field to new fields such as high-tech, medicine and cross-border e-commerce, boosting the upgrading and development of bilateral trade structure. From January to July this year, China's export of life science and technology products to Russia increased by 19.6%, and aerospace technology products grew by 22.5%. At the same time, China and Russia cross-border e-commerce has developed rapidly, and netizens from China and Russia can directly buy high-quality goods through AliExpress, eBay, Wish and other platforms. In response to the surge of cross-border e-commerce business, Russian Post began building large logistics centers for inbound e-commerce in New Siberia[12].

2.5. The Scale of Bilateral Economic and Trade Cooperation between China and Russia Has been Steadily Expanded, the Quality Has been Continuously Optimized and Stepped to a New Level. The Characteristics of "All-round, Deep-seated and Wide Field" Have Become Increasingly Prominent.

China has been Russia 's largest trading partner for 11 consecutive years, and Russia is China' s tenth largest trading partner. According to the Ministry of Commerce, China in the next step will continue to cooperate closely with Russia, to implement the important consensus of the two heads of state, deepen strategic project cooperation, expand two-way investment, promote industrial chain and supply chain integration, build scientific and technological innovation, biomedicine, green low carbon new growth points, promote quality upgrading of economic and trade relations, to \$ 200 billion bilateral trade target.

3. Main Problems in Sino Russian Economic and Trade Cooperation

In the process of economic and trade cooperation between China and Russia, the political foundation at the upper level is very good, and the non-governmental exchanges at the lower level are very active.

3.1. The Economic and Trade Cooperation between the Two Countries is Smaller and Slower.

The speed and scale of economic and trade cooperation between the two countries are not commensurate with the strength and potential of the two big powers, and are not commensurate with the general trend of the two countries' foreign economic development. The growth rate of Sino Russian trade is still lower than that of China's foreign trade.

3.2. The Way and Level of Bilateral Economic and Trade Cooperation Lag Behind and the Scale of Mutual Investment is Small.

The mode and level of economic and trade cooperation between the two sides lag behind. The main mode of trade is general trade, and there is almost no processing trade. The overall scale of mutual investment is not large, and there is no modern mode of cooperation such as promoting production cooperation and processing of supplied materials. The level of trade between China and Russia is low, and the enterprises of economic and trade cooperation are obviously insufficient in both quantity and quality. The proportion of some large enterprises in Sino Russian economic and trade cooperation is relatively small, the high-tech content in trade products is relatively low, and Sino Russian trade is still at a lower level. Mutual investment can not play a more effective role in promoting bilateral trade.

3.3. The Main Competitiveness of China's Exports to Russia is Weak.

China's state-owned enterprises are still the main body of imports from Russia, and 55% of imports are borne by state-owned enterprises; In the export to Russia, China's private enterprises account for more than 2/3. Although private enterprises have pioneering spirit and flexible operation mechanism, there is still a big gap between China's enterprises and international multinational companies in terms of their own strength. Among the products exported from China's border areas to Russia, less than 25% are local products, most of which are exported from the mainland. The border areas did not make full use of their geographical advantages to attract domestic and foreign investment and develop their production capacity for the Russian market, which led to the failure of the border areas to establish production bases, the weak competitiveness of products exported to Russia and the lack of a solid production foundation for trade with Russia.

3.4. The Management of Economic and Trade Exchanges between the Two Cities Lags Behind.

The lag of city government management is one of the main bottlenecks in Sino Russian economic and trade cooperation, mainly manifested as: first, the degree of marketization and openness of the two sides is not enough. For a long time, the economic development level of the Sino Russian border areas is relatively low compared with the developed areas, which has a certain negative impact on the bilateral economic development, such as insufficient infrastructure investment, low benefit space caused by low consumption level, and high cost caused by small scale. Second, public facilities are backward. The port construction and infrastructure construction of Sino Russian border cities are seriously insufficient, which can not meet the needs of port economy. Third, the government management is relatively backward. In addition to infrastructure, local governments are also relatively backward and inefficient in the management of port border inspection and public affairs. In addition to the economic aspect, some city governments in Russia have been treating the Chinese businessmen with high tariff policies in terms of Taxation and residence, which has increased the cost of China's trade and transportation, which is in contrast with the urgent demands of the people's economy and trade. Fourth, lack of public communication platform. Because of lack of official information channels and information provided by authoritative intermediary information organizations, Chinese enterprises can not understand the current market situation, investment environment,

government policies, industrial and technological development status of Russia, and so on, and have affected the establishment of direct economic cooperation between enterprises in China and Russia. For example, in the field of science and technology cooperation, the source of cooperation information and the choice of projects are very accidental, which can not form a certain scale of cooperation and affect the long-term development of cooperation. There is a similar situation in the aspect of enterprises' foreign investment, and the economic and trade information communication platform between China and Russia needs to be established.

4. Suggestions on Strengthening Sino Russian Economic and Trade Cooperation

After long-term efforts, China and Russia have reached mutual trust in politics, reached consensus in international affairs, and reached strategic cooperation in bilateral relations. This is the basis for the strategic upgrading of bilateral economic and trade cooperation, which means that Sino Russian economic and trade cooperation has broad prospects for development. At present, the economic and trade cooperation between China and Russia is to improve the level, level and value of the cooperation in an all-round and multi field, and realize the comprehensive growth from quantity to quality. In the process of continuous promotion and continuous improvement, China and Russia should actively look for Win-Win Strategies and methods, and actively solve all kinds of contradictions and problems left over in the past or in reality. On the basis of enhancing friendship, we should walk out the road suitable for the long-term and in-depth development of Sino Russian economic and trade.

4.1. Give Full Play to the Advantages of Friendly Political Relations between the Two Countries and Promote Economy and Trade with Politics.

We should give full play to the role of various intergovernmental mechanisms between the two governments, strengthen communication, increase mutual trust, improve bilateral trade coordination mechanisms, and solve problems arising from bilateral trade cooperation in a timely manner. Bilateral trade authorities should further strengthen policy dialogues and conclude treaties regulating trade order, customs facilitation, trade rights and interests, and create a fair trade environment. We should give full play to the important role of industry organizations, enterprise associations, import and export chambers of Commerce and other non-governmental organizations, enhance mutual understanding and seek trade opportunities through various forms such as entrepreneurs' fraternity between the two countries, exchanges between industry organizations of the two countries, and holding commodity exhibitions.

4.2. Take the One Belt, One Road Initiative as an Opportunity to Promote the All-round Development of Bilateral Economic and Trade Cooperation.

China and Russia have more and more clear ideas about the importance of the "one belt and one way" construction, the goal of construction and the way of cooperation. The two countries have been strengthening exchanges on the "one belt and one road" construction problem, and constantly communicated and reached consensus on relevant policy level. After the joint statement of the people's Republic of China and the Russian Federation on the docking and cooperation between the construction of the Silk Road Economic Belt and the Eurasian Economic Union was issued in Moscow in 2015, China supports Russia in actively promoting the integration process within the framework of the Eurasian Economic Union, and has started the negotiation on economic and trade cooperation with the Eurasian Economic Union.

4.3. Strengthen Internal and External Coordination and Supervision, and Standardize Bilateral Trade Order

Through the joint efforts of both sides, there is a certain foundation for standardizing the bilateral trade order, but this is a long-term systematic project, which can not be achieved overnight. We should further improve the established mechanism of the Sino Russian Joint Working Group on regulating trade order, promote our enterprises to carry out regular customs declaration services in Russia, and establish a legal and smooth channel for Chinese goods to enter the Russian market. At the same time, we should strengthen communication and coordination between the two sides, strengthen internal supervision and rectification, and actively guide enterprises to step on a standardized and healthy development track, so as to promote the stable development of bilateral trade.

4.4. Strengthen Port and Infrastructure Construction.

Port construction is the primary issue of Sino Russian economic and trade cooperation. Among them, the construction of port infrastructure and the innovation of port management are the key links for a period of time, and they are the urgent work that must be done well.

Improve the efficiency of customs clearance. We should actively coordinate and solve the problems of opening up green channels and implementing 24-hour customs clearance. The two sides should further simplify the customs clearance procedures and procedures, improve the customs clearance environment, create a "green channel" for vegetables, fruits and seafood products, and prepare personnel and materials for 24-hour customs clearance.

(2) Enhance port cooperation mode. After the opening of the first pair of ports between China and Russia (Heihe City, China and blagoveshinsk City, Russia), both sides should also actively look for various ways of port cooperation, such as building cross-border bridges, cross-border free economic zones and cross-border oil and gas pipelines, to create a good environment for cross-border economic complementarity and convenient exchanges between the two countries. Qualified cities should establish the "Twin Cities" mode to improve the level and quality of port cooperation.

(3) Implement local currency trade settlement. Chinese and Russian economic and trade enterprises can settle and pay trade in RMB and rubles in relevant banks of border cities, so as to overcome the disadvantages of long settlement time and high operation cost in US dollars in Sino Russian border trade, and provide convenience for businessmen engaged in border trade between the two countries.

4.5. Establish a Mechanism for Urban Cooperation.

City cooperation is the key to promoting the strategic upgrading of Sino Russian economic and trade cooperation, and the establishment of a city cooperation mechanism is very important. We suggest that China and Russia establish cooperation mechanism based on the principles of openness, equality and justice between cities in China and Russia and between their own cities.

(1) Establish a long-term cooperation mechanism for high-level summit in cities. Based on the existing border cities and friendly cities between China and Russia, and in combination with other cities with conditions to participate in Sino Russian trade, the summit mechanism for the participation of urban government heads, senior citizens of major urban enterprises and intermediary service institutions and celebrities of society shall be established, and the development strategy, promotion strategy and working mechanism of Sino Russian economic and trade cooperation shall be jointly studied. We should work together to resolve specific problems in Sino Russian economic and trade cooperation, and strive to build healthy, sustainable, harmonious and orderly city cooperation between China and Russia and realize the economic prosperity and development of China and Russia.

(2) Establishing economic cooperation and development mechanism. According to the actual economic resources and the distribution of economic factors, the economic free trade area across administrative regions is established in accordance with the principle of mutual benefit of economic complementarity. In order to further open up the economic fields invested by both sides, the municipal governments should pay special attention to investment cooperation in public facilities and establish a solid economic connection through mutual investment.

(3) Establish a good business environment for bilateral economic and trade cooperation. The municipal governments should take the economic and trade cooperation between China and Russia as strategic opportunities, reform the government administration system, process and content, improve the public management ability, improve the quality of public service, and take the lead in achieving a good government environment to promote the improvement of business environment and promote the sustainable development of China Russia economic and trade cooperation.

(4) Establish a good mechanism for civil exchange. The cities and governments should take promoting civil economic cooperation and cultural exchanges as the main work, enhance the traditional friendship between the two peoples, treat each other well and cooperate sincerely. On the basis of cooperation and combating illegal crimes, the governments of cities should establish a lasting relationship of friendship and mutual trust between the two countries, and lay the foundation for economic and trade cooperation.

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