



REPORT

RUSSIAN-CHINESE DIALOGUE: THE 2015 MODEL

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This report presents the results of analytical monitoring performed by leading Russian and Chinese experts on the key processes in Russian–Chinese relations in 2013–2014. They analyzed the strategic format of interaction between the two countries in the international arena and their relations in the fields of trade, investment (interbank), energy (hydrocarbons), transport, educational, scientific, and cultural areas. They considered the available resources and possibilities of enhancing the Russian–Chinese strategic partnership, as well as the difficulties and challenges they face in the modern day. The experts elaborate their conclusions, recommendations, and development scenarios for bilateral relations in future.

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Introduction

In today's global turbulence and the evolving challenges and threats that the world faces, the strategic partnership between Russia and China is becoming ever more important. As Russian President Vladimir Putin has noted, both countries are experiencing "a security deficit" amid growing "systemic imbalances in the global economy, finance, and trade," as well as "an erosion of traditional moral and spiritual values."¹ Of particular importance to Russia is that China has spoken out against anti-Russian propaganda and the economic sanctions imposed by the West in connection with the events in Ukraine.

Russia and China aim to modernize their economies and strengthen their geopolitical standing in the global arena, which includes advocating for a polycentric world, ensuring security, and preserving international law and its institutions. Moscow's goals with respect to China are tied to deepening strategic cooperation and effectively using resources for the "peaceful rise" of China. In turn, China is placing its bets on further rapprochement with Russia, which includes ensuring a lasting strategic rear and stability in the North, as well as developing trade, investment, and energy cooperation, educational and scientific ties.

The Russian–Chinese strategic partnership and bilateral cooperation experienced an upswing in 2014. Russian President Vladimir Putin and Chinese President Xi Jinping met five times in various formats throughout the year. The signing of documents in Shanghai in May 2014, joint statements and negotiations on the sidelines of various summits (BRICS in Fortaleza in July 2014, the Shanghai Cooperation Organization in Dushanbe in September 2014, and the Asia–Pacific Economic Cooperation in Beijing in November 2014), and Xi Jinping's presence at the Sochi Olympics in February 2014 indicate that the bilateral Russian–Chinese format takes priority in the foreign policies of both Moscow and Beijing. This is particularly true of geopolitical and military–political interaction on the global and regional levels.

This report was compiled against a backdrop of continued progress in Russian–Chinese cooperation. A joint statement released on May 20, 2014 heralded in "a new stage in the comprehensive strategic partnership" between Russia and China.² This testifies to a higher quality of bilateral ties and more important challenges ahead in the development of Russian–Chinese relations. However, the complicated international situation and the Ukraine crisis have provoked the sharpest confrontation between Russia and the United States and Europe since the Cold War – a new split among the great world powers. Chinese–Russian relations have also been drawn into this process. Nonetheless, the positions of Russia and China continue to converge on the backdrop of the Ukraine crisis. New common ground has emerged between the two countries, which is a manifestation of our strategic partnership.

¹ Speech by the President of the Russian Federation Vladimir Putin at a meeting of ambassadors and permanent representatives of Russia, Moscow, Ministry of Foreign Affairs, July 1, 2014. URL: http://www.mid.ru/brp_4.nsf/0/793F91B02AEF462844257D080050E43B (in Russian).

² Joint statement by the Russian Federation and the People's Republic of China on a new stage of comprehensive partnership and strategic interaction. May 20, 2014. URL: http://www.news.kremlin.ru/ref_notes/1642 (in Russian).

Despite the fact that Russian–Chinese relations are an important topic for scientists from both countries, so far little research has been conducted on the subject. Therefore, joint work conducted by the Russian International Affairs Council (RIAC), the Institute of Far Eastern Studies of the Russian Academy of Sciences, the Institute of Asian and African Studies at Lomonosov Moscow State University, and the Institute of International Studies at Fudan University acquires special significance.

Russian–Chinese relations hold an important position in the foreign policies of both countries. They is also a backbone factor of the international structure and the global economic order. Russian–Chinese relations are continually rising in importance for Beijing, Moscow, and international politics as a whole.

This report presents the primary theoretical and practical aspects of Russian–Chinese relations, outlines the key trends and issues in economic cooperation, indicates weak areas and risks, and offers recommendations on the further development of bilateral relations.

The search for weaknesses in bilateral relations does not necessarily mean that serious problems or discontent have arisen. On the contrary, it testifies to the fact that bilateral relations are stable and constructive and that they have reached a high degree of mutual trust. Russian and Chinese scientists can discuss any issues that may arise in a balanced and measured manner and listen to the opinions and criticisms of their partners without worrying about damaging mutual trust, because both sides are committed to further developing Chinese–Russian relations.

The purpose of this project is to carry out expert monitoring of basic trends in Russian–Chinese relations for the year 2014, including the international political, trade and economic, energy, military–technical, as well as educational, scientific, and cultural components of cooperation. This approach entails developing practical measures and recommendations with respect to the real and potential challenges and threats facing the Russian–Chinese partnership.

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1. Russian–Chinese Global and Regional Cooperation

1.1. Measuring Global and Regional Security: Perceived Threats

Russian View

For Russia, perceived threats have always been primarily associated with the West (Europe). The two World Wars came precisely from that part of the world, not counting the campaigns of Napoleon and other European conquerors. The focus shifted at the end of the 20th century, when Southern (Islamic fundamentalist) challenges from Afghanistan and the North Caucasus took the forefront. Now the Western threat is being revived through the events in Ukraine. Russia has de facto found itself drawn into a new Cold War with the U.S. and the West as a whole.

In developing a strategic partnership with Russia, Beijing objectively sees its partner as a reliable and stable rear for the mainland / China's Eurasian security.

After the May 2014 Russian–Chinese summit in Shanghai, the idea of “reliance on the North” – i.e. Russia – started to develop. The two countries signed more than 40 intergovernmental, interministerial, and interregional documents during the visit. Russia's China vector is transforming from energy-centered (commodity-centered) to geopolitical. The two world powers are continuing to draw closer to one another on both the formal and informal plane. The joint statement adopted by Vladimir Putin and Xi Jinping in Shanghai contains elements of a treaty for a military–political alliance, albeit without legal enforcement. Section 1 of that document mentions strengthening mutual support “on matters affecting vital interests, including sovereignty, territorial integrity, and security.”³

Chinese View

The events in Ukraine have led to the emergence of a new “wall” between Russia and the West, and the specter of the Cold War has returned. The confrontation has intensified in the field of security, and the parties do not see each other as partners in cooperation. With respect to economics, Russia is reducing its market dependence on the leading Western countries in light of the anti–Russian sanctions. At the same time, China condemns the sanctions regime and believes that it is counterproductive, violates the economic balance that took years to establish, and disrupts world stability.

Neither Beijing nor Moscow are interested in tense Russian–Western relations, and they do not wish a return to the Cold War atmosphere. The international situation that has unfolded around the Ukraine crisis objectively facilitates a further rapprochement between China and Russia. The crisis and the Western sanctions provide a push to seek new ways to jointly develop the two countries both economically and in the energy sector. Dependence on the Western

³ Joint statement by the Russian Federation and the People's Republic of China on a new stage of comprehensive partnership and strategic interaction. May 20, 2014. URL: http://www.news.kremlin.ru/ref_notes/1642 (in Russian).

monopoly weakens Russia's economic artery, and it is naturally pivoting to the East – to Asia – in search of partners, with an eye to enhancing its international position and compensating for its losses.

The international situation does not pose a threat to Chinese–Russian relations; on the contrary, it facilitates them. Russia and China hold similar positions on issues related to building the international political and economic order, to adhering to the principles of international relations, and to solving regional problems in the Middle East, Iraq, and the Korean Peninsula.

The Russian–Chinese rapprochement is causing concern in Western public opinion. The Chinese expert community holds a different position: that Russia and China play a positive role on the world stage. They contribute to a balance of power in international relations and make for multifaceted world politics. All of this enhances global strategic stability and helps build a just and sustainable society.

1.2. Russian–Chinese Strategic Partnership or Alliance?

Russian View

The poles of regional stability in East Asia and the Asia–Pacific Region are formed primarily around American–Japanese and Russian–Chinese ‘centers’. Meanwhile, unlike the American–Japanese, American–South Korean, and other power tandems created by the U.S. after World War II, the Russian–Chinese format (de jure and de facto) is not a military–political alliance. In 2001, Moscow and Beijing signed a ‘Big Treaty’⁴ on trust–based strategic partnership and cooperation, which involves creating a ‘consultation regime’.

Article 9 of that document says that “when a situation arises in which one of the contracting parties deems that peace is being threatened and undermined or its security interests are involved or when it is confronted with the threat of aggression, the contracting parties shall immediately hold contacts and consultations in order to eliminate such threats.”⁵

Despite economic globalization and regional integration, the processes of mutual deterrence clearly dominate in the region. However, Russian experts do not consider it necessary to turn the Russian–Chinese partnership into a classical military–political alliance (the ‘Big Two’). The existing mechanisms, which include annual joint land and sea military exercises, are more than sufficient to meet the hypothetical challenges to the security of both countries.

Chinese View

Some Chinese experts admit the theoretical possibility of forming a Russian–Chinese alliance; however, in the current international political context, the realities of relations between Moscow and Beijing reflect the *principle of non-alignment*. In other words, Russia and China need to abide by that principle. It would be

⁴ Treaty of Good Neighborliness and Friendly Cooperation Between the People's Republic of China and the Russian Federation. URL: http://www.mid.ru/bdcomp/spd_md.nsf/0/F5BF340F2FA3C08CC3257DAC0030958E (in Russian).

⁵ Ibid.

inexpedient to create a military–political alliance, as this could be accompanied by major costs and risks.

The strategic partnership between Russia and China corresponds to the relations between the parties, provided they have enough space to address their challenges, therefore eliminating the need for an alliance.

A military–political alliance implies creating a unified front in politics and security, as well as rendering mutual aid in the case of war. However, neither Russia nor China is ready to pay a large political, economic, or military price without reservation. And if Russia and China are unable to fulfill their allied commitments, the alliance will inevitably fall apart and a blow be dealt to mutual trust.

Russian–Chinese relations have entered a new period of development that is officially called the “new stage of comprehensive partnership and strategic interaction”.⁶ The defining features of this period are a further deepening of mutual trust, greater transparency in the economic sphere, and the implementation and preparation of important projects. Among those projects are a 30–year natural gas supply agreement, space cooperation, the construction of high–speed railroads, joint development and production of wide–body aircraft for long–haul routes and heavy helicopters, the construction of a western pipeline branch, and others. The emergence of such large–scale projects reflects the progress being made in bilateral relations.

The existing strategic partnership is the best form of interaction between Russia and China. It has absorbed experience and historical lessons, is closest to their current level and condition, and falls completely in line with the domestic policies of both countries. This format is fully accepted and supported by both the elites and the general population of Russia and China.

A strategic partnership offers functional flexibility and is open to new additions. If necessary, these relations can be transformed into an alliance without lengthy preparation and without having to define mutual obligations. In international legal terms, Russian–Chinese strategic relations can easily be bumped up to an alliance without any superfluous procedures.

1.3. Russia, China, and the Ukraine Crisis

Russian View

In light of the Ukraine crisis, Russia has a heightened interest in expanding economic cooperation with China, both in the energy sector and in other areas, such as the financial sector, equipment supplies, Chinese participation in large–scale infrastructure projects in Russia, joint technology projects, etc. This interest is connected not only with Russia’s diminished opportunities in the European Union and the U.S., but also with the stall in cooperation with Japan in several areas of importance for Russia. China therefore has every chance to bolster its position as Russia’s key trade and economic partner by seeking the most favorable conditions for itself.

⁶ Joint statement by the Russian Federation and the People’s Republic of China on a new stage of comprehensive partnership and strategic interaction. May 20, 2014. URL: http://www.news.kremlin.ru/ref_notes/1642 (in Russian).

The crisis in Russian–American relations will lead to a further intensification of military and military–technical cooperation between Russia and China, such as expanding the range of technology that Moscow is willing to supply to Beijing. By all appearances, the restrictions on supplies of some of the latest technology to China will be eased. Russia has a growing interest in joint production in the military–technical sector, as well as in manufacturing dual–use goods (for example, there are plans for large–scale cooperation in space exploration).

The rising confrontation between Russia and NATO will complicate the U.S. ‘pivot to Asia’ strategy. Washington is once again being compelled to focus its attention on Europe and ramp up NATO’s military–technical infrastructure near the Russian borders, detracting from its strategic objective of containing China politically and militarily in the Asia–Pacific Region. Concerns over a closer rapprochement between Moscow and Beijing may force the U.S. to make more significant concessions to China on political and security matters than it previously anticipated.

Chinese View

The Ukraine crisis has become an important event in international affairs and has had an influence on Chinese–Russian relations. It has altered the international political atmosphere and dealt the most serious blow to Russian–Western relations in the entire post–Cold War period. With respect to Chinese–Russian cooperation, the events in Ukraine have introduced certain changes to the foreign policy field. At the same time, the crisis has eliminated the possibility of fostering relations between Russia and the West in politics, security, and economy in the short–term.

China is Russia’s largest economic partner, a reliable market for energy resources, and an important investor. China is playing an increasingly visible role. It can be said that Chinese–Russian strategic cooperation and partnership will become even closer as a result of the Ukraine crisis, and the role that ties between Moscow and Beijing play on the international stage will grow.

The Ukraine crisis has spurred the development of Russian–Chinese relations, but it has not changed their character or direction. Stable, common interests lie at the foundation of these ties. Moscow’s long–term strategy is to pivot to the East, a move that was inspired by the fundamental Russian–Chinese rapprochement, which began long before the Ukraine crisis.

Economic cooperation has always been an important component of Chinese–Russian relations, and the gas agreement signed in May 2014 is of particular importance because it was a manifestation of Russia’s strategic choice. Complications in Russian–European and Russian–Ukrainian energy ties accelerated the signing of that agreement to a certain degree, but as a whole the project has no direct connection with the Ukraine crisis. It should be noted that Russia’s pivot to the East does not signify its withdrawal from Europe or the complete rupture of political and economic ties with it. China wants Russia’s pivot to the East to help diversify the latter’s foreign relations, making them more balanced, sustainable, and multi–faceted in the economic field and other areas.

1.4. The Russia–China–U.S. Triangle

Russian View

In the Russia–China–U.S. triangle, Chinese–Russian and Chinese–American relations are certainly better than Russian–American relations. Accordingly, Chinese and Russian diplomats have the best opportunities to promote their interests and the interests of global and regional stability and development in the framework of that triangle. This situation is likely to persist for some time, which makes it easier for the Russian and Chinese leadership to jointly coordinate specific issues in foreign policy and military–political planning.

China will inevitably be affected by the negative consequences of the Ukraine crisis, which include heightened global tension, the diminished manageability of the international system, and the loosened foundations of the modern world order. For example, China’s interests are not being met by the de facto paralysis in the UN Security Council, which will result in key decisions on regional and global problems being made in circumvention of the Council. The conflict between Russia and the U.S. could also complicate matters at various international organizations, from the G20 to the Arctic Council.

Russian–American cooperation on nuclear non–proliferation, the fight against international terrorism, solving regional crises, and other issues has also stalled, which will create further complications for China. Beijing appears to be interested in localizing the Ukraine crisis, which means preventing or minimizing its damaging effects on the foundations of the modern world order.

Chinese View

China and the U.S. are the leading economic powers, and the relations between them pose a challenge to the 21st century. Dominant and rising countries are historically at odds with one other. The leading country tries to defend its position by any means and suppress the rising country in every way possible. China has attempted to break this order by advancing the concept of internal peaceful development, desiring to become a partner, rather than an opponent, to the U.S. and to cooperate and strive for mutual benefit, not rivalry. China proposed a new type of relations between great powers to the U.S. that entails mutual respect and cooperation instead of conflict.

Economic ties between the two countries run so deep that they have become an important stabilizing factor in political relations. The U.S. is China’s largest trade partner.

Beijing and Washington can completely avoid conflict and rivalry and effectively control potential crises. Neither country has any reason for a clash. Both countries are responsible for maintaining international and regional stability. Cooperation and competition will create a dynamic equilibrium and lead to wave-like development.

That said, China does not accept the G2 formula or Chinese–American leadership; it supports a multi–polar world and a central role for the UN in international affairs and is opposed to the dominance of one or several countries.

Relations between China, Russia, and the U.S. are a triangle in which each country plays an independent role. However, this is not an equilateral triangle. There can be no joint conflict between China and U.S. on the one hand and Russia on the other, or Russia and the U.S. on one side and China on the other. In the wake of the Ukraine crisis, Russia has found it more difficult to balance between China and the U.S. Beijing–Moscow relations will appear ever more clearly in this triangle; figuratively speaking, Chinese–Russian relations will become the shortest side of the triangle.

1.5. The Great Silk Road Economic Belt Project

Russian View

At the end of 2013, Chinese President Xi Jinping advanced two concepts: the Great Silk Road Economic Belt Project (Astana, September 7)⁷ and the Maritime Silk Road (Jakarta, October 3).⁸ These two initiatives signal a serious renewal in China's regional and global policy.

The attempt to converge three neighboring projects – the Eurasian Economic Union (EEU), the Shanghai Cooperation Organization (SCO), and China's overland Great Silk Road project – is important from the perspective of Russia and China harmonizing their interests in Eurasia. In fact, it could be said that an updated / long-term Eurasian policy may be formulated for the SCO.

At this point, the three aforementioned projects are developing in parallel to but independently of one another, to a certain degree even creating some competition in the transport, energy, and trade and economic sectors. However, scenarios are currently being considered with respect to creating a cooperation structure in which the SCO would play a central (connecting) role as the 'Eurasian bridge' between the Silk Road and the EEU.

When analyzing the potential for cooperation among the SCO, the EEU, and the Silk Road, one should proceed from the understanding that the Russian and Chinese visions of Eurasian development do not coincide in all areas – for example, with respect to the speed of regional integration. As a rule, China advocates for higher integration speeds. Therefore, the two countries should reach a 'Eurasian compromise' on the basis of mutual concessions in these areas.

At the same time, the character of these integration initiatives (the SCO, the EEU, and the Silk Road project) is not entirely clear, nor are the prospects and mechanisms for co-development. However, the very fact that these projects are making headway speaks to new potential for Russian–Chinese cooperation in Eurasia.

Chinese View

The Silk Road and EEU countries, including Russia, Kazakhstan, Belarus, and soon Kyrgyzstan, are in geographic proximity to one another and are united by regional economic cooperation. A natural convergence within these two groups is

⁷ Xi Jinping Proposes Creating the Silk Road Economic Corridor // Xinhua News Agency. September 7, 2013.
URL: http://russian.news.cn/china/2013-09/07/c_132700806.htm (in Russian).

⁸ Commentary: Joint Construction of a New Maritime Silk Road // Xinhua News Agency. October 4, 2013.
URL: http://russian.news.cn/china/2013-10/04/c_132771322.htm (in Russian).

inevitable. According to the official Chinese position, the Silk Road countries are united by politics, transport, trade, currency, and population. From the Chinese point of view, the key objective of the Silk Road is to stimulate the development of the country's western regions, as well as to bolster economic ties with neighboring countries.

The concept of the Silk Road is not directed against the EEU and is not an attempt to replace it. China suggests that these projects function in parallel and be promoted in conjunction, and it wishes to establish partner-based relations. Beijing does not rule out the coexistence of common ground and contradiction, an idea that falls in line with the popular Chinese saying "different, but together".

The Silk Road economic zone is without prejudice to Russian state interests. Its primary goal is to stimulate economic cooperation, which will facilitate stability and development in Central Asia. And that falls in line with Russian interests in any case. The Silk Road project does not pose a challenge to the EEU. The Central Asian countries are not required to make a choice between the Silk Road zone and the EEU.

Unlike the EEU, the Silk Road project is still far from the level of institution building, and its end goals are not defined. Such an amorphous organization cannot pose a challenge to a structured economic union, much less replace it or merge with it. China's desire alone is not enough for good-neighborly cooperation between the Silk Road and EEU countries; matching steps are needed from Russia. In Russia, the opinion is often expressed that Central Asia is 'secured' for Russia and that the Silk Road zone should fall within Moscow's 'sphere of influence', regardless of Chinese opinion. If this approach is not abandoned, it will be impossible to foster joint cooperation, and everyone will lose.

China welcomes Russia's participation in the Great Silk Road project and hopes to share the development opportunities afforded by the project with Russia. An economic zone that unites the Silk Road and the EEU could create further conditions for the joint development of a wider space.

2. Russian–Chinese Trade and Economic Cooperation in 2013–2014

2.1. Overview of Bilateral Trade

Russian View

Trade and economic cooperation is one of the centerpieces of Russian–Chinese relations and has traditionally taken the form of trade in goods.

After dramatically falling off in the crisis year of 2009, trade between Russia and China grew rapidly in 2010–2012. Later, after the world economic situation took another turn for the worse, trade stopped at around \$90 billion.

Russian–Chinese trade dynamics are very closely related to the trade structure. When China’s economic growth slows, demand for traditional Russian goods such as metals, chemicals, and even wood shrinks. For example, imports of Russian metal declined from \$3.3 billion in 2011 to \$1.8 billion in 2013, and the share of metals in overall imports from Russia shrank from 8.2% to 4.56%. The same figures for chemicals and rubber fell from \$3.73 billion to \$2.67 billion and from 9.24% to 6.74%, respectively. Imports of Russian wood and pulp dropped from \$4.53 billion to \$3.53 billion and from 11.24% to 8.93%, respectively. Meanwhile, the share of oil and petroleum products in total imports of Russian products to China reached 67% in 2012–2013.⁹

In recent years, Chinese machinery, equipment, electronics, and vehicles have held the leading position in that country’s exports to Russia. In 2012, Russia imported \$18.7 billion worth of those products from China, accounting for 42.4% of total imports of Chinese products to Russia. In 2013, those figures were \$18.8 billion and 38%, respectively. At the same time, machinery and equipment constitute less than 1% of Russian exports to China. Whether the two countries are able to achieve their bilateral trade targets – \$100 billion in 2015 and \$200 billion in 2020¹⁰ – will depend almost entirely on Russia increasing oil supplies to China while maintaining a sufficiently high price level (according to some information, Russia delivered 24 million tons of oil to China in 2013). The preconditions are certainly in place for it.¹¹

Trade and economic cooperation between Russia and China reflects the difference in their economic potential. Along with market tools, Moscow and Beijing are actively utilizing the political and institutional mechanisms afforded by their strategic partnership (three intergovernmental commissions at the deputy prime minister level, as well as 19 sectorial sub-commissions) in order to relieve certain adverse events (conflicts of business interests, competition between transport and other projects) and preserve a balance of interests.

⁹ Calculated by Dr. V.Y. Portyakov based on Haiguan tongji (customs statistics), Beijing, 2012, No. 12, pg. 52–53, 74–75; 2013, No. 12, pg. 55–56, 77–78.

¹⁰ Exclusive: Russia Confident about Future of Strategic Partnership with China – Russian Deputy Minister of Foreign Affairs Igor Morgulov // Xinhua News Agency, January 13, 2015.
URL: russian.news.cn/cis/2015-01/01/c_133891521.htm (in Russian).

¹¹ Ibid.

The character and dynamic of trade is based on growth in the raw materials orientation of Russian exports on the one hand (oil and petroleum products account for 67% of Russian exports to China), and on the rising share of machinery in Chinese exports on the other hand (53%). The dynamic of Russian exports to China has started to depend to a certain extent on oil supply volumes and the oil price. The approximate ratio between Russian exports to China (\$35.6 billion for 2013) and imports (\$53.1 billion in 2013) is likely to persist in 2014.

Chinese View

The Chinese and Russian governments play a leading role in bilateral trade and economic cooperation. Although this mechanism does stimulate the development of large-scale projects, it also has its obvious shortcomings, such as complex bureaucratic formalities and poor performance that fails to meet expectations.

Russia primarily exports energy resources due to the structure of its economy. Trade relations between Russia and the EU serve as a classic example. However, Russia rarely mentions the predominance of energy resources in its export structure to Western countries but frequently says that it is becoming the 'resource appendage' of China. This approach cannot be considered fair. In 2013, Russia exported 235 million tons of oil. China imported 24.3 million tons of oil from Russia, which is slightly more than 10% of Russia's oil exports. Russia exported 196 billion cubic meters of natural gas in 2013, but China imported almost no natural gas from Russia. Beijing understands Russia's desire to change its trade structure, which is oriented towards resource exports, and it is willing to facilitate that change. However, Moscow must take a more honest and objective position on the matter.

Russia is striving to expand machinery and electronics exports to China, but without tangible results. After its accession to the World Trade Organization (WTO), China can no longer provide trade preferences to any state. However, China does apply various stimulus methods permitted in the WTO framework; for example, creating its own procurement groups in Russia to specially demonstrate Russian products. China is trying to boost imports of machinery and electronics from Russia.

However, Russia is encountering its own limitations caused by its production structure and low product competitiveness, which inhibit growth in Russian-Chinese trade as a whole, including exports of Russian machinery and electronics to China.

Both nations have major potential for joint development in the agriculture sector. It would particularly behoove them to work together in the trade of agricultural products and foodstuffs, to help each other in facilitating the customs clearance of large machinery, to simplify the rules of interaction, and to remove administrative restrictions.

Russia would benefit from working with China on processing and manufacturing consumer goods, because the former is developing its own industry. Russia and China could also engage in joint production and trade in such areas as the electrification of households, the production of building materials, auto making, and communications.

In the future, Russia and China should prioritize processing and manufacturing, agriculture, and production with the use of high technology. On the one hand, a large number of industries and a variety of areas of cooperation will inevitably require government control. On the other hand, they will require the use of market economy principles and the consideration of market demands as areas of cooperation.

With the exception of large energy and infrastructure projects, companies will need to act as the agents of bilateral trade and economic cooperation. This will help form standard market conditions, which will serve as the key precondition for and guarantee of broader cooperation. If Russia does not develop market mechanisms, a large-scale breakthrough is unlikely to happen in trade and economic cooperation, particularly when it comes to mutual investment.

2.2. Siberia, the Russian Far East, and China

Russian View

Interregional trade and economic ties play an important role in establishing close financial cooperation between the two countries and in increasing the quantity of direct payments in national currencies.

Border territories traditionally stand the most to benefit from these ties. For example, in 2009–2013, trade between Russia and the Heilongjiang and Jilin provinces more than doubled, while trade with the Inner Mongolia Autonomous Region grew by more than 50%.¹²

At the same time, as the multiple interregional cooperation agreements signed during President Vladimir Putin's visit on May 20–21, 2014¹³ show, interaction between the Russian and Chinese regions goes far beyond the border territories and is taking on a truly inclusive character.

The transport and logistics infrastructure in Russia's eastern regions is not sufficiently developed to boost transit along the Europe–Asia route. Ultimately, it is these infrastructural problems that will act as the key obstacle to increasing transit and that will frequently be the reason why clients opt not to use that route.

Experts estimate that it will cost 1.1 trillion rubles to increase the throughput capacity of and modernize the railway network in Eastern Siberia and the Far East. JSC Russian Railways developed a financial plan for 2012–2020 that values the investment program at 2 trillion rubles.¹⁴

Traffic through border crossings with China has risen by 8% to 30.5 million tons for the year in comparison with 2013.¹⁵ Projects in Siberia and the Far East stimulate financial cooperation based on payments in national currencies. One limitation here is the low domestic consumption of the energy resources Russia produces.

¹² Pokrovskaya V. V. Cross-Border Trade as Component of a State's Foreign Economic Policy // Russian Foreign Economic Bulletin. 2013. No. 3. P. 28–47. URL: [http://www.rfej.ru/rvv/id/000466ED9/\\$file/28-47.pdf](http://www.rfej.ru/rvv/id/000466ED9/$file/28-47.pdf) (in Russian).

¹³ Documents signed during Russian President Vladimir Putin's official visit to China / Website of the President of Russia. May 20, 2014. URL: http://www.news.kremlin.ru/ref_notes/1643 (in Russian).

¹⁴ Modernization of the Transport System as a Condition for the Socio-Economic Development of Siberia and the Far East, September 14, 2012. URL: http://www.gosbook.ru/system/files/documents/2012/10/10/OAO_RZhD.doc (in Russian).

¹⁵ Russian Railways and China Railway Corporation Agree on Strategic Partnership to Develop Infrastructure and Transport. URL: http://www.press.rzd.ru/news/public/ru?STRUCTURE_ID=654&layer_id=4069&id=84021 (in Russian).

Chinese View

China needs to play a significant role in the development of Siberia and the Far East. This requires foreign markets and the development of export-oriented products. In this case, China is one of the most promising markets. Foreign mercantile support will be needed to create logistical centers and transport hubs, and China can serve as a source for a large quantity of goods. Furthermore, Siberia and the Far East require stable investment, but the Russian government cannot currently invest all the resources needed for development. China possesses sufficient financial reserves, which it can use to develop and modernize Siberia and the Russian Far East.

China and Russia are already implementing a plethora of joint cross-border cooperation projects. In 2009, they signed the ‘2009–2018 Program of Cooperation Between the Regions of the Far East and Eastern Siberia and the Northeast of the People’s Republic of China’.¹⁶

However, cross-border cooperation is developing too slowly. Convenient transport links are lacking in the 4,300-kilometer border zone, and the work on building a new bridge has been delayed. This prevents the development of transport and economic ties. The primary reason is Russia’s conservative attitude towards Chinese participation in the development of Siberia and the Far East. Moscow worries that Chinese capital could take control over the Far Eastern economy and that the flow of labor migration will create a threat. China has taken these concerns into account, but it should be noted that China operates within the Russian legal framework and under the oversight of the Russian government, which objectively means there is no threat. A certain balance of Chinese and Russian population has already been established in the border regions, and that is unlikely to change. Thanks to the close ties and economic complementarity between Russia and China, their cooperation in the Far East can be considered more natural than joint projects with other countries in the same area.

These unique conditions may become a source for the overall development of China and Russia. Both countries should appreciate the idea of unity and the potential opportunities for common prosperity and good.

2.3. Financial and Interbank Cooperation

Russian View

A favorable foundation is already in place to raise credit and financial relations to a high level of interbank cooperation. This is connected with strengthened trust at the high political level, as well as with the promising and unrealized potential for cooperation between systemically important Russian and Chinese banks, particularly with respect to joint activity in an international format.

The Central Bank of Russia and the People’s Bank of China have signed an agreement to use their national currencies in international payments,¹⁷ which is

¹⁶ Russian–Chinese Relations Are a Standing Strategic Partnership. September 23, 2009. URL: <http://www.kremlin.ru/news/5545> (in Russian).

¹⁷ Central Bank of Russia and People’s Bank of China Agree on a Draft Agreement on National Currency Swaps // ITAR-TASS. August 8, 2014. URL: <http://www.itar-tass.com/ekonomika/1368304> (in Russian).

a powerful argument in favor of protection against unpredictable political risks. According to that agreement, Russian and Chinese companies can use either the Russian ruble or the Chinese yuan based entirely on the preferences of the participating parties. These sorts of agreements stimulate cross-border trade, where VTB Bank and the Bank of China have established correspondent relations and are building the infrastructure necessary for financial and investment cooperation.¹⁸

Russia and China have created a joint investment fund worth \$4 billion,¹⁹ as well as an intergovernmental commission for investment projects headed by Russian First Deputy Prime Minister Igor Shuvalov and Chinese First Deputy Prime Minister Zhang Gaoli.²⁰ The parties intend to use their national currencies in trade operations. Chinese investment in Russia totaled \$4.2 billion in 2011, and 800 companies hiring 120,000 Russian citizens have been created in Russia with Chinese capital.²¹ Due to a number of adverse macroeconomic factors, experts are revising their final investment picture for 2014, which they will present in the first quarter of 2015.

Chinese View

Russia and China pay close attention to the financial aspect of cooperation. It appears that both countries need to find new forms of interbank cooperation, to expand the use of their national currencies in international payments, to study the possibility of lending in Chinese yuan, and to consider cooperation mechanisms in which the yuan could be used as a reserve currency. Russia and China need to study the possibility of creating joint investment funds (including venture funds) for the purpose of providing financial support to high-tech cooperation. They could also stand to augment cooperation in insurance and reinsurance.

2.4. Cooperation in the Energy Sector

Russian View

Energy is the most vital strategic area of cooperation for Russia and China. Rosneft and CNPC are working on a project to transport oil from fields in Eastern Siberia to China. At the beginning of 2011 they commissioned the Russia–China pipeline, which has a 15-million-ton annual design throughput capacity and a 30-million-ton maximum throughput capacity.

After ten years of tough negotiations on the price of Siberian gas, a strategic package of agreements was finally signed during Vladimir Putin's visit to Shanghai in May 2014. Those documents envisage broadening and deepening cooperative ties between Russian and Chinese companies, principally in energy and particularly with respect to gas contracts. Gazprom and CNPC have come

¹⁸ VTB Bank Signs Cooperation Agreement with Bank of China / VTB. May 20, 2014.
URL: <http://www.vtb.ru/group/press/news/releases/386217> (in Russian).

¹⁹ Russia to Help Chinese Investors Convert Dollars into Assets / RosBusinessConsulting Information Agency. May 19, 2014. URL: <http://www.rbc.ru/economics/19/05/2014/924433.shtml> (in Russian).

²⁰ Butrin D. Asia Not Buying Sanctions // Kommersant. September 10, 2014.
URL: <http://www.kommersant.ru/doc/2563925> (in Russian).

²¹ Chinese Foreign Investment in Russia. URL: <http://www.webeconomy.ru/index.php?newsid=1345&page=cat&type=news> (in Russian).

to an agreement on the terms of joint financing for a capital-intensive project to deliver gas from the Chayanda and Kovykta gas condensate fields to the Chinese border. That project is worth approximately \$70 billion and offers a price for gas on the Russian–Chinese border that is suitable to both sides.²²

Thanks to the Shanghai gas agreements, fuel and energy (hydrocarbon) cooperation has yielded a systematic Russian–Chinese energy alliance and resulted in active participation by Chinese companies in the development of Siberian gas fields, the creation of infrastructure in Siberia and the Russian Far East, and the development of the Russian fuel and energy complex. By working together to develop Siberian gas and oil fields, Russia and China will foster the objective conditions needed to develop high-tech gas chemical production and escalate the activity of specialized companies in Russia's eastern regions.

Chinese demand for Russian gas will increase dramatically in the short- and medium-term. Not only does Gazprom plan to occupy a stable position on Chinese gas markets; it also plans to participate in the entire chain of Chinese gas consumption. Russia and China are looking into the possibility of creating a Russia–China transcontinental gas transport structure in the medium-term that could become the key global Asian gas transport system in the region in the future.

Chinese View

China's dependence on oil imports grew in 2013, and as such it is particularly important to forge stronger energy cooperation with Russia. Despite the fact that Russian–Chinese relations are developing quickly in that direction, the two countries have yet to open up their markets for full cooperation, which prevents them from establishing closer economic ties. They can take full advantage of their mutually beneficial cooperation by ramping up multi-level integration collaboration, involving China in Russian projects, and involving Russia in Chinese oil refining.

After oil and gas, electricity is the third most essential area of cooperation. Chinese demand for electricity has grown steadily in the last 20 years. Siberia and the Russian Far East possess excess power generation capacities, which means electricity can be transported to China along high-voltage lines.

An energy bridge could be built between China and Russia, which would make it possible to bring the concept of the North–East Asian Energy Ring to life.

Nuclear energy is one of the major areas of energy cooperation. Both countries could participate in the development of pressurized water reactors, as well as floating nuclear power plants and fast neutron reactors.

Resources, technology, capital, and the market are links in a single chain in the development of the energy industry. Russian energy resources are certainly very important, but without sufficient financing from China, efficient use, and market demand, they might not reveal all of their advantages.

²² Kotsubinskaya M., Pavlov V. Russia Responds to Western Sanctions with \$400-Billion Gas Contract with CNPC // RosBusinessConsulting Information Agency. May 22, 2014. URL: <http://www.rbcdaily.ru/industry/562949991526997> (in Russian).

2.5. Transport and Logistics: Problems and Prospects

Russian View

The development of Chinese transport corridors in Eurasia is both a challenge (a competitive factor) for Russia and an opportunity for regional cooperation. Russia and China will successfully form transport corridors not so much by achieving sufficient transport volumes as by reaching a certain degree of integration into a unified economic space on the Eurasian market, as well as by creating joint transit terminals (Nizhny Novgorod, for example).

Russia and China would benefit from developing special relations and contracts on freight transport that are similar to the set of gas agreements signed in Shanghai in May 2014. JSC Russian Railways Logistics and PJSC TransContainer – subsidiaries of JSC Russian Railways – employ the potential not only of the Trans–Siberian Railway, but also of the northern corridor of the Trans–Asian Railway, which passes through Kazakhstan. With the help of the Trans–Asian Railway, Russia will be able to redirect some Eurasian cargo transit flows in the North Asia – China direction due to the limited throughput capacity of some of the Trans–Siberian Railway’s eastern sections. That requires the establishment of more joint Russian–Chinese logistics companies that can ship containers in the East–West direction.

Russian and Chinese experts need to come up with options for applying competitive tariffs to shipments of foreign trade and transit freight, which would take into account their destination and the terms of transport along alternative routes. These tariffs should be beneficial for both Russian and Chinese freight carriers.

Chinese View

China and Russia have enormous potential to cooperate in railway construction, road building, public facility creation, and the construction industry. This is especially true for high–speed railway transport, which could become an important point of interaction.

Their shared border creates excellent conditions for cooperation in cross–border transport. China and Russia need to erase administrative barriers, reduce the cost and raise the attractiveness of cross–border transport, make cross–border transport convenient, and boost the scale of cooperation in railway, automobile, and air transport.

3. Russian-Chinese Cooperation in the Military-Technical Field, High Technology, and Space Exploration

Russian View

Russian-Chinese military-technical cooperation will play a crucial role in bilateral relations as a whole in the foreseeable future. China remains a key market for Russian military products, and a number of important Chinese rearmament programs depend on collaboration with Russia. Future interaction will entail transitioning from exports of finished products to close industrial cooperation and joint projects. In this case, Russia will retain the ability to deter the expansion of Chinese exporters onto its key markets.

Russian-Chinese military-technical cooperation has passed through several qualitative development stages and has reached the level of joint cooperation in a number of areas, such as aircraft engine building, supplies of S-400 anti-aircraft missile systems, and more.

Russian defense manufacturers have been receiving a growing number of orders from China for research and development purposes. As a rule, these orders entail developing separate parts and components for Chinese-produced items, with subsequent collaboration in the production process. For example, Russia and China are working together to manufacture individual missile parts, to create various elements of new prototypes of armored combat vehicles, etc.

In general, insufficient intellectual property protection remains an acute problem faced by all countries that work with China in civilian and military high technology. However, global experience shows that this threat almost never deters companies from implementing joint projects with China; it simply compels them to take a more cautious approach to planning cooperation.

Presumably, the crisis in Russian-U.S. and Russian-EU relations, against the backdrop of continually rising tensions in Chinese-American and Chinese-Japanese relations, will give a new impulse to collaboration in non-military high technology. Both parties are interested in utilizing their potential for industrial cooperation to the greatest possible extent, so as to protect themselves from possible sanctions and other economic pressures. The fact that both sides are not sufficiently informed of each other's capabilities stands in the way of cooperation.

Given the objective difficulties Russia encountered in developing science and industry in 1990-2000, it still has relatively large-scale cooperation with China only in nuclear energy and, to a lesser extent, space and civil aviation. China has already far surpassed Russia and approached international levels in many areas, such as machine tools, microelectronics, and particular segments of transport and energy engineering. China itself can be considered a source of modern equipment and technology for modernizing certain sectors of the Russian economy.

It should be noted that industrial cooperation with China is becoming particularly important right now, in light of deteriorating relations with the U.S. and the EU. However, this cooperation could be disrupted by the fact that Russian businesses

and the Russian government are underinformed about the actual technological level and potential of various Chinese industries, particularly in the civilian sector. It should be stressed that the well-known examples of Chinese civil and military technology cooperation with other developing countries (Argentina, Iran, and Pakistan) show that China has no trouble transferring technology to its partners on economically reasonable terms.

Russia and China are developing systematic cooperation on space research, which includes putting together future joint programs that are valuable both economically and security-wise. China possesses sufficient resources to catch up with the 'space leaders' (the U.S. and Russia) and even surpass them in certain areas.

Russian experts attribute the Chinese space breakthrough to the rise of its material and technological capabilities resulting from successful reforms, as well as to the government's powerful political motivation. For the Chinese leadership, space is not only about performing military and scientific tasks; it is part of the country's foreign policy and a desire to prove to the world that 'socialism with Chinese characteristics' is capable of winning the race in the most technologically complex sector, and that it is viable. The well-known concept of the "Chinese dream",²³ voiced by Xi Jinping, fits well into the Chinese space program, which aims to achieve space superiority in the medium-term.

Chinese View

Russia and China are huge, growing markets for outsourcing. They need to raise the quality and level of bilateral cooperation in software development and its application.

Russia has high hopes that its technology clusters will attract Chinese investment, but so far it has not yielded significant results. The issue here is the concept and model of openness. Unfortunately, Russia has chosen to set up technology clusters in remote regions with small populations and underdeveloped economies. As much as Russia hopes that foreign capital will develop those regions, they offer little appeal for foreign businesses.

China's new technology parks are mostly high-tech production zones, while Russia builds research facilities that are significantly different from the latter in terms of economic efficiency and promotion model. Chinese experience shows that it is impossible to simultaneously conduct research and launch production and that it is difficult to reconcile economic efficiency with production expectations. These two areas cannot be merged for objective reasons because they lack points of intersection.

Russia and China have two possible options for bilateral economic cooperation. The first is to deepen their already existing potential for trade cooperation, and the second is to open up new forms of interaction. The latter would entail expanding cooperation in non-energy sectors, which would make for more sustainable, diverse, and comprehensive Chinese–Russian economic cooperation.

It would be desirable for Russia and China to consider broadening the range of services in telecommunications, electronic data transfer, and electronic

²³ Xi Jinping. Speech at First Session of 12th National People's Congress. March 17, 2013 // Theory China. October 9, 2013. URL: http://ru.theorychina.org/xsqy_2477/201310/20131009_295030.shtml (in Russian).

commerce. With rising trade on the domestic markets of both countries, e-commerce is becoming a new form of business. It has enormous potential and could become an important type of trade between China and Russia in the future; therefore, major efforts should be taken to develop it in the present.

In order to protect its interests, Russia is adjusting its economic policy. However, the changes will not be final and they lack continuity, which causes serious concerns for Chinese companies that invest in the Russian economy and engage in active trade with Russia.

4. Russian–Chinese Educational, Scientific, and Cultural Cooperation

Russian View

Russia and China cooperate on a wide range of topics, from culture to education, youth exchanges to science, media to sports and tourism. According to experts, educational, scientific, and cultural cooperation is a top priority between the two countries. It is often said that it is intended to cement cooperation in politics, diplomacy, economics, military, science, technology, and other areas by enhancing mutual understanding between Russians and Chinese and developing interpersonal contacts. Cultural ties have always played a noteworthy role in overall relations between our countries; however, their significance is skyrocketing with the development of the information society, the Internet, social networks, and unprecedented opportunities for travel and tourism.

Educational, scientific, and cultural cooperation is taking on an even more prominent role by virtue of the complications arising from global flows of people, capital, information, and ideas. The challenges posed by these flows demand modern approaches, experimentation, transparency, and the ability to overcome formalism and bureaucracy. At the same time, old and new ‘sensitive’ topics are arising with respect to certain pages in Russian–Chinese (prior to 1917) and Soviet–Chinese relations, as well as intensified nationalistic statements in the Chinese press and Internet.

The challenges to this cooperation are quite serious due both to the complex ideological and political environment in which the Russian–Chinese comprehensive strategic partnership is developing, and due to the transformations under way in Chinese society. A new English-speaking generation of young people with weak or distorted notions of Russian history, culture, and politics is forming in China.

Russian and Chinese experts have repeatedly lamented the insufficiently close bilateral interaction at the level of ordinary people, as well as the fact that the dynamic development of high-level intergovernmental contacts is not supported by a similar degree of intensity in interaction between members of the public. Chinese analysts have figuratively portrayed this idea as a theory of two-story Russian–Chinese relations, where the upper level is hot and the lower level is cold. This is believed to be associated with a lack of commitment on the part of government agencies to foster a positive public attitude towards the Russian–Chinese strategic partnership, as well as with various stereotypes that are rooted in the national psychology and are not always complete and accurate depictions of history.

There were no major breakthroughs in this area in 2014, and it remains an element of bilateral relations with enormous room for improvement. Even despite the Ukraine crisis, which has once again shut down the possibility of a quick and painless integration into Euro–Atlantic formats, and despite the Russian political elite’s new pivot to the East, average Russians (especially younger Russians) are

not yet ready to adopt Asian-Pacific values. Similar problems can be found in China.

Chinese View

China and Russia jointly host years dedicated to one another's countries, years of language, years of tourism, and youth exchanges, all of which bolsters friendship between peoples. However, these events are only held in border regions and major cities, and as such they have a minimal influence on the rest of their territory. The Chinese and Russian people know little about each other, and young people lack mutual interest in the culture of their neighbors. Russia's image in China is associated with Vladimir Putin, who enjoys particular respect in China as the leader of a strong country.²⁴

However, the Russian and Chinese value systems, lifestyle, social formations, and cultures appeal little to one another, mutual understanding is at a low level, and conservative views dominate in many areas. Relations between peoples are the social basis of intergovernmental political relations, but a lack of mutual knowledge, various myths, and misconceptions pose risks to educational and scientific cooperation.

China and Russia have lived side-by-side for hundreds of years and have accumulated a great historical heritage that includes material and spiritual values. This has both positive and negative aspects.

China and Russia have overcome all of their historical differences in the political arena, but a negative historical legacy can still be felt. For example, some Russians are of the mindset that China poses economic, demographic, environmental, and military threats, and this mindset is latent in media discussions of border and other problems.²⁵ China and Russia have settled all of their legal border disputes, and there are no environmental threats. However, the perception of these threats persists in ordinary consciousness.

In China, opinions are ambiguous with regard to certain steps taken by Russia to intensify military cooperation with India, the scale of which substantially exceeds interaction with China. As tensions rise between China and Japan, Russia is conducting its highly publicized 'two plus two' dialogue with Japan. As armed clashes occur between China and Vietnam in the South China Sea, Russia is developing the South China Sea shelf with a Vietnamese oil company. While respecting the nuances of the Russian approach, China takes into account particular issues on which Russian and Chinese opinions either completely or partially diverge. We consider it advisable to conduct joint expert dialogues on these issues.

²⁴ 中国人民爱普京? 2014-03-22 《今日话题》第2740期。
URL: <http://www.view.news.qq.com/original/intouchtoday/n2740.html> (in Chinese).

²⁵ The Challenges of a Rising China: How Will the U.S. and Russia Respond? // Electronic periodical "US-Russia.org," November 20, 2012.
URL: <http://www.us-russia.org/571-the-challenges-of-a-rising-china-how-will-the-us-and-russia-respond.html>

Conclusion

The current status of the Russian–Chinese relations reflects the influence that major international, regional, and bilateral events have on the dynamic and character of the Russian–Chinese partnership. Such events include the Western confrontation with Russia, the package of agreements that were adopted in Shanghai in May 2014, Chinese President Xi Jinping’s first foreign visit to Moscow in March 2013, and others. The Ukraine crisis has an objective role to play in the further strategic rapprochement between Russia and China, particularly when it comes to regional and global security. This crisis has served as an added factor in Russia’s general pivot to the East (China). Despite maintaining neutrality on the Ukraine conflict, Beijing has nonetheless taken a tough position against the Western media’s anti–Russian campaign, and it has officially distanced itself from the West’s economic sanctions against Russia.

Chinese–Russian relations should be built on a solid foundation and maintain long–term vitality. They should be managed strategically to ensure comprehensive cooperation. Bilateral ties should not change to meet the circumstances and should not be subjected to temporary turns. The two countries should not be guided by short–term benefit, but rather by long–term and mutually beneficial interests in the security and development of Russia and China.

Beijing and Moscow are also bolstering cooperation in the international arena. Russian President Vladimir Putin and Chinese President Xi Jinping have advanced the idea of merging forces to jointly confront foreign risks and challenges.²⁶ The two nations should increase mutual strategic support and defend international stability, especially security. They should also join efforts to support the post–WWII international order.

China and Russia should work together to promote multipolarity and a balance of political and economic forces by making the political and economic order more sustainable and fair, while insisting on the right to vote and the right to sovereignty in international affairs for both large and small states. They should pay special attention to developing old and new global and regional international mechanisms, such as the BRICS, the SCO, the G20, etc.

In the framework of this trust–based partnership, Russia and China should approach certain sensitive topics in their domestic and foreign policies with patience and understanding. Those topics are Taiwan, the South China Sea, the East China Sea, and Tibet for China, and they are Ukraine and the Crimea, the spread of Orthodoxy in China, and other topics for Russia.

China and Russia should place particular focus on global and regional cooperation. New steps need to be taken in developing Eastern Siberia and the Far East; political, economic, and legal foundations need to be established; and an effective model for cross–border cooperation needs to be created that would satisfy both parties.

²⁶ Zarubin P. SCO Summit: Uniting in Response to Isolation // Internet newspaper Vesti. September 11, 2014. URL: <http://www.vesti.ru/doc.html?id=1962680> (in Russian).

Based on the results of the monitoring performed for 2013–2014 in the framework of this project along the entire spectrum of bilateral relations, two sets of trends should be highlighted. The first is key positive (mutually advantageous) processes, and the second is certain negative phenomena associated with a lack of understanding or a partial divergence in positions. Russian and Chinese experts think that the first positive trend dominates over the second trend and predetermines the mainstream in Russian–Chinese relations. That gives them grounds to believe that the systematic and mutually beneficial character of the Russian–Chinese strategic partnership will fully persist in the future.

The bond between Moscow and Beijing on the global and regional stages will serve as basis for creating a ‘non–American’ world, which is particularly important for Russia in light of its growing confrontation with the U.S. and attempts to isolate it. Unfortunately, trade and economic ties in 2013 (\$89.8 billion) and the first half of 2014 lag behind the fruitful political format. Russia and China are likely to be able to achieve their trade turnover goal of \$100 billion by 2015 via traditional routes – by increasing Russian (commodity) exports and Chinese (machinery) imports. The current structure of bilateral trade will remain largely intact.

Energy (hydrocarbon) cooperation reached a qualitatively new level and was the engine of growth in economic cooperation in 2014. Russia and China are creating a global hydrocarbon alliance, with the active participation of Chinese companies in developing Siberian gas and oil fields. They are also creating joint ventures, developing infrastructure in Siberia and the Far East, and generally developing the Russian fuel and energy complex.

Russian–Chinese regional cooperation in Eurasia is increasingly moving into the sphere of jointly promoting three major projects: the development of the SCO, the development of the Great Silk Road Economic Belt in China, and the development of the EEU in Russia. Both countries have said that the opportunity is arising for these megaprojects to strategically converge in Eurasia, the Customs Union zone – the EEU zone, the SCO space, and the Great Silk Road Economic Belt space.

More broadly, our countries should address problems in regional economic integration, with is a natural requirement of comprehensive cooperation. If they reject that idea, they would inhibit greater trade and economic cooperation. Russia and China could discuss mutually advantageous models at the expert level, as well as consider creating free trade zones, particularly between China and the Customs Union (the EEU).

There are obviously substantial and untapped resources and opportunities in education, cultural exchanges, tourism, etc. It is important for Russia to prepare and launch a comprehensive project to get more involved in the Chinese cultural space.

Therefore, the strategic core of Chinese–Russian relations should be international–political, energy, and economic cooperation that is long–term, mutually beneficial, and comprehensive. Russia and China should pay particular attention to large, systemic projects. Megaprojects should not only serve as the foundation of

relations, but also reflect real mutual benefit and the common destiny of two civilizations, peoples, and states. That will impart new vitality on relations between Russia and China.

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Notes

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