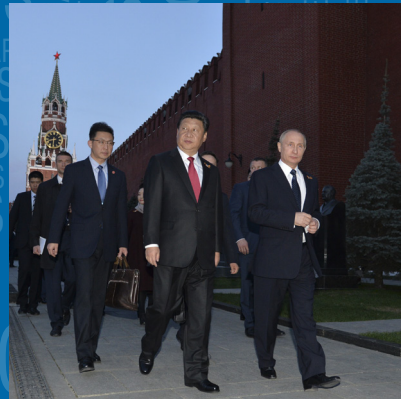




**RUSSIAN  
INTERNATIONAL  
AFFAIRS COUNCIL**



# REPORT

## **RUSSIAN–CHINESE DIALOGUE: THE 2016 MODEL**

**25 / 2016**

**RUSSIAN INTERNATIONAL AFFAIRS COUNCIL**

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**Russian International Affairs Council  
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This report presents the results of analysis of the state of Russia–China relations in 2015 and the first quarter of 2016. Leading experts from Russia and China study key foreign policy interests of the two countries, their trade and economic bilateral relations, including investment, transport and energy projects. Special attention is given to security in Eurasia and the role of multilateral institutions in guaranteeing security, the alignment of the Eurasian Economic Union and the Silk Road Economic Belt projects, as well as Russia–China scientific, educational and cultural cooperation. The content of the annual joint report is aimed at improving the effectiveness of the main areas of bilateral cooperation between Russia and China and bringing the opinions of the expert and academic community to the political leadership of the two countries.

The views and opinions of authors expressed herein do not necessarily state or reflect those of RIAC.

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# Table of Contents

<b>Introduction</b>	<b>4</b>
<b>1. Global Challenges and Approaches of Russia and China to the Establishment of the Modern World Order</b>	<b>6</b>
1.1. Key Characteristics of the Modern World Order	6
1.2. Priorities of Russian and Chinese Foreign Policies	8
1.3. Prospects for Interaction between Russia, China and the United States	10
<b>2. Towards a New Quality of Bilateral Relations</b>	<b>13</b>
2.1. Russia–China Trade in 2015	13
2.2. A New Model and New Areas of Trade and Economic Cooperation	15
2.3. Investment and Financial Cooperation	18
2.4. Transport Cooperation and Logistics	20
2.5. Energy Cooperation	23
2.6. New Cooperation Areas on the Russia–China Track	27
<b>3. Security Threats in Eurasia and Regional Initiatives of Russia and China</b>	<b>29</b>
3.1. The Role of the SCO, BRICS and Other Multilateral Institutions in the Modern World	29
3.2. Vectors of the SCO Development	33
3.3. Aligning the Eurasian Economic Union and the Silk Road Economic Belt: Proposals for Cooperation	36
<b>4. Russian-Chinese Scientific, Educational, and Cultural Ties</b>	<b>39</b>
4.1. Russia–China Dialogue in Educational, Scientific, and Cultural Ties	39
4.2. Exchange Years: Experience, Projects, Prospects	40
4.3. Russia–China Cooperation in Science and Education	41
4.4. Visa and Tourist Cooperation	43
<b>Conclusions and Recommendations</b>	<b>46</b>
<b>Appendix. Monitoring of the Key Events in Russia–China Relations in 2015 – First Quarter of 2016</b>	<b>52</b>
<b>About the Authors</b>	<b>82</b>

# Introduction

2015 brought a number of new developments and challenges for Russia–China relations. Difficult economic situation in Russia (negative GDP growth rates and the devaluation of the rouble caused by the decline in global energy prices) coupled with an economic slowdown in China led to visible negative trends in trade and economic cooperation between the two countries, pushing back the goal of a \$100 billion trade turnover by 2015, which had seemed within easy reach not too long ago. Besides, according to Russian experts, China has adopted a wait-and-see attitude towards the sanctions-ridden stand-off between Russia and the West, particularly in areas where they fear that cooperation with Russian institutions (such as in the credit and financial sphere) could jeopardize their own ties with the United States and other Western nations.

As trade and economic cooperation faces difficult challenges, it is important to point out that political cooperation and social, scientific, educational and cultural interaction have intensified. The 70th Anniversary of the Victory in World War II that was widely celebrated in Russia and China demonstrated an increased similarity or affinity of the approaches of the two nations to a wide range of international issues.

We can say that the main result of the past year is that Russia and China have been able to maintain a high level of bilateral relations even as they are becoming increasingly asymmetric. This asymmetry is twofold: on the one hand, it is reflected in the widening gap between the two parties in terms of their economic capabilities; and on the other, it is evident in the persisting disparity between the level of political interaction (the “upper floor” of cooperation) and the scale of economic cooperation and the extent of people-to-people contacts (the “ground floor” of cooperation). At the same time, last year demonstrated that the safety margin built into the Russia–China partnership enables them to resist crisis trends with sufficient effectiveness and find reserves to intensify their ties.

Analysis and monitoring of key events and development trends in Russia–China relations shows that the bilateral interaction system has become more complex. The need to resolve economic matters quickly and to the benefit of both sides has spawned systemic proposals, such as China’s Silk Road Economic Belt (SREB) initiative, as well as the idea of aligning the Eurasian Economic Union (EEU) and SREB. Given the difference in scale between the Russian and Chinese economies, achieving a complete consensus on all projects does not seem realistic, yet this does not mean that both countries should stop joint efforts. These efforts should continue on both the official and expert levels and lead to specific recommendations.

***One of the objectives of the annual report*** is to identify a full range of mutually beneficial opportunities, minimize the potential risks inherent in specific projects, and give practical recommendations and proposals on harmonizing relations in

international political interaction and bilateral economic, scientific, educational and cultural cooperation.

The content of the joint annual report creates the necessary intellectual basis for holding large-scale bilateral conferences and forums, creating new dialogue platforms, and getting the opinions of leading academics across to the political leadership of both nations in a timely fashion. They are aimed at increasing the effectiveness of the fundamental areas of Russia–China cooperation and neutralizing the current challenges and threats.

# 1. Global Challenges and Approaches of Russia and China to the Establishment of the Modern World Order

## 1.1. Key Characteristics of the Modern World Order

There was much debate over what should form the basis of the new world order after the end of the Cold War. Once the ideas of a unipolar world and unilateralism had lost their complete dominance, the ideas of a multipolar or nonpolar world gained currency for a while.

The process of transitioning to a new system of international relations has stalled. While we are still living in an era of transformation, this does not mean that a multipolar world has not yet taken its final shape. The modern multipolar world is based on asymmetry: while key areas of interaction follow the “one superpower–several big powers” pattern, the “poles” are out of balance and the process of transitioning to a new world order proceeds unevenly in terms of speed and quality.

The United States is still the only superpower whose position in the world is likely to remain stable and face no serious challenges over the next few decades. A number of Chinese analysts believe that Russia and China misjudged the prospects for the US leadership following the 2008–2009 global economic crisis, untimely proclaiming that US influence was headed towards a “sunset”. As a matter of fact, the United States has regained its leadership position in the postcrisis period thanks to the fact that the United States has been at the forefront of three global revolutions – in energy, industry and the military. The United States’ power is recovering very fast. In the energy sector, the country has become the leading producer of oil and gas. The geopolitical measures taken by the Americans have also enabled the United States to considerably strengthen the political potential of global leadership.

In the 30 years since China initiated its policy of reform and openness, the country has made a giant leap, becoming the world’s second largest economy. Beijing is consolidating its state power, and its ability and desire to participate in global political affairs are clearly on the rise. The European Union and Japan, though faced with the burden of social spending, ageing populations, significant debt loads, an inflow of refugees and scores of other problems, have been adjusting their political courses and are gradually adapting to the current situation. Their role in the global economy and development should not be underestimated. Despite economic difficulties caused by the decline in global energy prices and the volatility of the rouble, as well as the continued sanctions regime, Russia has held on to its ability to have a say in key global problems resolution.

As the “one superpower–several big powers” system remains we are witnessing the diversification of actors in international relations, which include a wide variety of non–state players, from the more organized to the sporadic. Multinational

corporations are using their economic power and R&D to gain an increasingly significant influence on global politics. Certain countries and regions that lag behind in terms of modernization are seeing a revival of power of the traditional communities, tribes, religious sects and clans, which are taking an active part in the distribution of profits and the division of spheres of influence – to the extent that they exert the biggest influence on the fates of their respective countries and even regions. What is more, advanced technology has enabled NGOs, terrorist cells, extremists and individuals to have an increasingly substantial influence on the real world.

Technical progress, climate change, economic crisis, the global terrorist threat, the refugee crisis, transnational crime have a negative effect on the existing way of life and the traditional model of international relations. The way the global governance system responds to the new challenges has implications not only for the security of every country around the world, but also for the fate of humanity as a whole.

The balance between the economy and politics is shifting. States are entering an age of politics where economic expediency is being sacrificed for political interests. Accordingly, the effectiveness of international security institutions is declining. A UN reform is yet to be implemented, as UN Security Council members find it extremely difficult to reach a consensus on a range of important issues, and the right of veto is often used as a tool to protect the interests of individual countries, which leads to a decline in the influence of the United Nations and makes it impossible to ensure international security. What is more, the lack of consensus often causes certain big nations to seek alternative solutions, bypassing the UN Security Council mandate. A case in point is the sanctions regime imposed on Russia by a number of Western countries in connection with the Ukrainian crisis in 2014.

Many security aspects are now found in an international legal or institutional vacuum. The process of disarmament and arms limitation does not include the crucial issues of nuclear and high-precision weapons modernisation, the militarisation of outer space and cyber security. Even though terrorism has become a global threat, the international community has yet to come up with a common definition for this phenomenon. The fight against terrorism is conducted using double standards, while the antiterrorist movement is increasingly linked with geopolitical struggles. In many cases, this makes it impossible to form a united antiterrorist front and undermines the efficiency of actions aimed at fighting the threat.

The world economic situation is even more complicated: existing mechanisms are being reformed and reorganized just as new ones are being put in place. Furthermore, they compete with each other – yet not a single one can offer solutions for the entire range of economic issues. The WTO Doha Development Round has been stagnating, while the Trans-Pacific Partnership (TPP), Transatlantic Trade and Investment Partnership (TTIP) and other US-led organizations are trying to impose their own global trade and investment rules. As the World Bank, the International Monetary Fund (IMF) and other entities dominated by developed



nations are slow to reform the structure of their international financial institutions, new multilateral financial institutions such as the BRICS New Development Bank and the Asian Infrastructure Investment Bank (AIIB) are emerging. Time is needed to establish cooperative, mutually supportive and yet healthily competitive relations between the emerging and incumbent mechanisms.

The meaning of the “new world order” idea in general remains rather blurry. It is not quite clear what the concept of a “fairer” or “more democratic” structure of international relations might mean in practice, since countries are not equal in size, potential or state power to begin with. Without a doubt, researchers from both Russia and China will have to conduct more in-depth studies to outline common approaches to this set of problems.

## **1.2. Priorities of Russian and Chinese Foreign Policies**

Comprehensive partnership and strategic interaction between Russia and China are a natural choice for two neighbouring countries, choice that is not affected by short-term developments. High-level political trust as a solid foundation for the relations has enabled Russia and China to develop mutually beneficial cooperation regardless of the global circumstances, and the relations with other centres of power.

The main strategic goals shared by Russia and China today are to build relations in order to increase the influence of both countries in regional and international affairs, coordinate more closely their actions in multilateral formats and regions that are key for both nations, and develop a common response to challenges and problems created by the modern world.

The contradictory process of globalization increases the need to reform global governance institutions and underlines the importance of building new and equal relations between the developed nations led by the United States and the developing world.

Russia and China share a belief in the need for qualitatively new approaches to the settlement of global problems in the interests of security and development. A group of countries with fast-growing economies seeking a fair world order and a transformation of the existing financial and economic system that primarily serves the interests of developed nations is exercising an increasing influence on world affairs. This is why Russia and China pay special attention to cooperation in the BRICS, Shanghai Cooperation Organization (SCO), G20 and Russia–India–China (RIC) dialogue formats, which facilitate the task of restoring political and financial justice with regard to newly developing countries and enable their member states to use project resources for development. Russia’s presidency in the BRICS from April 1, 2015 to February 15, 2016 marked a milestone as it resulted in the launch of the BRICS’s financial institutions, the New Development Bank and the Reserve Currency Pool. In order to expand cooperation on tackling new challenges and threats, mechanisms of consultations at the level of deputy foreign ministers in charge of the Middle East and North Africa have been launched and formats for BRICS meetings on foreign policy planning, peace keeping, international law and

the prevention of an arms race in outer space have been established. In total, Russia presided over more than 100 events and the signing of more than 30 key documents during its presidency of BRICS.<sup>1</sup>

The terrorist threat remains a common challenge for Russia and China. President of the Russian Federation Vladimir Putin began his annual Address to the Federal Assembly in 2015 by stating Russia's position on international terrorism.<sup>2</sup> Here, China acts as Russia's natural and reliable ally, sharing both its views on the urgency of this problem and the specific ways and means for tackling the terrorist threat. In recent years, China has suffered a rising number of terrorist attacks committed by individual groups of extremists, primarily in the Xinjiang Uyghur Autonomous Region. Of particular concern is the link of the terrorist underground with Islamic State (IS), which is reportedly training fighters from China.

The importance of the antiterror agenda for China's domestic and foreign policy was underscored by the adoption in December 2015 of the country's first Counter-Terrorism Law. China responded to the massive terrorist attacks in Paris with a series of statements and decisions aimed at intensifying counter-terrorist measures in the country as well as at increasing its role in the international war on terror. These included statements by General Secretary of the Communist Party Xi Jinping and Minister of Foreign Affairs of the People's Republic of China Wang Yi, and a meeting of the Leading Small Group on Counter-Terrorism led by the Minister of Public Security of the People's Republic of China Guo Shengkun.

Russia-China rapprochement in security is special in that the two countries have come close to the line that distinguishes partnership from a military and political alliance. Yet under the current circumstances, neither Moscow nor Beijing are willing to cross that line and are not considering a bilateral military alliance. The existing partnership informally contains many successfully developing attributes of allied relations, such as regular military (land and sea) exercises in bilateral and collective (SCO) formats, meetings between the ministers of defence of the two countries, etc. The 2001 Treaty of Good-Neighbourliness and Friendly Cooperation between the People's Republic of China and the Russian Federation remains the fundamental document governing the Russia-China partnership; Article 9 stipulates for the regimes of consultations in the event that either party comes under threat from a third power.

Moscow treats China's unofficial "friendly neutrality" with regard to Russia in the context of Russia's complicated relations with Ukraine, Turkey and Turkey's NATO allies with understanding. That policy is based on the traditional Chinese diplomacy principles of fairness and impartiality. The system of international relations should not be premised on a "friendship of two states against a third state", something from which both Russia and China have repeatedly distanced themselves.

<sup>1</sup> Report on the Results of the Russian Federation's Presidency of the BRICS Inter-State Association in 2015–2016. URL: <http://www.brics2015.ru/load/885199> (in Russian).

<sup>2</sup> Presidential Address to the Federal Assembly on December 3, 2015 // Official Website of the President of the Russian Federation. URL: <http://www.en.kremlin.ru/events/president/transcripts/messages/50864>

### **1.3. Prospects for Interaction between Russia, China, and the United States**

For all the importance of Russia–China relations, the United States will remain an important object of Chinese and Russian diplomacy in the coming years. For this purpose, the American sector of China’s diplomacy will be seeking to build a new relationship between China and the United States and prevent emerging political, economic and regional disagreements with Washington (primarily in terms of a clash of Chinese and US interests in Asia Pacific) from escalating into a stand-off or confrontation.

Significant changes have taken place in trilateral relations between Russia, China and the United States, as well as in the international situation as a whole. The United States has not been willing to engage in a dialogue with Russia or China on an equal footing, but it needs to develop cooperation with Moscow and Beijing if it wants to find responses to global challenges. China is hoping to become a partner rather than a rival for the United States, and even now the competition between China and the United States is combined with deepening regional economic integration and bilateral cooperation. The relations of a “new type” proclaimed three years ago by Barack Obama and Xi Jinping became stronger in 2015. At the same time, Russia–US relations are defined by the so-called “sanctions against sanctions” format. The objective of Moscow and Beijing is to convince their American partners of the need to develop a dialogue and strive to shape trilateral relations as an “equilateral triangle” in the longer term.

A new stage of the United States policy of alliances in East Asia is among the factors that hold trilateral interaction back. The announcement of the new Trans–Pacific Partnership project has posed a serious challenge for China and Russia in regional economic integration.<sup>3</sup> By using its bilateral military and political alliances (with Japan and South Korea), the United States is busy forming “anti–Chinese groups” involving Australia, Vietnam, India and Myanmar, while trying to institutionalize them as regional “security structures”. Although the establishment of an Asian analogue to NATO will clearly take quite some time, the process itself appears to be unfavourable from the point of view of the interests of China and Russia.

Strengthening the East Asian vector of US foreign policy is driven by two key considerations:

- a) the general rise of China in East Asia and the world, which, in Washington’s view, constitutes a global threat and needs to be checked;
- b) the aggravation of China’s territorial disputes in the South China and East China seas with Japan, Vietnam, the Philippines and other countries.<sup>4</sup>

At the same time, the United States has failed to form a united anti–Russian front in East Asia, and the region has avoided an open stand-off as in Russia–Europe

<sup>3</sup> Luzyanin S.G. Russia and China: Global and Regional Dimensions of Security and Cooperation – 2015 // China in Global and Regional Policy. Moscow: Institute of the Far Eastern Studies of the Russian Academy of Sciences, 2015. Volume XX, pp. 29–32 (in Russian).

<sup>4</sup> Ibid.

relations. Asian countries disagree about joining anti-Russian sanctions, and those that have (Japan) did it more for show. The Ukrainian crisis has frozen a portion of US military and political resources, objectively slowing down the process of the “return” of the United States to the Asia Pacific and granting China a “respite” of sorts from the China–United States geopolitical rivalry. Washington has been forced to engage in a kind of two-way containment process – of both Russia and China. What is more, following the break-up of the six-party format of negotiations on the denuclearization of the Korean Peninsula, Russia and China have been able to organize constructive cooperation on various agendas with the Democratic People’s Republic of Korea and the Republic of Korea, objectively working towards maintaining stability and keeping the sensitive issues of inter-Korean relations under control.<sup>5</sup>

Two approaches to assessing the outlook for US–China relations prevail among Western and Chinese experts today. One assumes that the growing interdependence of both countries in finance and economics takes priority, which automatically neutralizes regional and geopolitical rivalries and acts as an insurance policy against any conflicts. Some Russian researchers believe that the declared differences between the United States and China are some sort of “made-up conflict for external purposes”, while in reality both parties agreed on everything a long time ago.<sup>6</sup>

The other approach is premised on the inevitable increase in contradictions between the two countries (right up to an armed conflict), which cannot be mitigated by strengthening financial and economic interdependence. The rise of China and its transition to the status of superpower, according to some Chinese experts, only exacerbates the conflict inherent in US–China relations, which will always exist since it is caused by opposing geopolitical interests.<sup>7</sup>

In certain aspects, the China–United States dialogue might play an especially important role for the development of common approaches to resolving bilateral and global financial and economic issues and regional and local crises and conflict situations. President Barack Obama has repeatedly called on China “to be a partner in underwriting the international order, not undermining it”,<sup>8</sup> while the renowned American political scientist Zbigniew Brzezinski has suggested taking the United States–China partnership one step further and formalizing it in a “Pacific Charter”.<sup>9</sup> Yet Beijing has been unequivocal on rejecting the idea of a G2, and has claimed that this was not its policy.

The increased activity of the Islamic State terrorist group, which is banned in

<sup>5</sup> See more details in: Luzyanin S.G., Zakharova L.V. Interactions between Russia and China on the Korean Peninsula. Challenges and Opportunities // *Observer*. 2015, no. 10, pp. 24–32 (in Russian).

<sup>6</sup> Davydov A.S. Beijing, Washington, Moscow: Interrelations in the Context of the Transformation of Global Architectonics. A Monograph. Moscow: Institute of Far Eastern Studies of the Russian Academy of Sciences, 2015 (in Russian).

<sup>7</sup> For more detail, see papers written by Xing Guangcheng, Wu Enyuan, Li Jinjie and others.

<sup>8</sup> Remarks by President Obama and Prime Minister Abbott of Australia after Bilateral Meeting. The White House, Office of the Press Secretary. November 10, 2014. URL: <https://www.whitehouse.gov/the-press-office/2014/11/10/remarks-president-obama-and-prime-minister-abbott-australia-after-bilate>

<sup>9</sup> Brzezinski Z. Why We Need a US–China “Pacific Charter” for Global Stability // *New Perspectives Quarterly*. 2015, Vol. 32, Issue 1, pp. 25–27.

Russia, has become a new factor with a substantial impact on the future of relations between Moscow, Beijing and Washington. Faced with a situation where terrorism is becoming a serious threat to international security, the big powers are doomed to cooperation. Russia has demonstrated a high level of consciousness by initiating the establishment of an international antiterrorist alliance, while presenting the United States with the dilemma of whether to try and control Moscow or to fight the terrorist threat.

The establishment of a fair structure of international relations takes centre stage on the current global political and economic agenda, and thus the nature of interactions between the three global powers – Russia, China and the United States – will keep the decisive role in charting the main directions of global development.

## 2. Towards a New Quality of Bilateral Relations

### 2.1. Russia–China Trade in 2015

A distinctive feature of Russia–China relations is the significant gap between the level of political contacts and the scope of economic cooperation. Due to the comparative immaturity of other, more complex, forms of economic cooperation between Russia and the People’s Republic of China, bilateral trade remains the major form of the cooperation. After a dramatic decline during the 2009 crisis, trade between the two countries recovered rapidly in the three post–recession years (2010–2012), reaching approximately \$90 billion. The level of trade remained the same in 2013, in 2014 moving towards the target of \$100 billion set by the leaders of the two countries. This positive dynamics, however, failed to prevent Russia–China trade from declining for a second time in the past decade to \$68 billion (Table 1).

A number of problems that hinder the development of bilateral trade had already been revealed in the years preceding this period. First of all, the structure of Russia–China trade volume changed unevenly. With China’s economic growth slowing down and country’s steelmaking and chemical industries on the rise, China’s demand for Russia’s traditional exports – ferrous and nonferrous metals and chemical products – went down. The result was that the dynamics of Russia’s exports to China became largely dependent on oil supplies and oil prices: the share of mineral fuels, oil and oil products has accounted for more than two-thirds of Russia’s exports to China in value terms since 2013. In 2013–2014, commodities accounted for more than 80 per cent of Russia’s exports to China. Imports from China, on the contrary, have been predominantly composed of high value added products, i.e. machinery and equipment (the share of which has not dropped below 30 per cent since the pre–crisis year of 2007), chemical and light industry products (over 8 per cent and 20 per cent, respectively, of the total value of imports from China in 2013–2014).<sup>10</sup> The unbalanced growth rate of Russian exports to and imports from China in 2013, as well as the 2014 drop in global oil prices and the fact that Russia’s exports are still focused on raw materials, have led to another trade deficit for Russia.

Finally, given the general trend of China reducing its trade with the majority of its key partners in 2015, the fact that Russia has dropped out of the country’s top 10 foreign trade partners (to 16<sup>th</sup> position) is particularly frustrating.<sup>11</sup> China, in turn, has consistently topped the list of Russia’s foreign trade partners (excluding integration associations) since 2010 (see Figure 1).

However, the dramatic slide of the Russian rouble (by more than 50 per cent against the US dollar) that followed the drop in oil prices partly compensates for the decline in Russia’s energy exports in monetary terms due to the increased

<sup>10</sup> Russia–China Trade and Economic Cooperation // Foreign Economic Information Portal of the Ministry of Economic Development of the Russian Federation. URL: [http://www.ved.gov.ru/files/images/kai/China/Rus\\_China\\_TES\\_2014.pdf](http://www.ved.gov.ru/files/images/kai/China/Rus_China_TES_2014.pdf) (in Russian).

<sup>11</sup> Haiguan Tongji Statistics Guide / The General Administration of Customs of the People’s Republic of China. 2015. No. 12.

**Table 1. Russia–China Trade (2007–2015), mln US\$**

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015
Trade Volume	48165.37	56830.54	38796.72	55448.79	79249.3	88158.03	89206.06	95284.98	68065.15
dynamics, %	44.27	17.99	-31.73	42.92	42.92	11.24	1.19	6.81	-28.57
Export	19676.89	23825.11	21282.95	25836.26	40345.47	44100.51	39599.72	41607.41	33263.76
dynamics, %	12.09	21.08	-10.67	21.39	56.16	9.31	-10.21	5.07	-20.05
Import	28488.48	33005.43	17513.77	29612.52	38903.83	44057.53	49606.32	53677.57	34801.39
dynamics, %	80	16	-47	69	31	13	13	8	-35
Balance	-8811.59	-9180.32	3769.18	-3776.26	1441.64	42.98	-10006.6	-11932.4	-1537.63

Source: Overview of China's Foreign Trade in 2015 // Foreign Economic Information Portal of the Ministry of Economic Development of the Russian Federation. URL: [http://www.ved.gov.ru/exportcountries/cn/about\\_cn/ved\\_cn](http://www.ved.gov.ru/exportcountries/cn/about_cn/ved_cn) (in Russian)

competitiveness of other Russian export items (Table 2).<sup>12</sup> For example, Russia significantly boosted its grain exports to China in 2015. Previously, China only imported small quantities of high-quality rice and wheat, now the country needs corn, wheat, barley, rice and soy. The rapid growth of supplies of Russian confectionery products, chocolate, sunflower oil, beer and other foodstuffs is something new.<sup>13</sup> Also, the share of machinery and equipment in Russia's total exports to China in 2015 increased from 1 to 2 per cent. The Russian services industry – primarily inbound tourism – has become increasingly more attractive.<sup>14</sup>

Russia, in turn, reduced imports of major items from China. The only exception was vegetables (+4.2 per cent) and fruit (+5.9 per cent), which replaced the restricted products.<sup>15</sup> In general, however, the commodity structure of Russian imports from China remained practically unchanged (Table 3).

Under these circumstances, a rapid change in the bilateral trade structure can hardly be expected. Although the target of raising trade volume to \$200 billion by 2020 set by both governments is still high on the agenda, many experts predict that bilateral trade will continue to grow at a modest pace in 2016–2017.<sup>16</sup> Successful performance largely depends on Russia's ability to increase its oil and gas supplies to China, as well as on the global price dynamics of energy resources. Besides oil and gas, increasing coal supplies to China and expanding electric energy exports (including large hydropower plant construction projects in Southern Siberia) provide additional possibilities for stepping up bilateral trade in energy resources.

President Putin's June 2016 visit to Beijing, which is expected to involve a set of new economic agreements, may

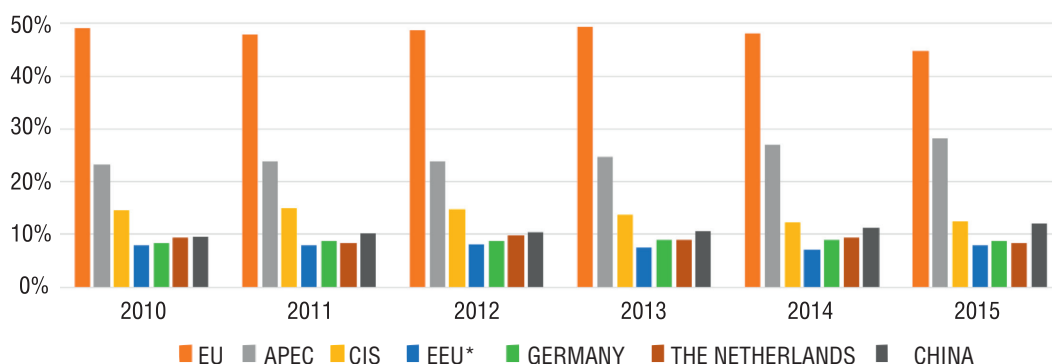
<sup>12</sup> USDRUB Spot T+1 (TOM) Exchange Rate // Bloomberg Markets. URL: <http://www.bloomberg.com/quote/usdrub:cur>.

<sup>13</sup> Analytical Report on Russia–China Trade Cooperation in 2015 // Foreign Economic Information Portal of the Ministry of Economic Development of the Russian Federation. URL: [http://www.ved.gov.ru/exportcountries/cn/cn\\_ru\\_relations/cn\\_ru\\_trade](http://www.ved.gov.ru/exportcountries/cn/cn_ru_relations/cn_ru_trade) (in Russian).

<sup>14</sup> One out of Every Six Tourists in Russia is From China // Moscow Office of the National Tourism Administration of the People's Republic of China. URL: <http://www.welcometochina.ru/travel> (in Russian).

<sup>15</sup> Analytical Report on Russia–China Trade Cooperation in 2015 // Foreign Economic Information Portal of the Ministry of Economic Development of the Russian Federation. URL: [http://www.ved.gov.ru/exportcountries/cn/cn\\_ru\\_relations/cn\\_ru\\_trade](http://www.ved.gov.ru/exportcountries/cn/cn_ru_relations/cn_ru_trade) (in Russian).

<sup>16</sup> The Social and Economic Development of the Russian Federation for 2016 and the 2017–2018 Target Period. P. 31. URL: <http://economy.gov.ru/wps/wcm/connect/fb93efc7-d9ad-4f63-8d51-f0958ae58d3e/1-%D0%9F%D1%80%D0%BE%D0%B3%D0%BD%D0%BE%D0%B7+%D0%BD%D0%B0+2016-2018+%D0%B3%D0%BE%D0%B4%D1%8B.pdf?MOD=AJPERES&CACHEID=fb93efc7-d9ad-4f63-8d51-f0958ae58d3e>



### Key Partners' Share in Russia's Foreign Trade in 2010–2015

Sources: Russian Federation Foreign Trade with Major Countries in January–December 2015 // Federal Customs Service. URL: [http://www.customs.ru/attachments/article/22580/WEB\\_UTSA\\_09.xls](http://www.customs.ru/attachments/article/22580/WEB_UTSA_09.xls); Russian Federation Foreign Trade with Major Countries in January–December 2014 // Federal Customs Service. URL: [http://www.customs.ru/attachments/article/20494/WEB\\_UTSA\\_09.xls](http://www.customs.ru/attachments/article/20494/WEB_UTSA_09.xls) (both in Russian).

provide impetus to bilateral trade. However, as far as can be judged, the trend will not shift dramatically in the near future.

## 2.2. A New Model and New Areas of Trade and Economic Cooperation

Today, Russia's pivot towards China and the general rapprochement between the two countries are the major factors that will propel bilateral trade and economic cooperation. At the same time, given the current trade structure and methods of cooperation – China accounts for 12 per cent of Russia's trade volume, and the share of mineral fuel, oil and oil products in Russia's exports to China is 60.7 per cent (64.8 per cent of Russia's total exports) – the trade limitations seem to be significant. Even if the economic sanctions against Russia are lifted, this trade structure will slow down the development of economic cooperation.

The Russia–China cooperation model has long been based on cooperation between government trade and economic institutions, large-scale projects and ventures. Today it has become increasingly more difficult for this model to meet the requirements for the development of trade and economic cooperation. It is for this reason that it is necessary to **revise the bilateral cooperation model and suggest new areas of cooperation.**

### *By Spheres of Cooperation*

A shift needs to be made from strategic areas to comprehensive cooperation, from cooperation in energy and mineral resources to the import and export of agricultural, manufacturing, hi-tech and service products, etc. In particular, attention should be paid to cooperation in trade in services, including tourism and culture (media, theatre, animation and other aspects).



**Table 2.** Share of Major Commodities in Russian Exports to the People's Republic of China (%)

Commodities	2007	2008	2009	2010	2011	2012	2013	2014	2015
Mineral fuel, oil, oil products	47,5	50,11	44,11	49,45	56,76	66,86	67,89	71,63	60,7
Wood and wood products	15,17	12,49	11,1	10,67	8,65	5,52	7,07	6,97	9,39
Nonferrous metals	4,90	5,19	10,10	8,38	7,60	4,79	4,29	3,99	9,06
Ferrous metals	1,80	1,74	7,63	1,24	0,53	0,14	0,25	0,06	–
Chemical products	6,82	6,18	6,50	8,37	6,40	4,37	3,79	2,78	3,27
Fish, molluscs, crustaceans	6,80	5,12	5,57	4,88	3,94	2,82	3,53	3,05	3,54
Ores, slag, ash	4,00	5,21	4,98	4,69	8,31	5,61	5,30	2,88	2,73
Fertilizers	5,80	6,39	3,33	3,90	2,82	3,79	3,03	2,28	2,61
Paper pulp, cellulose	3,50	3,28	2,27	2,54	2,26	1,65	1,51	1,89	2,52
Machinery and equipment	1,30	1,70	2,04	1,44	0,70	0,70	0,71	1,12	2,04
Precious stones	0,23	0,33	0,68	2,00	0,80	1,02	1,51	1,22	0,87
Paper, cardboard	0,40	0,43	0,45	0,34	0,31	0,22	0,25	0,24	–
Mineral products	0,7	0,78	0,25	0,36	0,48	0,51	0,35	0,4	–

**Table 3.** Share of Major Commodities in Russian Imports from the People's Republic of China (%)

Goods	2008	2009	2010	2011	2012	2013	2014	2015
Machinery and equipment	36,71	33,44	38,43	40,91	42,43	37,9	36,12	35,91
Chemical products	7,46	8,2	8,01	9,28	8,76	8,35	8,37	9,08
Footwear	5,18	7,7	7,91	6,34	5,9	6,31	5,96	5,31
Textile clothes	4,91	7,08	6,12	5,41	4,82	6,85	6,7	7,47
Knitwear	11,18	6,63	6	5,2	4,96	6,31	5,95	6,2
Leather goods	2,32	2,98	2,48	2,69	1,65	2,12	1,86	1,6

Source: Russia–China Trade and Economic Cooperation // Foreign Economic Information Portal of the Ministry of Economic Development of the Russian Federation. URL: [http://www.ved.gov.ru/files/images/kai/China/Rus\\_China\\_TES\\_2014.pdf](http://www.ved.gov.ru/files/images/kai/China/Rus_China_TES_2014.pdf) (in Russian).

### ***By Mechanisms of Cooperation***

Cooperation in new technologies continues to develop at a slow pace, while onsite cooperation is inefficient due to the replacement of market mechanisms with administrative management. In China, these types of cooperation are areas where the market operates actively and entrepreneurs are the main economic agents. A number of positive examples have been observed in practice. For instance, Dongguan in Guangdong province cooperates with towns in the Moscow Region; Shilong-based Sinotrans (China) has signed a memorandum of understanding with the Russian logistics operator Alpha to service the logistics park based on the growing popularity of cross-border e-commerce, which facilitates onsite bilateral cooperation. These examples are in sharp contrast with the cooperation initiatives promoted by the government between the north-eastern regions of China and the Russian Far East, as well as the upper Yangtze regions and the Volga Region. The major goal of correcting the current Russia-China cooperation mechanism is to add market elements to the existing model so that the role of the government and the role of market leverage are combined.

### ***By Agents of Cooperation***

A shift needs to be made from large businesses to developing cooperation with small and medium-sized companies. Small and medium-sized businesses should receive support in cross-border e-commerce and high technologies. As the forms and areas of bilateral cooperation are becoming more diversified and are expanding, it is necessary to gradually create the essential conditions, notably place an emphasis on strengthening market mechanisms and promoting small and medium-sized businesses cooperation between Russia and China.

**Improving the investment climate and the trading environment** is another objective. To achieve this goal, the following problems must be addressed.

### ***Cutting Commercial and Investment Costs***

The current investment climate in Russia needs improvement. Customs and logistics procedures remain complex, failing to meet the requirements of the World Trade Organization (WTO) and the World Customs Organization (WCO). What is more, customs documents lack harmonization. According to World Bank data, the cost to export a container in Russia is around \$2,400, with the cost of import standing at around \$2,600. The equivalent cost in China to import or export a container is about \$800.<sup>17</sup> It is necessary to optimize and simplify these procedures, thus cutting the prime cost of commercial operations.

Bilateral agricultural projects require imported equipment. In Russia, the import duty for importing agricultural equipment is comparatively high (5–10 per cent), while the remaining amount is subject to 18 per cent VAT.<sup>18</sup> This cannot but

<sup>17</sup> Cost to Export (US\$ per Container) // The World Bank. URL: <http://www.data.worldbank.org/indicator/ic.exp.cost.cd>; Cost to Import (US\$ per Container) // The World Bank. URL: <http://www.data.worldbank.org/indicator/ic.imp.cost.cd>.

<sup>18</sup> Import Duty Rate for Equipment May Be Reduced to Zero // Izvestia. February 2, 2015. URL: <http://www.izvestia.ru/news/582417> (in Russian).

affect cooperation between the two countries and extend the payback period of investments.

### ***Harmonizing Standards***

Russia and China have different standards, which limits cooperation in manufacturing and high-tech. Large-scale cooperation in production machinery is very promising, but the pace of harmonization of standards needs to be accelerated so that the necessary preconditions for developing bilateral cooperation in this sphere are created.

### ***Further Opening the Market***

The threshold for entry into the Russian construction market is extremely high. It takes approximately 200 days to complete licensing procedures, which is a serious limitation to the development of bilateral trade and investments.<sup>19</sup> The fishing industry seems to be very promising in terms of cooperation and would involve a high degree of complementarity of the parties in the future. However, Russia's strict licensing regulations and complex licensing procedures make the cooperation prospects very limited. As of today, China has signed free trade agreements with Australia, New Zealand and a number of other countries competing with Russia in the fishing industry. China is interested in Russia simplifying its procedures, which will give an impetus to cooperation in this sphere.

### ***Creating a Joint Information Platform***

In order to expand cooperation in related areas, Russia and China will have to provide information about the partner country's culture, medicine, education and technologies. The transfer of information over the Internet will facilitate the rapid creation of conditions for comprehensive cooperation between Russia and China.

## **2.3. Investment and Financial Cooperation**

Russia and China need to increase transparency in the financial markets, as developing companies need additional sources of financing. However, investment and financial cooperation between Russia and China is virtually at the initial development stage. For example, as of the end of the first half of 2015, the total volume of mutual investments stood at around \$9.6 billion (China's \$8.7 billion plus Russia's \$0.9 billion).<sup>20</sup> However, every year, both countries inject tens of billions of dollars in other regions of the world, in the European Union in particular.

2012 saw the establishment of the \$4-billion Russia–China Investment Fund (RCIF) and the Russian–Chinese Intergovernmental Commission for Investment Cooperation chaired by First Deputy Prime Minister of the Russian Federation Igor Shuvalov and First-Ranked Vice Premier of the People's Republic of China Zhang Gaoli. The RCIF has already proved its efficiency. The parties are considering

<sup>19</sup> It Takes 200 Days to Get a License in Kaliningrad and 40 Days to Get a License in Tatarstan // Stroitelny Biznes News Agency. March 6, 2015. URL: <http://www.ancb.ru/publication/read/883> (in Russian).

<sup>20</sup> Chinese Direct Investment in Russian Economy Passes \$8 Billion in H1 2015 // Ministry of Economic Development of the Russian Federation. September 2, 2015. URL: <http://www.economy.gov.ru/minec/press/news/2015020910> (in Russian).

the possibility of granting loans in the Chinese yuan and launching mechanisms to prevent financial risks. They are also strengthening cooperation to boost the credit rating and enhance the credit solvency.

In 2013–2014, the parties stepped up their investments. However, the situation in the Russian economy and the collapse of the rouble prevent China from actively developing joint projects and trade with Russia. In the first half of 2015, the Chinese direct investments into the Russian economy dropped 20 per cent year-on-year. Ling Ji, the Director of the Department for Eastern Europe and Central Asia of the Ministry of Commerce of the People's Republic of China, stated, "You know that the rouble was falling in the first half of the year. It is unstable, and all this affects the activities and psychology of investors."<sup>21</sup> The financial sanctions imposed on Russia by some Western countries have an indirect negative impact on financial cooperation between Russia and China. Although Russia has not been officially excluded from the SWIFT international payment system, the transfer of payments sent by Russian financial institutions via the system has become protracted and more complicated, which also affects the Chinese partners. The issue of Russia possibly being excluded from the SWIFT system, which pops up from time to time, has aroused additional anxiety among Chinese investors looking to buy into Russia.

On the other hand, the sharp increase in the volatility of the rouble has made Russia attractive for portfolio investors dealing with Chinese speculative capital. The fluctuations in the Russian currency did not hamper the fourfold growth in the RUB/CNY forex transactions volume at the Moscow Exchange in August 2014–2015.<sup>22</sup>

Despite the multiple risks associated with investment activity in Russia, direct investments will remain attractive for certain Russian industries, namely the automotive, construction, agriculture, food and transport industries, as well as agricultural engineering and infrastructure. Chinese entrepreneurs will most likely be drawn in by localization projects at some major manufacturing facilities (e.g., motor vehicle assembly plants) in Russia.

Besides mutual investments, other promising areas of financial cooperation include the joint accumulation of funds in national currencies, the mutual insurance of large-scale financial transactions, and maintaining a high level of security of international bank card operations. The official decision of International Monetary Fund (IMF) in November 30, 2015 to add the yuan as a fifth currency in its Special Drawing Rights (SDR) basket became an important factor that facilitated the internationalization of the yuan.

It is quite obvious that if the yuan joins the dollar and the euro as a full-fledged reserve currency, new prospects may open up in terms of financial cooperation between Russia and China. Specifically, some part of Russia's foreign exchange

<sup>21</sup> Chinese Investment in Russian Economy Drops 20 Per Cent in January–July // Rosbalt News Agency. August 21, 2015. URL: <http://www.rosbalt.ru/business/2015/08/21/1432078.html> (in Russian).

<sup>22</sup> Yuan Trade Skyrockets // Moscow Exchange. September 2, 2015. URL: <http://www.moex.com/n10691/?nt=106> (in Russian).

reserves may be converted into yuan, while the dollar's share in bilateral trade may be gradually cut. However, this "transformation" of the yuan is a complex and lengthy process that will take years to complete.

Nevertheless, as of early 2015, the share of national currency transactions accounted for 7 per cent of the total trading volume between Russia and China. A series of documents signed in May 2015 is another step towards this goal. Yuan loan agreements were entered into by Sberbank (a 6 billion yuan credit line from the China Development Bank), VTB (12 billion yuan from the China Development Bank and 3 billion yuan from the Export–Import Bank of China) and VEB (3.9 billion yuan received from the Export–Import Bank of China for a metallurgical project based in the Kemerovo Region). Furthermore, the Russian Direct Investment Fund (RDIF) entered into agreements with CITIC Group divisions to establish a joint investment bank that would bring Russian companies to China, as well as with China Construction Bank to launch a joint debt mechanism to help unlock Chinese financing for Russian borrowers. The share of national currency settlements (in yuan rather than in rouble) is more likely to grow gradually.

The SDR basket does not seem to be an important factor for successfully internationalizing the yuan. The situation largely depends on the competitiveness of the Chinese economy, and of Chinese companies in general. China faces many serious challenges: inflation, employment issues and the yuan exchange rate. Today, the primary goal of the Chinese economy is to maintain its economic growth rate.

The yuan's inclusion in the IMF's SDR basket may have the following effects on Russia: the trade partners will be able to increase the use of yuan and rouble in trading operations, which will help cut the foreign exchange risks; and Moscow will be able to attract more Chinese investments and issue bonds in the Chinese yuan.

## **2.4. Transport Cooperation and Logistics**

One of the key areas of China's transport strategy is the creation of new global communications linking the People's Republic of China to one of the world's trading centres, namely, the European market. The European Union has been China's biggest trading partner for the past ten years, while China has been the European Union's second largest counterpart over the same period. In 2014, bilateral trade for the period totalled around \$600 billion. Currently, the major part of trade between Europe and China is carried out by sea. However, China has to take into account the challenges that may emerge in future: the possibility that the United States might impede sea freight shipping; the threat that certain Western transnational carriers could monopolize shipments by sea; and the subsequent growth in marine tariffs. Besides, it is necessary to speed up the supply of a number of hi-tech products to consumers. All this creates incentives for China to develop its transcontinental container transport by land on the East–West major route, which crosses Russian territory.

In 2013, President of the People's Republic of China Xi Jinping voiced a new strategic concept of the Silk Road Economic Belt. One of the central ideas of this

concept is to accelerate the construction of an integrated transport network that would include a through route from the Pacific Ocean to the Baltic Sea. Given this strategy the concept directly involves Russia. Russian experts believe that the intense construction of railroad infrastructure in China and the active financial and technical support of road construction in Central Asia will effectively strengthen competition in the container transit market in Eurasia and provide an alternative to Russian transit on the East–West line.

Two railway lines are currently used in Russia–China cooperation in freight transportation for bilateral foreign trade operations and transit to the West via Russian territory: the Trans–Siberian Railway and the Northern Corridor of the Trans–Asian Railway from Lianyungang to Alashankou (Dostyk). The Northern Corridor of the Trans–Asian Railway crosses Kazakhstan to link China to Russia, the Baltic states and Europe. The route via Kazakhstan is 2,800 km shorter than the Trans–Siberian Railway. China recently completed the accelerated modernization of the route by constructing a new crossing point in Horgos. This boosted the volume of freight shipped via the China–Kazakhstan border in 2011, 2012 and 2013 to 15.2, 16.5 and 20 million tonnes respectively. This mainline offers good prospects in terms of the transit capacity of this shipping direction combined with real possibilities for developing freight transit. It is for this reason that half of the total freight that used to go to Central Asia from Eastern Asia via the Trans–Siberian Railway is now shipped via the Trans–China route.

This route is expected to offer even better prospects when the Talgo RD gauge changing system, which has been used in Europe for a long time now, is installed at Dostyk crossing point. The variable gauge system allows railway vehicles to swiftly change gauge, in this case to switch from the 1,435 mm Chinese gauge to the 1,520 mm Russian gauge. The system is now being tested on Kazakhstan's lines. Thus, the upgrade of the Kazakhstan crossing points has enabled China to complete an international railway route linking it to Europe in the past three years.

At the same time, in China with growing freight turnover some railway networks lack throughput, and this route has become overloaded. China faces the problem of optimizing internal cargo transportation. The development of transcontinental routes promotes the construction of new transit hubs in Russia for Chinese freight travelling to the European Union. Russia, which currently operates the 10,000–km fully electrified Trans–Siberian Railway, enjoys a competitive advantage in the area. In the future, freight turnover on the mainline may reach up to 100 million tonnes annually, including container shipping capacity of 200,000 TEUs. The weakness of the Trans–Siberian Railway is connected with the state of its infrastructure, especially when it comes to its eastern stretch.

Development of the transport and logistics infrastructure in Russia's eastern regions apparently lags behind the need to increase transit shipments on the Europe–Asia route. Ultimately, it is the bottlenecks in transit shipments via Russia that remain the major obstacle for increasing the transit volumes, and it is for this reason that customers often decide to not use the route. The estimated costs of modernizing the railway networks in Eastern Siberia and the Far East and increasing their capacity stand at \$20–30 billion. Russian Railways has developed

an investment programme and financial plan up to 2020. However, in present-day conditions, this programme is unlikely to secure full funding.

International railway freight transportation between Russia and China is effected through the following border crossing points: Zabaykalsk–Manzhouli, Grodekovo–Suifenhe, Kamyshovaya–Hunchun, Naushki–Sukhe–Bator (transit via Mongolia) and Dostyk–Alashankou (transit via Kazakhstan). In 2013, the freight volume transported across the Chinese border grew 8 per cent to 30.5 million tonnes, with exports reaching 27.9 million tonnes and imports totalling 2.5 million tonnes. The transit to China amounted to 75,400 tonnes, and transit from China totalled 135,500 tonnes.

China plans to take active part in the construction of a high-speed railway infrastructure, shipments of high-speed locomotives and the reconstruction of tracks in Russia. The construction of a high-speed railway line between Moscow and Kazan is another large-scale project. In March 2015, Russian Railways announced a number of proposals that had been put forward by China Railways, and in May Russia and China signed a memorandum on the Moscow–Kazan high-speed railway. China has agreed to invest around \$6.9 billion in the project (nearly one-third is to be paid as a capital contribution to a joint venture; two-thirds will be injected in long-term loans). The total cost of the project is estimated at around \$20 billion. The project will entail the construction of a 770-km railroad between Moscow and Kazan to run passenger trains at an operating speed of 350 km/h and a top speed of 400 km/h. Travel time from Moscow to Kazan will be reduced from 14 hours to 3.5 hours. However, this project will take a long time to put into operation, not to mention the payback period. The most optimistic estimates suggest that it will not be completed until 2020.

The parties are currently discussing the possibility of Chinese corporations investing 11 billion roubles into the construction of a transport interchange hub based on the Vladivostok Train Station. However, only two railway border crossing points – Zabaykalsk–Manzhouli and Grodekovo–Suifenhe – are fully operational. Others are being reconstructed. The Zabaykalsk passage is the leading crossing point, with almost 15 million tonnes of oil being carried annually in tank cars before the Eastern Siberia–Pacific Ocean oil pipeline was commissioned. The flow of export shipments heading to China has not gone down with the removal of oil. 2013 exports via the Zabaykalsk–Manzhouli cross-border passage exceeded 19 million tonnes, growing 15 per cent year-on-year, while imports from China amounted to 3 million tonnes. The planned increase in turnover between the two countries to approximately 100 million tonnes of cargo per year requires a major overhaul of the Zabaykalsk station.

The throughput capacity of the Grodekovo–Suifenhe passage is 12 million tonnes. The major types of freight include wood, lumber, metal ore, mineral fertilizers, coal, etc. Although freight turnover has been growing along this passage, freight processing is impeded by the low transit capacity of the non-electrified single-track line of Ussuriysk–Grodekovo. There are very real prospects for launching two new passages – Nizhneleninskoye–Tongjiang and Makhhalino–Hunchun, which are actively funded by Russian and Chinese businesses. Construction of the

Amur corridors started in 2014. The talks lasted for 15 years. The parties eventually managed to overcome the disputes, and in 2014 they started the construction of the Nizhneleninskoye– Tongjiang railway bridge, which is expected to link the Trans–Siberian’s Birobidzhan–Nizhneilimsk line to the railway in Northeast China. The opening of the bridge is scheduled for December 2016. The parties are also set to launch the construction of two motorway bridges across the Amur.

The Makhhalino–Hunchun border crossing point is developing as well. At the first stage (2015–2016), freight turnover will total 2 million tonnes of coal, which will be shipped to China’s manufacturing companies. It is expected to grow to 8–15 million tonnes in 2017. A site has been allocated near Hunchun where the construction of a coal preparation facility that will process 10 million tonnes of Russian coal per year will take place. The passage will be used to transit Chinese freight to Russian ports as part of the Primorye–2 international transport corridor: the Hunchun–Kraskino (Kamyshovaya)–Trinity Bay port–ports in Southeast China and other Asia Pacific countries. Under the best–case scenario, the capacity of the passage may reach 8 million tonnes.

## 2.5. Energy Cooperation

Energy is an important strategic area of cooperation between Russia and the People’s Republic of China. After the launch of the Russia–China oil pipeline (in January 2011), Russian oil shipments (previously carried out by rail) have been on the rise. The design capacity of the pipeline is 15 million tonnes of oil per year, while its maximum capacity stands at 30 million tonnes.

Gas cooperation has been more challenging. It was only in May 2014 that Gazprom and China National Petroleum Corporation (CNPC) came to an agreement on the terms and conditions for the joint funding of a \$70 billion capital–intensive project on gas shipments from the Chayandinskoye and Kovyktinskoye fields to the Chinese border at a price that is acceptable for both parties. For 30 years (starting in 2018), China will receive 38 billion cubic metres of gas annually from Eastern Siberia. Once the second segment of the Power of Siberia pipeline has been commissioned, the figure will increase to 50–55 billion cubic metres. The initial cost of “the gas transaction” was estimated at \$400 billion. Gas from Eastern Siberia has a multicomponent composition, with a high content of higher hydrocarbons and helium in addition to methane, which enables natural gas that is close to the gas supply route to be chemically utilized.

Russia’s gas initiatives coincided with the Chinese leadership placing the gas industry high on the strategic priorities list of the country’s energy policy. In 2012–2013, the Chinese government decided to gradually boost domestic gas prices to the global level. At the same time, the country set the goal of cutting the power consumption of the national economy, reducing companies’ environmental impact, improving gas pricing methods and offering preferences to oil and gas companies to stimulate the effective development of national gas resources. In addition to shipments of Russian gas to China, the 2014 Shanghai agreements entailed joint development of oil and gas fields in China, construction of gas pipeline and gas distribution networks, building and operation of underground gas



storage facilities, cooperation in geological exploration, extraction, transportation and sale of gas. The parties agreed to coordinate their activities on third-country markets, establish joint ventures to implement specific projects and draft documents on strategic gas cooperation.

However, the drop in oil prices in 2014–2015 cast doubt on these projects. As of August 2015, the price of gas did not exceed \$200 per 1,000 cubic metres, which made it impossible to pay off the amount invested in the project transport infrastructure. Given this price, only gas shipments from the Kovyktinskoye field (the so-called Eastern Route, for which the deal has already been signed) prove economically feasible, provided the pipeline follows the shortest possible route along the railway to Harbin. If the pipeline route is long, the gas price for China will exceed \$350 per 1,000 cubic metres, which is above Gazprom's average gas price to Europe. As far as the second project is concerned (the so-called Western Route), given the current prices, it seems unlikely that the breakeven point will be reached (\$340–360 per 1,000 cubic metres).

It is also important to remember that China is now revising its power balance and is attempting to calculate the country's long-term demand for gas. Initial plans envisioned bringing China's annual gas consumption to 360 billion cubic metres by 2020, twice the 2014 level. Against the background of the economic slowdown in China in 2015, however, the demand for natural gas started to grow at a slower rate as well. At the same time, China will not replace the European gas market for Russia for the foreseeable future. Even if the Western and Eastern gas routes are built, their aggregate capacity after 2020 (under the best-case scenario) will total 78 billion cubic metres a year, against the 146 billion cubic metres that Gazprom sold to Europe and Turkey in 2014.

Other large-scale energy projects that were announced earlier are being postponed as well. This includes the financing of the Yamal LNG plant (Novatek holds a 60 per cent stake, while CNPC and Total control 20 per cent each), where CNPC is in no rush to grow its share or grant loans, fearing possible sanctions. And nothing has changed with regard to the Chinese companies becoming controlling shareholders of oil and gas fields, which has been the subject of intense negotiations since the spring of 2014. Given the constant threat of new Western sanctions against investors in the Russian energy sector, unstable oil prices and changing tax regulations in Russia, China is not ready to make considerable investments.

A range of factors hinder further energy cooperation between Russia and China, including price differences and the low level of mutual trust. The parties should ease the political complexion of energy cooperation.

At present, the energy management authorities in Russia and China fail to understand each other's plan and programme for energy development as well as the industrial policy of the other party. In addition, companies do not have sufficient information about the socioeconomic situation, the investment climate, and the situation on the Russian and Chinese markets. Lack of the information may negatively affect further development.

The sides also need to improve their infrastructure. Russia should analyse the capacities and opportunities of the Chinese market. Joint energy projects that have already been successfully implemented (such as oil and gas pipelines from Russia to China) have reinforced mutual trust. Strengthening cooperation between the relevant authorities of the two countries and promoting research into the energy industry and industrial policy may also contribute to this process. Energy research institutes and their staff, in turn, should expand research on energy development and the industrial policy of the partner country.

### ***Proposals for Developing Russia–China Energy Cooperation***

*Fundamental market support provisions.* In March 2008, during the first Russia–China energy talks, then President of the People’s Republic of China Hu Jintao and Vice Premier of the People’s Republic of China Wang Qishan set forth three principles of China–Russia energy cooperation: first, the principle of long-term comprehensive cooperation, including oil and gas, nuclear energy and other areas and their financial aspects; second, the principle of market regulation, promoting the cooperation using globally accepted methods; and third, the principle of mutual benefit and taking the interests of both parties into account.

The principle of market regulation is the most important criterion in talks on energy cooperation based on economic benefit, but the parties have their own understanding of this principle. At the same time, while prices for crude oil are uniform across the world, many other resources are traded at regional prices, or their price is determined through bilateral talks. As far as China’s stance as a buyer is concerned, the safety margin of prices on the Chinese market should be taken into account. For Russia as the seller, it is resource development, the cost of constructing the appropriate infrastructure and the profitability of products on various markets that should be taken into consideration. These aspects comprise the principle of market regulation. The price issue is the stumbling block to talks on a number of energy cooperation projects between Russia and China. At company-level talks both parties want to maximize their profits, which brings about a multitude of bilateral intentions and produces dozens of non-binding framework agreements and memorandums, while the signed deals and implemented projects are scarce.

*Reinforcing mutual understanding and trust.* Despite close political ties between Russia and China, some employees, including officials and company executives, are still distrustful and suspicious. This renders an open relationship impossible and hampers bilateral business talks and projects.

The parties should seek to enhance political cooperation and mutual understanding. It is undoubtedly important to defend national interests, but cooperation may only be fostered by respecting the interests of the other party. The governments and representatives of the business communities of both countries should strengthen cooperation and strive to understand the energy development plans, policies, laws, tax systems, and the current energy market situations and trends of their partner. Right now there is a lack of this information, which may result in elaborating incorrect strategy, thus hindering cooperation. For example, in the

field of crude oil spending on studying the Chinese market is growing, issues related to the prospects of China's exports arise, but all this is insufficient for initial understanding. Despite the economic slowdown in China, the economy will continue to grow until 2020 and GDP will increase 6.5–7 per cent annually. Economic growth will support oil demand. In addition, China will continue to stimulate industrialization and urbanization and further develop the automotive and petrochemical industries until 2020. Oil demand will grow, driven by industrial development. Against this background, oil trade between Russia and China will have potential for growth.

*Bilateral improvement of basic infrastructure.* Russia is rich in energy resources, while China is a huge market, thus, bilateral energy cooperation seems to be mutually beneficial. In many situations, extensive energy cooperation is limited due to the conditions of the basic internal infrastructure.

In the event that oil and gas production level in the traditional exploration regions of Western Siberia drop, the Far East, Eastern Siberia, northern regions of Russia, and the continental shelf may be an alternative and become the major areas of extraction. However, these territories lack necessary infrastructure, including pipelines, which prevents the exploration of new fields and the extraction of resources.

Delivery system for energy resources is vulnerable, with gas and oil pipelines being operated for many years. Many oil pipelines were built in the 1970–1990s and are more than 20 years old, so equipment deterioration is high on the agenda. Joint energy cooperation projects define the need for comprehensive construction of basic infrastructure on both territories.

*Maintaining reasonable expectations.* The Russian Far East and Eastern Siberia are rich in resources, but are located remotely from the European market and closer to Asia. Additionally, there is growing demand on the Asian markets for energy resources, making exports from Russia very promising. China's natural gas market has now entered the stage of rapid development, but lacks financial strength. During talks over the Russia–China West Stream project (also known as the Altai or Power of Siberia–2), Gazprom expressed hope that this opportunity could be used for gas shipments from Central Asia after the Chinese market has been fully formed.

Russia believes that in terms of trade in energy resources and transfer of assets connected to natural resources the financial strength of Chinese market and companies is comparatively low as compared to the European Union, the United States, Japan, Republic of Korea and other developed countries. The parties need to understand this market-specific feature when developing bilateral cooperation. This does not mean, however, that cooperation between Russia and China will be totally unprofitable, as China is a huge promising market. It would be beneficial for Russia to seek short- and long-term balance in resource exports and profit-making.

*Building up cooperation in energy equipment supplies.* Russia's external dependence in the area of energy technology and equipment is quite strong. 80 to

100 per cent of the country's oil and gas software, 70 per cent of its turbines and boilers, 50–60 per cent of compressors, 20 per cent of pipes, and 80 per cent of continental shelf exploration technologies are imported. The sanctions imposed by the United States and the European Union forced Russia to launch an import substitution strategy focused on domestic technologies and equipment and to seek to cooperate with China in this sphere.

Chinese companies have an edge in energy equipment technologies and prices. Inconsistent energy standards of the two countries are among the major concerns in this area – China uses international standards, while Russia uses national ones. On November 16, 2015, at a meeting of the Russian–Chinese Intergovernmental Commission on Energy Cooperation, the parties agreed to speed up the development of compatible and interchangeable energy standards. In addition, uniform standards, together with the creation of a development area and the Free Port in the Far East, are to be used to attract foreign investments to Russia. Bilateral energy cooperation may involve the establishment of a joint venture and a facility for manufacturing energy equipment in the region. Neither China nor Russia are particularly competitive in exploring deep-water oil and gas fields or in shale oil production technologies. Nevertheless, they may use the advantages they do have and conduct joint research. This may also facilitate bilateral relations and mutual understanding and build trust.

*Strengthening ties between the relevant energy authorities.* Russia and China have many large energy cooperation projects that need stimulating. The Russian–Chinese Intergovernmental Commission on Energy Cooperation meets once or twice a year, but this is not enough to fully resolve existing problems. As governments of both states play a decisive role in the energy sector, the authorities, namely the Ministry of Energy of the Russian Federation and the National Energy Administration of the People's Republic of China, should strengthen coordination and contacts. Russia and China should also develop energy agencies so that they could serve as executive offices of the Russian–Chinese Intergovernmental Commission on Energy Cooperation. In addition, the parties should make arrangements to strengthen the ties between vice premiers and higher-level leaders.

*Stepping up energy research and enhancing the role of research institutes.* Energy research institutes and researchers should promote energy cooperation between Russia and China. The parties need to step up research in energy policy and energy sector development. The format of cooperation has to be defined: the parties should regularly schedule conferences, organize exchanges of scientific staff, conduct joint research projects, build communication and dialogue, and make the opinions of the government and other players available to the other side.

## **2.6. New Cooperation Areas on the Russia–China Track**

Russia and China should develop cooperation in new areas, including cyberspace, environment and climate management. The answer to the question concerning the image of a new, fairer and less confrontational world order may be rooted in new rules for new areas of cooperation. It is necessary to consider creating new

codes and rules for the new areas of cooperation. Russia, China and the United States have different approaches, which may be a reason for talks.

Growing cyber threats force Russia and the People's Republic of China to seek new approaches to the balance between technologic progress and security. Security of telecom networks, above all critical IT infrastructure assets, today has become a top-priority issue in information economy. Information weapons are becoming increasingly more popular among terrorist and extremist organizations and cybercriminals (hackers, cyber fraudsters, malware creators and distributors). These problems are relevant to both countries, forcing Russia and China to seek tools to counter new threats.

The basis for cooperation has already been established. During President Xi Jinping's visit to Moscow in May 2015, the parties signed an agreement on cooperation in international information security. The document highlights the threat of using information technology to undermine the sovereignty and security of states and interfere in their internal affairs. Moscow and Beijing see another set of cyber threats in the violation of privacy, the destabilization of the domestic political, social and economic situation, and stirring up ethnic and religious hatred.

The key point is that both Russia and China consider it necessary to adopt a universal code of conduct in cybersecurity and are against dictatorship of any states in the Internet. Moscow and Beijing are ready to work together to counter attempts to use information technology to undermine the sovereignty and security of states and interfere in their domestic affairs. Information security cooperation will undoubtedly remain among the major factors fostering Russia–China strategic partnership in the coming years.

In 2015, considerable progress was achieved in the area of global climate change. Following complex negotiations at the Climate Change Conference in Paris, developed and developing nations reached a consensus and approved the Paris Agreement. This does not mean, however, that international talks and the creation of new mechanisms in the field become unnecessary. There are problems in this area that need to be discussed and resolved by the international community. Russia and China should decide in what way they could join forces to tackle the problem.

## 3. Security Threats in Eurasia and Regional Initiatives of Russia and China

### 3.1. The Role of the SCO, BRICS and Other Multilateral Institutions in the Modern World

Cooperation between Russia and China within the SCO has acquired special importance in the new reality created by the alignment of the EEU and the Silk Road Economic Belt. Projects initiated by the two influential players in the Organization – Russia and China – could have a special effect. Collaboration could develop based on the 2+X model (involving not only permanent members, but also observers and dialogue partners).

Among the existing proposals, the State Space Corporation (Roscosmos) and China National Space Administration project on establishing a personal mobile satellite communication system is one that meets these conditions. It will create additional opportunities for the development of the telecommunications industry, from bringing telephone services to remote communities to distance learning and telemedicine. The security aspect is also important, as the establishment of a common mobile satellite-based telecommunication space helps efficiently coordinate activities and conduct rescue missions during natural disasters and other emergencies.

Joint proposals by Russia and China can have a synergistic effect, consolidate the format for collective interaction in trade and economy and prevent the acceleration of centrifugal trends where SCO member states tend to implement most of their economic programmes outside the organization.

As part of the SCO, Russia and China should initiate projects that are smaller in scale, but could generate tangible economic benefits for all stakeholders and would also feature an identifiable social dimension, i.e. promote health and safety and improve the quality of life and living standards of people. The modern world order is out of balance and needs to be reformed. It is necessary to reinforce its fundamental basis and the actual polycentricism of the modern world and respect the principles of equal rights and sovereignty, the choice of all nations, the traditions of peaceful coexistence, the norms of international law and the UN Charter. This is the course followed by Russia, China, and the SCO and BRICS member countries.

In this sense, the 7<sup>th</sup> BRICS Summit in Ufa on July 9, 2015 marked a milestone. The summit participants affirmed the need for comprehensive, transparent and efficient multilateral approaches to addressing global challenges, underscored the central role of the United Nations in the ongoing efforts to find common solutions, and expressed their intention to contribute to safeguarding a fair and equitable international order based on the purposes and principles of the UN Charter and to fully avail themselves of the potential of the Organization as a forum for an open and honest debate as well as coordination of global politics in order to prevent war and conflicts and promote progress and development of humankind.<sup>23</sup>

<sup>23</sup> The BRICS Ufa Declaration. URL: [http://www.brics.utoronto.ca/docs/150709-ufa-declaration\\_en.html](http://www.brics.utoronto.ca/docs/150709-ufa-declaration_en.html).

The Ufa Summit was marked by the adoption of a key document, the Strategy for BRICS Economic Partnership.<sup>24</sup> The BRICS leaders prescribed practical steps for the effective implementation of the Strategy, stressed the importance of the BRICS New Development Bank, the Interbank Cooperation Mechanism, the Business Council, the Business Forum and the Council of Expert Centres for implementing the Strategy, and commissioned the development of a Road Map for Trade, Economic and Investment Cooperation until 2020.

The BRICS Ufa Action Plan outlined new areas for cooperation, namely, dialogue on peacekeeping, establishment of the BRICS Council of Regions, and cooperation and experience exchange between media professionals.<sup>25</sup>

The “elastic” BRICS mandate allows the world’s most dynamic economies to discuss a much broader range of issues than, say, the UN Security Council, and to find responses to a number of economic and environmental challenges. BRICS resolutions produce a multiplier effect because its key member states are capable of transmitting decisions made by BRICS to leading international institutions and organizations.<sup>26</sup>

At the same time, the BRICS group retains its status of an informal association, and there are no plans to expand the organization at present.<sup>27</sup> In turn, the July 2015 SCO summit in Ufa, which featured the adoption of the SCO Development Strategy until 2025 and the decision to admit new members, marked the beginning of a new stage in the organization’s development.<sup>28</sup> Under Russia’s presidency in 2015, the SCO managed to ensure a new level of interaction among its founding members, observers and dialogue partners. In the year of Russia’s presidency trade and economic cooperation within the SCO accelerated and interregional cooperation processes involving the SCO, the United Nations, the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO), the Association of Southeast Asian Nations (ASEAN) and other international entities intensified.<sup>29</sup>

Commenting on the launch of accession of India and Pakistan, Minister of Foreign Affairs of Russia Sergey Lavrov said: “The more formats for interaction and communication (between India and Pakistan in this case), the more opportunities there are to help the two neighbouring countries with whom we are very much interested in developing relations to overcome the remaining disagreements between them.”<sup>30</sup> Former Secretary General of the Shanghai Cooperation Organi-

<sup>24</sup> The Strategy for BRICS Economic Partnership. URL: <http://en.brics2015.ru/load/381830>.

<sup>25</sup> The BRICS Ufa Action Plan. URL: <http://www.static.kremlin.ru/media/events/files/ru/nhvrxEtYA9nyoTf9aall3zXHOlawEy1y.pdf> (in Russian).

<sup>26</sup> The Ufa Declaration of the 4th BRICS Trade Union Forum. URL: <http://www.brics2015.ru/load/361083> (in Russian).

<sup>27</sup> Press Conference by Minister of Foreign Affairs of the Russian Federation Sergey Lavrov on the Sidelines of the BRICS and SCO Summits, Ufa, July 9, 2015 [http://www.archive.mid.ru/brp\\_4.nsf/0/94B3FFD7279721CA43257E7D00449B30](http://www.archive.mid.ru/brp_4.nsf/0/94B3FFD7279721CA43257E7D00449B30) (in Russian).

<sup>28</sup> Development Strategy of the Shanghai Cooperation Organization until 2025. P. 4–5. <http://www.static.kremlin.ru/media/events/files/ru/a3YPPgQlvQl4uaMX43IMkrMbFNewBneO.pdf>

<sup>29</sup> URL: <http://www.rim Eurasia.org/news-2016-01-15-v-putin-podvel-itogi-predsedatelstva-rossii-v-shos-21377> (in Russian).

<sup>30</sup> Press Conference by Minister of Foreign Affairs of the Russian Federation Sergey Lavrov on the Sidelines of the BRICS and SCO Summits, Ufa, July 9, 2015 [http://www.archive.mid.ru/brp\\_4.nsf/0/94B3FFD7279721CA43257E7D00449B30](http://www.archive.mid.ru/brp_4.nsf/0/94B3FFD7279721CA43257E7D00449B30)

zation Dmitry Mezentsev told President Vladimir Putin at a January 2016 meeting that the beginning of India and Pakistan's accession, the upgrading of Belarus's status, and the entry of new countries (Azerbaijan, Armenia, Cambodia and Nepal) to the "Shanghai family" mean that the SCO now has a claim to a new regional positioning and more active participation in international processes.

The Shanghai Cooperation Organization was established to promote harmonization of the national interests of its member states. The Ufa Declaration specifically points out that the member countries will continue working on the establishment of the SCO Development Fund (Special Account) and the SCO Development Bank to encourage trade and investment ties in the region. The organization's critics view this matter, which has been debated within the SCO for years, as a "stumbling block".

Whether trade and economic cooperation within the SCO will be asymmetric is the main dilemma facing its members. China's growing economic power raises concerns among other SCO members that the new institution could become an instrument for increasing the country's influence. According to Russia, Beijing's logic is premised on a natural desire to capitalize on its competitive advantage within the SCO: China's export-oriented economy will seek to expand to new markets. For this reason, China first proposed the idea of an SCO free trade area and later of the SCO Development Fund and the SCO Development Bank to forge a tool with which to wield its trade and economic clout.

In order to balance out this trend, Russia and Kazakhstan in turn proposed the establishment of the SCO Development Bank by expanding the capabilities of the existing Eurasian Development Bank headquartered at Almaty. This has spurred a new round of debates within the SCO that continue to this day. At the SCO Summit in Ufa, Vice Minister of Foreign Affairs of the People's Republic of China Cheng Guoping said that the SCO Development Bank would become a tool for financing joint projects in addition to the existing multilateral financial institutions: "It is possible to say that this new SCO bank, the Asian Infrastructure Investment Bank and the BRICS New Development Bank complement each other, stimulate development and do not contradict each other."<sup>31</sup>

The matter of establishing the SCO Development Fund and the SCO Development Bank should also be considered in the broader context of the development of integration processes in Eurasia and the Asia Pacific. Moscow, unlike such trade and economic giants as the United States and China, is currently interested not so much in the increased liberalization of regional trade as in its increased transparency and trade and economic interconnectedness, as well as in the establishment of a fair, sustainable and balanced trade and economic system matching the priorities and the development level of the Russian economy, particularly of its export-oriented manufacturing industries.

The establishment of new multilateral financial institutions, including the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund, also helps improve

<sup>31</sup> Ministry of Foreign Affairs of the People's Republic of China: SCO Development Bank Does Not Contradict BRICS and AIIB Strategies // RIA Novosti. July 10, 2015 URL: <http://www.ria.ru/economy/20150710/1125076200.html> (in Russian).



transparency and interconnectedness. The Silk Road Fund, with \$40 billion under management and medium- and long-term investments in equities and debt, will become the key financial tool for implementing the Chinese One Belt, One Road initiative. Its priorities will include cooperation projects in infrastructure, energy, industrialization and finance.

One of the first deals approved by the Fund's management was the acquisition of a 9.9 per cent stake in the Yamal LNG project from the Russian company NOVATEK. It was a landmark deal for several reasons, mainly because it involved one of the most important and competitive natural gas liquefying projects. The Yamal LNG project envisages construction of an LNG plant with a production capacity of 16.5 million tonnes of liquefied natural gas per year on the resources base of the Yuzhno-Tambeyskoe deposit field. Importantly, the deal has demonstrated the strategic nature of Russia–China cooperation not affected by fluctuations. Support from the Silk Road Fund was especially important for the company suffering from Western sanctions and having restricted access to loans.

In June 2015 Russia became a co-founder of the AIIB. Beijing initiated the establishment of this new financial institution with \$100 billion in authorized capital. Russia is the third largest contributor in terms of capital, behind China and India (China has contributed 29.78 per cent; India has contributed 8.37 per cent; and Russia has contributed 6.54 per cent).

Being a major AIIB shareholder allows Russia to participate in key decisions on selecting and financing project portfolios. Moscow intends to use AIIB resources to carry out investment projects at home (above all in East Siberia and the Far East). In addition, the accession to the AIIB has enabled Russian companies to participate in tenders for the bank's projects. The Ministry of Finance and the Ministry of Economic Development of the Russian Federation set up a working group to support promising Russian projects in order to promote bids for infrastructure projects in Russia.

Unfortunately, due to the complex approval process in Russia the country has not yet received the post of Vice President, which was supposed to accompany its status as the third largest shareholder (representatives of the United Kingdom, Republic of Korea, India, Germany and Indonesia have been appointed Vice Presidents). This matter was probably discussed at the May 2016 meeting between President of the Russian Federation Vladimir Putin and President of the AIIB Jin Liqun in Moscow.

Russia has not ruled out the possibility that the future of regional security in the area of the SCO's responsibility could be determined by a strategic balance of the "division of roles" between Russia and China within this organization, with Russia primarily being in charge of security and China being in charge of economic development, trade and mutual investment. The strategic mutual complementarity between Russia and China will contribute to the stable development of the SCO over the medium and long term, and benefit the Organization as a whole as one of the main foundations of the emerging world order. At the same time, some Chinese experts believe that a more comprehensive division of responsibilities

between China and Russia could be discussed. In their view, the SCO is active not only in economy and security, but also in the politics, society and the humanities, including education. These areas cannot be separated. Take the humanities, for instance. What roles would Russia and China play in this area? This is why the division of roles is an ideal arrangement, but in reality all matters will need to be tackled in a comprehensive manner.

### 3.2. Vectors of the SCO Development

At the 14<sup>th</sup> meeting of the SCO Council of the Heads of Government in Zhengzhou in 2015, Premier of the State Council of the People's Republic of China Li Keqiang proposed that six cooperation platforms for the Organization be established.<sup>32</sup> In order of priority, these SCO cooperation platforms should include: security; industrialization; transport and communication interconnectedness; financial cooperation in innovation; regional trade cooperation; and the social sphere. He also announced an important initiative to establish SCO free trade area to allow for the free movement of goods, capital and services by 2020. Prime Minister of Russia Dmitry Medvedev said: "Russia consistently supports the promotion of mutually beneficial cooperation and the alignment of integration projects. Given that a single system for the movement of capital, goods and labour has already been established within the Eurasian Economic Union, and the Chinese Silk Road Economic Belt initiative includes some 60 countries, combining our efforts in these areas will create a powerful platform for building a common economic space including European and Asian countries in the future."<sup>33</sup>

At present, economy seems to dominate the relations between SCO member states. At the same time, the organization is facing new challenges in nuclear non-proliferation in the context of its potential enlargement. In addition to the "official" nuclear powers (Russia and China), the SCO will be joined by India and Pakistan, both de-facto possessing nuclear weapons. Now that the sanctions against Iran and its nuclear programme are lifted, its accession to the SCO has become a matter of time (even though concerns of the United States and other Western countries over Iran's nuclear ambitions have not yet been dispelled).

Compliance with the international regime of non-proliferation of weapons of mass destruction has become a fundamental criterion for joining the SCO. Yet the impending enlargement of the organization is complicated by the fact that India and Pakistan view the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as "non-equal", as it grants the nuclear monopoly to a small group of "select" states. India and Pakistan are prepared to discuss joining the NPT only if their status as nuclear powers is recognized internationally.

This position remains unacceptable to the international community, including Russia and China – co-founders of the Shanghai Cooperation Organization and depositories of the Treaty on the Non-Proliferation of Nuclear Weapons. The

<sup>32</sup> The Initiative to Create Six SCO Cooperation Platforms Is the Crown Achievement of the SCO Heads of Government's Meeting. Russian.news.cn. December 16, 2015. URL: [http://www.russian.news.cn/2015-12/16/c\\_134920559.htm](http://www.russian.news.cn/2015-12/16/c_134920559.htm)

<sup>33</sup> Speech by Dmitry Medvedev at the SCO Council of the Heads of Government. December 15, 2015. Zhengzhou, China. URL: <http://www.government.ru/news/21054> (in Russian).

organization should show that it is capable of acting as a guarantor of non-proliferation at the regional level and involve India and Pakistan in the non-proliferation regime. While the two countries are not ready to sign up to the NPT, they might agree to a commitment to abstention from nuclear weapons tests. The parties must find a compromise that suits India, Pakistan and the SCO.

According to the SCO Development Strategy until 2025, efforts must be focused on strengthening the non-proliferation regime and control over weapons, including the compliance with and strengthening of the NPT; supporting the entry into force of the Comprehensive Nuclear–Test–Ban Treaty; and expanding the number of states acceding to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction and the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction.<sup>34</sup> The SCO member countries must also seek the fastest possible coming into force for each of the parties of the Protocol on Security Guarantees to the Treaty on a Nuclear–Weapon–Free Zone in Central Asia as well as signing of a multilateral international treaty on security guarantees for nuclear-free countries that support the call on all nuclear powers not to deploy their nuclear weapons in other countries' territories.

The member countries will work together to counter the dissemination of extremist and separatist ideas, primarily among the youth, and to prevent religious extremism, aggressive nationalism, ethnic and racial intolerance, xenophobia, and the ideas of fascism and chauvinism. For this purpose, the member countries are planning to elaborate an SCO Convention on Fighting Extremism<sup>35</sup>.

If successful (while success is not guaranteed, we have every reason to hope for it), not only will the SCO make an extremely important contribution to the non-proliferation regime, but it will also significantly raise its own profile as an influential force that is capable of maintaining and strengthening the modern world order and upholding peace and international security.

India and Pakistan's accession to the SCO will increase the organization's geo-strategic clout, yet it will complicate economic cooperation among the member states. The more members the SCO has, the more disputes arise between its parties. But the need for enlargement persists, because challenges are growing and the organization must respond accordingly. Enlargement of the SCO is not purely formal. Some Chinese experts point out risks inherent in the accession of the new members to the SCO. They believe, for example, that organizations such as the European Union and ASEAN have hurried in their enlargement demonstrating rapid development to the world, yet afterwards they found themselves trapped. We can call this the medium-sized international organization trap. More and more new members are admitted but it is not a measure of operating performance of an organization. The SCO is no exception in this sense. The main task is to ensure

<sup>34</sup> Development Strategy of the Shanghai Cooperation Organization until 2025. pp. 8–9.

URL: <http://www.static.kremlin.ru/media/events/files/ru/a3YPpGqLvQl4uaMX43IMkrMbFNewBneO.pdf> (in Russian).

<sup>35</sup> Development Strategy of the Shanghai Cooperation Organization until 2025, p. 13.

URL: <http://www.static.kremlin.ru/media/events/files/ru/a3YPpGqLvQl4uaMX43IMkrMbFNewBneO.pdf> (in Russian).

that the organization does not suffer an extended period of stagnation and that the above-mentioned adverse factors do not emerge (on the part of India, Pakistan or other member countries). The approaches and interests of the “old” members should be respected.

Discussions are underway about the need to develop new and more comprehensive mechanisms to replace the right of veto within the SCO. However, according to some, the right of veto gives small Central Asian states a guarantee that their voices will be heard within the organization.

The SCO should pursue non-confrontational actions in the interests of Russia and China. For instance, if the situation in Afghanistan deteriorates, this would not mean that troops need to be deployed, but that humanitarian and technical aid to its population and government would be increased in order to stabilize the situation in that country. The threat of drug trafficking persists, and in this context the SCO fight against the narcotics industry is extremely important. Security should not be built in isolation from development problems or be based solely on defending protected objects from threats or negative impacts. The new philosophy of survival and security should combine development and security, i.e. it should ensure security through sustainable development.

The Asia Pacific region, Russia and China being its integral parts, has a large number of existing trade agreements with different levels of liberalization and numbers of participants, which is potentially fraught with a division of the region into separate rival associations. This is why the regional integration process should be developed on the basis of transparency and openness, while taking the interests and capabilities of all parties into account, without endangering the multilateral WTO trade system.<sup>36</sup>

China and Russia are currently interested in elaboration of rules for this kind of multilateral trade and economic cooperation. This is why the two countries support the establishment of a Free Trade Area of the Asia Pacific and involvement in the negotiation process on the Regional Comprehensive Economic Partnership, rather than on the Trans-Pacific Partnership.

In this regard the Free Trade Area of the Asia Pacific project has a geopolitical dimension in addition to its economic component: the concept is being implemented without the participation of China, a potential leader and the main driving force of regional economic development. Furthermore, the Trans-Pacific Partnership envisages a high “entry threshold”, as agreements on the liberalization of trade in goods and services according to free trade agreement stipulations are complemented by a legal framework for investments, exchanges of innovative technologies, protection of intellectual property, labour relations, management of migration flows, environmental standards and competition regulations.

In order to promote the advanced social and economic development of East Siberia and the Far East and to intensify integration processes within the EEU, it is extremely important for Russia as well as for the SCO to join the multilateral

<sup>36</sup> Working Meetings of the Leaders of the APEC Economies // Website of the President of the Russian Federation. November 11, 2014. URL: <http://www.news.kremlin.ru/news/46997> (in Russian).

regional development institutions. Liberalizing trade between the two associations, especially in the context of India, Pakistan and later Iran joining the SCO, creates substantial incentives for economic growth in the giant Eurasian space.

Given that, the initiative put forward by President of Russia Vladimir Putin on the establishment of a free trade area between the EEU and the SCO, with the involvement of the ASEAN, is high on the agenda. The SCO and EEU members are working out an agreement on economic continental partnership. The agreement should provide for the free movement of goods, capitals and investments, promote trade, create a comfortable environment for increasing the share of settlements in national currencies and provide preferential access to services markets and construction services.<sup>37</sup>

### **3.3. Aligning the Eurasian Economic Union and the Silk Road Economic Belt: Proposals for Cooperation**

The Joint Statement on Cooperation on the Construction of the Eurasian Economic Union and the Silk Road Economic Belt Projects dated May 8, 2015 marked a milestone in the history of bilateral relations between Russia and China. The strategy announced by Xi Jinping and Vladimir Putin is somewhat broader in scope than merely “connecting” the EEU and the Silk Road Economic Belt. The paragraph outlining the steps that Russia and China intend to take to promote regional cooperation can be viewed as a preliminary concept for co–development in Eurasia, taking the interests of the continental powers into account. The list covers a broad range of issues, from the joint establishment of industrial parks and cross–border economic cooperation to creating a favourable environment for small and medium–sized businesses.

Importantly, Moscow and Beijing have included issues of Eurasian development both into multilateral (with the SCO leading the way) and bilateral mechanisms (a task force made up of representatives from relevant agencies led by the Ministry of Foreign Affairs of Russia and the Ministry of Foreign Affairs of the People’s Republic of China has been established). Russia and China will also promote expert–level dialogue for the purpose of establishing a common economic space.

Conditions for further implementing the idea of the co–development of Russia, China and Central Asian countries are emerging in the Eurasian region. This is important both for regional economy and regional security, which appears to have become increasingly difficult to maintain following the failure of the United States’ policy in Afghanistan and growing threats from non–state actors (such as IS and other extremists groups).

The concept of “continental partnership”, made public by Russia in the context of connecting the EEU and the Silk Road Economic Belt, requires an expert review. It seems that expanding the potential field for interaction beyond the scope of trade and economic cooperation and infrastructure building would serve the common interests of all parties.

<sup>37</sup> Lavrov: Liberalization of Trade between the EEU and the SCO to Promote Economic Growth in Member States // TASS. April 12, 2016 URL: <http://www.tass.ru/politika/3197616> (in Russian).

The next step towards implementing a common vision of the future of the Eurasian continent could involve a joint Russia–China concept for the comprehensive development of Eurasia that would include both economic and security aspects. A Eurasia without dividing lines or barriers (trade, immigration, political, cultural or inter–confessional) represents a new quality of relations between states. A “continental partnership” between two permanent UN Security Council members whose views converge on a number of today’s global issues could play a decisive role in achieving this goal. The need for such international security mechanisms as the CSTO and the SCO is increasing. The lack of infrastructure is just one of the problems facing this vast region. Efforts should also be focused on bottlenecks linked with the lack of security (to build up an anti–terrorist component and preventive diplomacy tools, jointly fight cross–border crime and drug trafficking, etc.).

The Silk Road Economic Belt concept means that China views the Central Asian region in much broader economic and integration terms than other regional players do. As a matter of fact, what is proposed is a mega–project of economic co–development spanning 21 countries from East Asia to Europe. China is the main actor and driving force behind this project. Its goal is not to establish some sort of a Eurasian free trade area, but rather to develop economies and transport and infrastructure projects in Eurasia with China’s help.<sup>38</sup>

According to Chinese analysts, the completion of such projects would promote economic development in countries situated along the “silk” routes and facilitate transport integration.<sup>39</sup> Russian experts believe that Beijing is planning to use the Silk Road Economic Belt to promote economic ties with Russia, strengthen its presence in Central Asia and the ASEAN, and shore up its presence on the European markets.

Russian experts have pointed out that the One Belt, One Road initiative put forward by Xi Jinping in 2013 was originally met with a degree of caution in Russia and some other Customs Union member countries. Some Russian experts went as far as suggesting that the Chinese project is a response to the SCO’s lack of dynamism and its slow development and that the Silk Road offers a more effective option for the development of Central Asia and its neighbouring regions.

The states have since adjusted their positions. Xi Jinping’s initiative is now perceived as extremely ambitious and long–term, reflecting the pace and nature of China’s geopolitical rise as a new and growing superpower. Implementing the Great Silk Road continental project shows China’s long–term Eurasian objectives. This project clearly is not currently aimed at undermining the other two – the development of the SCO, where China and Russia remain key players, and the EEU, established on January 1, 2015. At the same time, the Chinese project (One Belt, One Road) remains an important strategic initiative of the nation’s leadership but lacks institutional mechanisms.

<sup>38</sup> Luzyanin S.G., Sazonov S.L. The Silk Road Economic Belt: The 2015 Model // Observer. 2015, no. 5, p. 37 (in Russian).

<sup>39</sup> China Sets Priorities for the “Belt and Road” Initiatives  
URL: [http://www.china.org.cn/business/2015-02/02/content\\_34711302.htm](http://www.china.org.cn/business/2015-02/02/content_34711302.htm)

Russia is not simply a passive observer in the multilateral and bilateral formats of relations with China. As China actively promotes its project, Moscow is interested in looking, on the expert and political levels, for forms, ways and options to align the SCO and the Silk Road Economic Belt. Russia has also expressed interest in formats of interaction between the SCO, the EEU and the Silk Road Economic Belt.<sup>40</sup>

One Belt, One Road is a mega-project in the early stages of being fleshed out with various transport, investment, cultural, educational and tourism projects. Two-thirds of its available slots are vacant and need to be filled not only by China, but also by Central Asian countries, Russia and European countries. The Economic Belt is an economic development opportunity for Eurasian countries, both big and small, regardless of any asymmetry that may exist between them. Clearly the projects are different in size. The main trend is to diversify and expand the range of implementation of this mega-project.

Aligning the EEU and the Silk Road Economic Belt is possible on a number of platforms. These include the SCO, bilateral intergovernmental cooperation committees, multiple think tanks in Russia and in China, twin cities, cross-border regions, as well as Chinese companies successfully operating in Russia and Russian companies successfully operating in China. They have the biggest stake in the success of connecting the projects. The Silk Road Economic Belt is not an integration project, but a comprehensive initiative aimed towards the north, east, south and west that helps Russia and China combine their efforts in high technology, transport, infrastructure, agriculture and finance. In the absence of specific details about its constituent projects, connecting the EEU and the Silk Road Economic Belt is more of a slogan. Specific infrastructure projects, as well as mechanisms for the mutual protection of investments and harmonization of cooperation regulations in specific fields such as IT, e-commerce, medical and educational services and tourism should be discussed.

The idea of aligning the EEU and the Silk Road Economic Belt supposes, among other things, joint development of certain areas and projects to increase output in Russia, such as the establishment of Russia–China joint ventures.

The parties are also interested in the so-called “frozen” Silk Road Economic Belt, i.e. northern routes connected to the Northern Sea Route.

Moscow and Beijing should not view the alignment of the two projects as a strictly Russian–Chinese affair. Alignment embraces the EEU, which includes more countries than just Russia, and the Silk Road Economic Belt, which also concerns the interests of a number of countries.

The idea of the continental partnership is to expand the field for interaction, go beyond the trade and economic cooperation and infrastructure building, and shape a common vision of the future for the Eurasian continent in the interests of both parties. A Russia–China concept for the comprehensive development of Eurasia including both economic and security matters could play a role here. Both parties envision Eurasia as a space free of dividing lines and barriers in the broadest sense possible, including trade, migration, political and cultural barriers.

<sup>40</sup> Luzyanin S.G., Sazonov S.L. The Silk Road Economic Belt: The 2015 Model // *Observer*, 2015, no. 5, pp. 44–45.

## 4. Russian–Chinese Scientific, Educational, and Cultural Relations

### 4.1. Russia–China Dialogue in Educational, Scientific, and Cultural Ties

2015 saw continued Russia’s and China’s efforts to expand and intensify their relations in various areas of cultural, educational and scientific interaction. The Joint Declaration of the Russian Federation and the People’s Republic of China on Deepening Comprehensive Partnership and Strategic Interaction and Promoting Mutually Beneficial Cooperation makes “enhancing the progress of Russia–China educational, scientific and cultural cooperation, continuing with the events organized as part of the friendly youth exchange years between Russia and China, boosting exchange opportunities for young people of the two countries, and starting preparations for the media cross–years between Russia and China” a priority objective.<sup>41</sup>

Most experts agree that the governments of the two countries, as well as the general public, are gradually coming to emphasize educational, scientific and cultural cooperation. In an interview, Ambassador of China to Russia Li Hui stressed that both in bilateral relations and in cooperation in the SCO framework, “the wealth of forms and the results of educational, scientific and cultural cooperation between member states is constantly expanding. China and Russia have successfully implemented cross–years of Russia in China and China in Russia, years of the Chinese and Russian languages, years of tourism and friendly youth exchanges, featuring a variety of joint China–Russia events such as national culture, art and music festivals, presentations, exhibitions, press conferences and lectures on literature that have attracted much attention and active participation of the peoples of the two countries.”<sup>42</sup>

A milestone in the development of strategic cooperation relations between the two countries was the celebration of the 70<sup>th</sup> Anniversary of the Victory over Nazi Germany and militarism in Japan. Beijing’s decision to conduct large–scale celebrations, including the first ever military parade on the Tiananmen Square on Victory Day – only anniversaries of the founding of the People’s Republic of China had been held there before – drew the attention of the international community.

A milestone of the leaders of the two states side–by–side at the celebrations in Moscow and Beijing gave rise to a stream of speculations on the new quality of Russia–China strategic cooperation. Foreign media highlighted the fact that the growing closeness showcased by the “joint celebrations” of the 70<sup>th</sup> Anniversary of the Victory in World War II made stronger impression as a result of the

<sup>41</sup> Joint Statement of the Russian Federation and the People’s Republic of China on Deepening Comprehensive Partnership and Strategic Interaction and Promoting Mutually Beneficial Cooperation. May 8, 2015. URL: <http://www.kremlin.ru/supplement/4969> (in Russian).

<sup>42</sup> Moscow and Beijing Treat Each Other as Equals. Interview with Chinese Ambassador to Russia Li Hui for Rossiyskaya Gazeta // Rossiyskaya Gazeta. December 8, 2015. URL: <http://www.rg.ru/2015/12/08/posol-poln.html> (in Russian)



reluctance of Western leaders to attend the festivities in Moscow and Beijing.

One of the key topics at the Anniversary celebrations was to counter attempts to revise the results of World War II. Researchers of the two countries contributed significantly to the struggle against rewriting history and rethinking China's role in the war. A series of special international conferences was held, which was attended by leading military historians.<sup>43</sup> Notably, the 70<sup>th</sup> Anniversary gave rise to a heated debate in both countries on the geopolitical and other aspects of the festivities, which for the first time were held in an atmosphere where both Russia's and China's relations with the United States were faltering (Russia's mostly because of the events in Ukraine, and China because of tensions in South China Sea).

## **4.2. Exchange Years: Experience, Projects, Prospects**

In late 2015, China's Ambassador to Russia Li Hui claimed that more than 600 events were held in various regions of China and Russia as part of youth exchange years in such areas as education, culture, science and technology, healthcare, sports, archiving, journalism, publishing, television and radio. The events took the form of competitions, youth exchanges, forums, exhibitions, symposiums, workshops, student delegation exchanges, arts festivals, cinema weeks, etc.<sup>44</sup>

Moscow and Beijing decided to hold cross-years of the media in Russia and China. The media, including modern information resources such as online publications, blogs and social media, are undoubtedly gaining influence. In its report *Russian–Chinese Dialogue: the 2015 Model*, the Russian International Affairs Council noted the progress in mass media cooperation, including the appearance of Russian–language information resources in China and Russian–language versions of some Chinese news websites.<sup>45</sup> Progress in Russia has been less palpable. It is anticipated that the years of the media will pave the way for further improvements in the area. For instance, there are plans to create joint Russia–China media resources to enable the countries to promulgate their respective opinions on a global level more efficiently. These efforts are not expected to generate much enthusiasm in the Western media. The efforts of Russia and China to shape their respective national global networks (for instance, RT and CCTV) have attracted constant criticism from the political establishment in certain Western countries.

<sup>43</sup> The symposia included: The Russia–China International Scientific Conference "The Role of the USSR and China in the Victory over Nazi Germany and Japanese Militarism in World War II" / Institute of Far Eastern Studies of the Russian Academy of Sciences and Jilin University, Moscow, May 5–6 2015; and the Russia–China Historical and Sociological Conference "The Role of Russia and China in the Struggle against Fascism in World War II" / Compilation and Translation Bureau of the Central Committee of the Communist Party of China and St. Petersburg State University, St. Petersburg, June 26, 2015, among others.

<sup>44</sup> Chinese Ambassador to Russia Li Hui on the 20th Regular Meeting of the Heads of Government of China and Russia // Inosmi.ru. December 11, 2015. URL: <http://www.inosmi.ru/politic/20151211/234771751.html> (in Russian).

<sup>45</sup> Russian–Chinese Dialogue: the 2015 Model. Report No. 18, 2015. S.G. Luzyanin (Head) et al.; Zhao Huasheng (Head) et al.; (Editor-in-Chief I.S. Ivanov). Russian International Affairs Council. Moscow: Spetskniga. URL: <http://russiancouncil.ru/common/upload/RIAC-Russia-China-Report-En.pdf>.

### 4.3. Russia–China Cooperation in Science and Education

Scientific and educational ties have been further explored and expanded. The parties confirmed their intention to increase the number of exchange students studying in Russia and China to 100,000 people. According to some estimates, around 25,000 Chinese students are currently studying in Russia, while there are 17,000 Russians studying in China.<sup>46</sup>

The decision to establish the BRICS Network University was announced back in 2013 and the main principles of its operation were agreed upon by the end of 2015. On November 18, 2015, a Memorandum of Understanding (the main constituent document for the university) was signed in Moscow.<sup>47</sup> According to the Minister of Education and Science of Russia Dmitry Livanov, “further steps toward the establishment of the BRICS Network University will have positive impact on the Russian higher education system and boost ties and cooperation between the universities of BRICS member states.”<sup>48</sup>

In another interview, Deputy Minister of Education and Science of Russia Alexander Klimov announced that national education ministries were responsible for determining the list of universities participating in the BRICS Network University.<sup>49</sup> Presumably, it will unite a maximum of 12 institutions of higher education from each member state at first stage of its work. The universities are expected to have an established track record in at least one of the research areas outlined by the agreement: energy, computer science, information security, BRICS studies, climate change technology, water resources and economics.<sup>50</sup>

The Eastern Economic Forum that took place in Vladivostok on September 2–5, 2015, which was attended by representatives of a number of Asia Pacific nations in addition to Russian and Chinese participants, played a significant role in boosting Russia–China ties in science and research.

The forum was attended by the President of Russia Vladimir Putin, who addressed the participants with a keynote speech on the development outlook for the Far Eastern region as a major innovation platform and emphasized the need to create a network of research centres and mega projects (similar to the European Organization for Nuclear Research and the International Thermonuclear Experimental Reactor in Europe).<sup>51</sup>

According to the Russian President, cooperation in science and education is becoming an area of utmost significance: “This all can give a powerful impetus to

<sup>46</sup> Russia and China to Boost Student Exchange // Russian Education Federal Portal. July 27, 2015.  
URL: <http://www.edu.ru/news/international/rossiya-i-kitay-budut-velichivat-vzaimnyy> (in Russian).

<sup>47</sup> BRICS Sets Up Network University // TASS. November 18, 2015.  
URL: <http://www.tass.ru/obschestvo/2448867> (in Russian).

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> BRICS Countries Set Up Network University // Izvestia. November 18, 2015.  
URL: <http://www.izvestia.ru/news/596299> (in Russian).

<sup>51</sup> Eastern Economic Forum 2015 // Joint Institute for Nuclear Research website.  
URL: [http://www.jinr.ru/news\\_article.asp?n\\_id=2684&language=rus](http://www.jinr.ru/news_article.asp?n_id=2684&language=rus) (in Russian).

the technological development of all Asia Pacific states.”<sup>52</sup> The President pointed out that Russia has a solid scientific basis in the Far East: “We are ready to put forward a whole range of initiatives in the field. For instance, we would welcome the creation of joint research platforms and facilities, the so called MegaScience projects that could lead to major scientific breakthroughs. I believe it’s time to create such an infrastructure – a network of scientific and educational cooperation centres in Asia Pacific. Russia welcomes all interested countries and parties.”

On October 28, 2015, the BRICS ministers of science, technology and innovations met in Moscow to sign the Moscow Ministerial Declaration on the main spheres of cooperation for the medium term. The declaration stipulates for the creation of working groups on cooperation within the framework of major research facilities, while also setting forth financing mechanisms for joint BRICS research projects. The projects are to be financed with the resources of the BRICS New Development Bank.

The document specifically focuses on the creation of a joint research, scientific and innovation platform to ensure a sound and coordinated approach of the BRICS research community to the five areas of cooperation in science and technology as agreed upon and assigned to particular BRICS countries:

1. Brazil – prevention and alleviation of the disruptive impact of natural disasters.
2. Russia – water resources and water pollution control.
3. India – geospatial technologies and their application.
4. China – new and renewable energy sources, energy efficiency.
5. South Africa – astronomy.<sup>53</sup>

Lomonosov Moscow State University (MSU) and Beijing Institute of Technology have established the first joint Russia–China International University in Shenzhen. The decision to set up the institution dates back to 2013 when the two universities signed a memorandum setting forth the respective framework.<sup>54</sup> China, represented by the administration of Shenzhen, agreed to bear all expenses related to the construction, equipping and administration of the university, while Russia pledged to contribute educational programmes and R&D.<sup>55</sup> According to MSU Vice Rector Sergey Shakhray, approximately 80 per cent of the students will be Chinese, with the remaining 20 per cent being students from Russia and Central Asia.<sup>56</sup>

The new university is expected to admit its first students in 2016, and will accept up to 500 entrants per year. This number will gradually increase to 5,000 people

<sup>52</sup> First Eastern Economic Forum // Official Website of the President of Russia. September 4, 2015. URL: <http://www.kremlin.ru/events/president/news/50232> (in Russian).

<sup>53</sup> Official Website of Russia’s Presidency in BRICS. URL: <http://en.bricts2015.ru/allnews/20151029/623972.html>.

<sup>54</sup> MSU Vice Rector: Russia–China University to Take in First Students in 2016. URL: <http://www.msu.ru/press/smiaboutmsu/rossiysko-kitayskiy-universitet-primet-pervykh-studentov-v-2016-godu-prorektor-mgu.html> (in Russian).

<sup>55</sup> Asia Communication. URL: <http://www.asia-communication.ru/news.html?id=1410>

<sup>56</sup> MSU and Beijing University of Technology Partner Up to Establish Joint University // TASS. September 5, 2014. URL: <http://www.tass.ru/obschestvo/1421943> (in Russian).

per year, with the possibility of further expansion. All students will complete internships in Russia and with large Russian and Chinese corporations.<sup>57</sup>

MSU Rector Viktor Sadovnichy stressed that instruction at the university would be delivered in three languages: Russian, English and Chinese. “Students will be awarded two diplomas – one from Moscow State University and one from the Russia–China university. Moscow State University contributes its intellectual property, educational programmes and brand name to the projects.”<sup>58</sup>

The RIAC report *Russian–Chinese Dialogue: the 2015 Model* also provides further details of this type of bilateral cooperation in education in the context of the development of the global network of Confucius Institutes, as well as various discussions arising out of it. The Chinese side said that consultations regarding these soft power instruments will continue.

#### 4.4. Visa and Tourist Cooperation

The issue of a considerably simplified visa regime or visa-free travel between Russia and China deserves special attention in the context of promoting scientific, educational, and cultural ties between Russia and China.

At the 16<sup>th</sup> meeting of the Russian–Chinese Commission on Cooperation in Science, Education, and Culture in October 2015 the relevant tourist authorities of Russia and China approved amendments to regulations on visa-free passage between the countries for tourist groups. The maximum duration of stay was extended from 15 to 21 days, while the minimum number of people in tourist groups was reduced from five to three. The new format of visa-free travel for tourist groups has made travel more affordable and opened the door to increasing tourist flows.

At present, China ranks first in terms of the number of inbound tourists to Russia, while Russia provides the third highest number of tourists to China. The average Chinese tourist spends about \$2,000 in Russia. In addition to shopping, they are also interested in cultural and eco-tourism.

The motion to remove visa restrictions for tourists was introduced by the Chairman of the Russian chapter of the Russian–Chinese Committee for Friendship, Peace and Development, Boris Titov. He requested that the President of Russia consider the possibility of introducing visa-free travel between Russia and China and suggested that negotiations with China on visa-free entry for tourists should be initiated at the top level. He also appealed to the Chinese chapter for support of his motion.

On September 22, 2015, President of Russia Vladimir Putin signed the List of Mandates based on the results of the meeting of the State Council Presidium held on August 17, 2015. Specifically, the tasks include “analyzing the legal practice of applying the rules for a simplified visa regime for foreign citizens

<sup>57</sup> Russia–China International University. URL: <http://www.audit.msu.ru/msu-in-china/ru-cn-mezhdunarodniy-universitet> (in Russian).

<sup>58</sup> Russia, China to Set Up Joint University Based on MSU // RT. July 17, 2014. URL: <https://www.russian.rt.com/article/41173>.

and introducing proposals for visa-free entry to and short-term stay in Russia for foreign citizens arriving from BRICS countries for the purposes of tourism (including by transit).”<sup>59</sup>

As Director General of the Department of European–Central Asian Affairs of the Ministry of Foreign Affairs of China Gui Congyou stated on November 10, 2015, China is seeking to introduce visa-free travel with Russia in order to increase inbound and outbound tourist flows. At this point, visa-free entry is in effect for tourist groups consisting of five or more people. But according to him even this simplified scheme cannot meet the demands of the number of Chinese people looking to visit Russia.

“We are determined to further simplify visa regulations for tourists, even as far as introduce a visa-free regime with Russia. It will apply to independently booked trips as well as tour packages sold by travel agencies. The present visa-free regime that exists for groups of five tourists or more does not meet the current demand,” representative of the Chinese Ministry of Foreign Affairs said.

According to him, the number of Chinese tourists visiting Russia in the past two years has doubled to over 1.1 million people a year. The rich southern provinces make up the main source of tourist flows to Russia.<sup>60</sup>

Given the increasing relevance of the issue, it would seem wise to draft a roadmap for introducing a simplified visa regime between Russia and China with a view to introducing bilateral visa-free travel in the future.

The roadmap could draw on the experience of simplifying visa regime and introducing visa-free travel between Russia and the Republic of Korea, as well as on the experience of negotiations between Russia and the European Union to simplify and/or eliminate visas.

Despite the considerable efforts and resources invested in educational, scientific and cultural cooperation, some problems persist. Red tape, inadequacy of actual actions and the declared intentions, insufficient use of civil society resources are some of the longest standing problems. Meanwhile, bottom-up cooperation in the form of partnerships not necessarily run by governmental structures is gradually gaining momentum, and the number of public and private organizations involved is increasing.

For Russia and China to develop pragmatic, friendly and good neighbourly relations, it is increasingly important to establish a meaningful dialogue between representatives of the expert community and civil society of the two countries in such areas as politics, economics, science and public communications. Interaction of this sort is important in terms of shaping a favourable public opinion, deepening mutual trust and further enhancing Russia–China relations and strategic partnership.

<sup>59</sup> List of Mandates Based on the Results of the Meeting of the State Council Presidium // Official Website of the President of the Russian Federation. URL: <http://www.kremlin.ru/acts/assignments/orders/50341> (in Russian).

<sup>60</sup> China Pledges to Push for Visa-Free Regime with Russia // Interfax. November 10, 2015. URL: <http://www.interfax.ru/world/478321> (in Russian).

Cultural, educational and scientific cooperation and coordination between Russia and China does not rule out the participation of other active Asia Pacific nations in development assistance (the “third basket”). The United States can be expected to take an interest in issues of human rights and religious freedoms in the traditional Western sense. While remaining open to the discussion of such issues, the focus of the three–party talks should remain mostly on more general problems of human development and development assistance, personal security, respect for social and economic rights, and dialogue of cultures and civilizations. To achieve these goals, efforts should be made:

- to ensure the coordination of efforts in reducing poverty and improving development assistance, pursuing the United Nations Millennium Development Goals;
- to discuss the prospects of overcoming the gap in the development of North and South;
- to harmonize human development and personal security standards on regional and global levels;
- to discuss the coordination of efforts of the three countries to facilitate humanitarian and technical assistance projects and engage in the activities of international development institutions;
- to develop a common vision of the prospects of peaceful reunification of China (mainland and Taiwan) based on the “one country, two systems” principle;
- to coordinate efforts of the kind in the Korean settlement, including family reunification, as part of the long–term goal of Korean reunification;
- to study the possibilities and opportunities opened up by track–two diplomacy and other forms of influence of civil society institutions on cooperation and development processes in Northeast Asia and the Asia Pacific;
- to promote a dialogue of civilizations and religions within and beyond the region;
- increase the geographic mobility of scholars and academics and ensure the harmonization of educational systems;
- to encourage intracultural and student exchanges, particularly among young people and university students.

## **Conclusions and Recommendations**

The 2015 Russia–China model contains a whole range of global issues, from the war against terrorism to the problems of economic growth and the development of social contacts. The emphasis is on the Russian view of these events, complemented by the opinions of Chinese experts.

For Moscow, the primary external threat comes from the West and the fundamentalist South (IS and its allies). Russia's domestic challenges are mostly connected with the need to radically reform the economic mechanism in the face of sanctions, the fall in oil prices and difficulties in swift creation of an import substitution system. 2015 has shown that Russia is capable of tackling these challenges and remaining an economically self-sufficient and great military–political power.

In 2015, Russia and China stepped up coordination and interaction in key areas: from joint work in the UN Security Council to implementation of bilateral and multilateral projects (within the SCO, BRICS, etc.). Despite a clear drop in trade turnover (in absolute figures), there was no decrease in terms of physical volume. It even increased in certain areas. The strategic goal of Russia and China in this respect is to transition from trade operations only to comprehensive cooperation, including technological chains, joint ventures and long-term investment projects, solving complementary development issues in border regions and carrying out joint activity on the markets of third countries. The parties start to assess the opportunities created by new areas of cooperation.

Cooperation in fuel and energy (hydrocarbons) has the potential to reach the level of a systemic Russian–China alliance and could lead to the active participation of Chinese companies in developing oil fields in Siberia, building an infrastructure in Siberian and Far Eastern regions and developing Russia's fuel and energy complex. Joint exploration of Siberian oil and gas fields creates objective conditions for developing hi-tech gas chemical facilities.

Russia's active participation in the Silk Road Economic Belt megaproject in terms of alignment and start of joint activities in infrastructural (the Moscow–Kazan High-Speed Railway, etc.), hydrocarbon (Yamal LNG, etc.) and other investment projects can be also seen as a positive result of 2015.

Another important result of 2015 was the Chinese yuan becoming a global reserve currency on November 30, which opens up new opportunities for increasing direct transactions between Russia and China in the rouble–yuan pair, thus eliminating the need to use dollars. As the yuan is further internationalized, it is possible that Russia will transfer a part of its foreign currency/dollar reserves into yuan.

2015 demonstrated the real opportunities for Chinese investment and technology in the Far Eastern territories of priority socioeconomic development. This process is still in its early stages, and there are certain bureaucratic, financial and administrative difficulties. Yet the trend itself of attracting Chinese capital to the region is both promising and mutually profitable.

When it comes to international politics, Russia is unconcerned by the growing ties between China, the European Union, the United States, Turkey and other countries. As research and expert opinions monitoring have shown, it is particularly important to promote large and small joint projects in which Russia and China will take a leading role: the enlargement of the SCO, development of BRICS, alignment of the Silk Road Economic Belt, the European Economic Union and the Shanghai Cooperation Organization. Russia fully understands both the problems that China faces in terms of defending its rights in the southern seas and its “friendly neutrality” with regard to Moscow’s relations with Ankara and Kiev.

A problem shared by China and Russia is the systemic challenge posed by IS which, over the last year, has spread onto Afghanistan, a number of republics of Central Asia and China’s Xinjiang–Uyghur Autonomous Region. This is a common threat that forces the parties to mobilize their forces and resources in order to eliminate it. Russia is at the forefront of this fight, using the Aerospace Forces to fight against the infrastructure and bases of the militants in Syria.

Summing up the facts of bilateral Russia–China relations, experts put forward the following practical *recommendations and suggestions*.

***On improving relations in the Russia–United States–China triangle:***

- to develop proposals on strengthening the international law principles of the security in Asia Pacific based on indivisible security, developing confidence–building measures and reinforcing mechanisms for preventive diplomacy and conflict settlement;
- to study the positioning and strategies that the triangle countries use in regional and global international organizations and institutions (in the context of the UN reform);
- to assess the prospects of creating a system of interaction, cooperation and confidence–building measures in Northeast Asia: the concept of a “Helsinki Process in Northeast Asia”;
- to agree upon the mechanisms for preventive diplomacy, settling crises and conflicts in Northeast Asia and Asia Pacific;
- to strengthen the foundations of the regional nuclear non–proliferation regime given India and Pakistan’s possession of nuclear weapons;
- to renew the six–party talks on the North Korean nuclear issue and channel efforts to turning the negotiations into a sub–regional mechanism for multilateral interaction and cooperation;
- to discuss the prospects for creating nuclear–free zones in Northeast Asia and Asia Pacific;
- to discuss the regional aspects of controlling missile technologies and implementing the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction and the Convention on the Prohibition of the Use, Stockpiling,



Production and Transfer of Anti–Personnel Mines and on their Destruction;

- to ensure data exchange in defence and military construction;
- to discuss the regional aspects of the UN Register of Conventional Arms;
- to ensure mutual notification in the event of dangerous military activity and military exercises and access of military observers from the “triangle” states to them;
- to coordinate and ensure measures for transparency and confidence–building in naval issues;
- to develop cooperation among Pacific fleets to ensure free navigation and fight maritime piracy;
- to coordinate efforts in tackling non–traditional security challenges and threats (international terrorism, separatism, extremism, organized crime, drug trafficking, illegal migration, human trafficking and cybercrime).

The financial and economic interdependency of the United States and China and their significant mutual trade turnover are accompanied by remaining contradictions, and they have large international influence, on Russia among other countries.

*Second “basket” (world trade and finances) discussions could focus on the following measures:*

- to discuss the prospects for working out new rules of global economic regulation, taking into account the changes in the global economy and China’s increasing role in it;
- to coordinate efforts in reforming the global financial architecture;
- to coordinate efforts in reforming the rules of international trade, eliminating unfounded economic sanctions and trade barriers;
- to study the experience of the three countries in developing strategies for overcoming the global financial and economic crisis and coordinating efforts to create financial and economic mechanisms for crisis regulation;
- to discuss the prospects of developing regional and sub–regional integration entities: the East Asia Forum; the Asian Free Trade Area; a free trade area between China, Japan and the Republic of Korea; the Development Bank for Northeast Asia, etc.;
- to work together to overcome North Korea’s economic isolation and involve it in the global economic system through humanitarian and technological aid projects and reform promotion.

***On developing Russia–China trade relations:***

- to continue work on improving border infrastructure and optimizing the work of checkpoints at the Russia–China border, including a private–public partnership mechanism, among others;

- to improve national legislation on international cooperation, including cross-border cooperation;
- to vitalize trade between Russia and China by promoting new goods for export;
- to revise inefficient administrative barriers of state controlling bodies;
- to jointly promote green manufacturing and agricultural product processing in the border areas;
- to continue to shape a favourable investment climate to attract foreign investments into the economy's real sectors;
- to set out conditions for involving small and medium businesses from both countries in the investment processes;
- to get state authorities in the border regions to assist the integration of economic entities into special economic conditions projects implemented in Russia (special economic zones, territories of priority socioeconomic development);
- to improve mechanisms for assessing and using the international labour market and train specialists and qualified personnel for implementing joint projects;
- to develop cooperation in science and innovation, carry out joint activities in the use of integrated green methods and technologies in the economy and the use of natural resources;
- to introduce and exchange innovative medical technologies in order to improve the quality of life and increase the lifespan of the population in the border regions;

***On cross-border cooperation and simplifying the visa regime between Russia and China:***

- to create favourable conditions for tourists to cross the borders and consider the possibility of using the two-channel system ("red" and "green" corridors) at adequately equipped checkpoints;
- to get the state authorities in the border regions of Russia and China to approach the central authorities of their respective states with the proposal to extend the time limit for visa-free stay of Russian and Chinese tourists in the neighbouring territories;
- to continue developing comprehensive international ties between fellow citizens living in neighbouring territories;
- to promote the accelerated and balanced development of Russia-China cross-border and interregional cooperation by taking additional measures to shape mechanisms for coordinating the activities of the cross-border cooperation participants, which requires coordination in the context of ensuring the national security of both countries;
- to add a stipulation to Article 9 of Draft Federal Law 75537-4 "On Cross-Border Cooperation in the Russian Federation" stating that permanent (temporary)

interagency commissions on cross-border cooperation coordinating the national security interests and socioeconomic development of border territories could become one of the forms of cross-border interaction;

- to stimulate the two countries' regional cooperation and strengthen cross-border cooperation.<sup>61</sup>

***On environmental protection:***

- when developing and correcting long-term strategic plans, to provide for social and environmental evaluation as part of strategic environmental assessment. To take the results of scientific forecasts of anthropogenic impact into account when implementing transportation and energy projects;
- to continue joint efforts to preserve and expand nature reserves and implement special environmental programmes for preserving biodiversity in the beds and catchment-basins of cross-border rivers and lakes;
- to form an efficient prompt response, alert and emergency management joint system.

***On the information security of Russia and China:***

- to create a permanent mechanism for coordinating national programmes in information security and use it to define the strategic goals, principles and priorities of cooperation;
- to deepen Russia–China interactions in developing international regulations to promote national and international information security;
- given the experience of national exchange years, to hold cross “years of information, network and computer technologies” (*the name is being discussed*) in 2017–2018. Events held in the framework of these years could have both technological, educational, scientific, and cultural components. It would make information exchanges in IT and information security more substantive, allow the number of visitors to existing internet sites to be expanded and new sites to be created, and stimulate joint projects between private telecommunication businesses. In addition, holding such cross-years would emphasize common basis of the approaches to international computer security among the two countries and the importance of joint work on expanding the presence of Russia and China in the global information space.

***On cooperation in science, education and culture between Russia and China:***

- to jointly organize a series of regular expert meetings, conferences and round tables on pressing issues of Russia–China relations and other problems of mutual interest;

<sup>61</sup> On the Materials of the Trans-Baikal Forum on Cross-Border Cooperation.  
URL: <http://www.xn--80aaac8algcbgck3fl0q.xn--p1ai/project/forum.html> (in Russian). See, for instance: “Draft Resolution of the Trans-Baikal Forum on Cross-border Cooperation – 2015”. Chita. November 18, 2015 (In Russian).

- to carry out expert analysis and develop proposals on implementing joint projects in specific areas of bilateral cooperation as well as on the problems in public dialogue between Russia and China;
- to summarize and publish the recommendations and proposals in influential Russian and Chinese academic publications and periodicals;
- to develop recommendations on the objective and balanced coverage of bilateral relations in the Russian and Chinese media;
- to ensure informational and educational work on strengthening public opinion on China in Russia and on Russia in China;
- to promote Russia–China exchanges in education, science and culture;
- to promote partnerships between Russian and Chinese academic institutions and media;
- to involve the representatives of the business communities and non–profit organizations of Russia and China in public dialogue;
- to actively use cutting–edge information and communication technologies (internet TV and radio, videoconferencing, social networks, etc.) for bilateral social ties.

# Appendix. Monitoring of the Key Events in Russia–China Relations in 2015 – First Quarter of 2016

## Political Dialogue

Date	Event
02.02.2015	<p><a href="#"><u>Ministers of Foreign Affairs of Russia, India and China Meet in Beijing</u></a></p> <p>During the 13th Meeting of the Foreign Ministers of Russia, the Republic of India and the People's Republic of China, the ministers discussed the issues of shaping the security and cooperation architecture in Asia Pacific, coordinating stance of the three countries within regional associations and forums. They also exchanged opinions on the situation in Afghanistan where IS (prohibited in Russia) fighters increased their activity.</p>
13.02.2015	<p><a href="#"><u>Vice Premier of the State Council of the People's Republic of China and Chairman of the Board of Gazprom Meet in Beijing</u></a></p> <p>During their conversation, Vice Premier of the State Council of the People's Republic of China Zhang Gaoli and Gazprom CEO Alexey Miller discussed mechanisms for implementing projects to ship gas to China along the "Eastern" route and accelerating cooperation on the "Western" route.</p>
17.02.2015	<p><a href="#"><u>Minister of Agriculture of Russia Visits Beijing</u></a></p> <p>During his visit, Minister of Agriculture of Russia Nikolay Fyodorov proposed exporting up to 30 million tonnes of grain to China in 2015. Russia is not merely interested in supplying its products to China, but in establishing investment cooperation in agriculture. Particular attention is paid to Chinese projects to grow vegetables in Russia.</p>
19.03.2015	<p><a href="#"><u>Chief of Staff of the Presidential Executive Office of Russia Meets with the Director of the General Office of the Central Committee of the Communist Party of China</u></a></p> <p>During his working visit to Moscow, Director of the General Office of the Central Committee of the Communist Party of China Li Zhanshu met with the Chief of Staff of the Presidential Executive Office of Russia, Sergey Ivanov. They discussed personnel policies, civil services, the fight against corruption and regulating public processes. President of Russia Vladimir Putin also received the Director of the General Office of the Central Committee of the Communist Party of China. The unique character of the ties and regular contacts between the Presidential Executive Office of Russia and the General Office of the Central Committee of the Communist Party of China that had not had any established ties with executive offices of other countries before was underlined at the meeting.</p>
27.03.2015	<p><a href="#"><u>Minister of Telecom and Mass Communications of Russia Visits Beijing</u></a></p> <p>A delegation from the Ministry of Telecom and Mass Communications of Russia headed by Minister Nikolay Nikiforov met with Cai Fuchao, Director of the State Administration of Press, Publication, Radio, Film and Television of China and Miao Wei, Minister of Industry and</p>

Information Technology of China. The parties agreed on the need to hold annual meetings of BRICS ministers in charge of information and communication technologies. The ministers also agreed to discuss the issue of using orbital satellites to increase the share of Russian and Chinese satellite communication operators on the global market.

07.08.15–  
08.04.15

**Minister of Foreign Affairs of the People's Republic of China Makes an Official Visit to Moscow**

During his visit, Minister of Foreign Affairs of the People's Republic of China Wang Yi met with Minister of Foreign Affairs of Russia Sergey Lavrov, as well as with President Vladimir Putin. The ministers of the two countries expressed their readiness to explore the issue of trans-Eurasian cooperation to create new sources for collaboration. At the Kremlin meeting, discussions were also held on strengthening comprehensive practical cooperation with China, and on interacting in international affairs to respond to the development challenges facing the two countries and protect global peace and security.

28.04.2015

**Meeting of the Co-Chairs of the Commission for the Preparation of Regular Meetings of the Heads of Government of Russia and China in Hangzhou**

Following the meeting between Deputy Prime Minister of Russia Dmitry Rogozin and Vice Premier of the State Council of the People's Republic of China Wang Yang, Russia proposed that a permanent mechanism for interaction in the format of an industrial park and a special investment fund for implementing projects related to the introduction of GLONASS/BeiDou satellite navigation technologies be set up.

08.05.2015

**The President of the People's Republic of China Visits Russia**

During his visit, President of the People's Republic of China Xi Jinping met with Presidents of Russia, Belarus and Kazakhstan and took part in over 50 bilateral and multilateral events. One of the principal goals of his visit was to take part in celebrations commemorating the 70th Anniversary of the Allied Victory in the Second World War. The negotiations between China and Russia resulted in the Joint Statement of Russia and the People's Republic of China on Deepening Comprehensive Partnership and Strategic Interaction and Promoting Mutually Beneficial Cooperation and the Joint Statement on Cooperation on the Construction of the Eurasian Economic Union and the Silk Road Economic Belt Projects.

09.06.2015

**First Meeting of the Inter-Parliamentary Commission on Cooperation Between the Council of the Federation of Russia and the Standing Committee of the National People's Congress of the People's Republic of China in Moscow**

The participants discussed the current state and the prospects for cooperation of the highest legislative bodies of the two countries, including coordinating their positions on pressing international and regional issues: strengthening the supremacy of international law; reinforcing the key role of the United Nations in global affairs; promoting joint initiatives on peace and security; ensuring security in the Asia Pacific; and the situation in the Middle East and Ukraine.

09.06.2015

**The President of Russia Meets with the Chairman of the Standing Committee of the National People's Congress in Moscow**

At the meeting, President Vladimir Putin and the Chairman of the Standing Committee of the National People's Congress Zhang Dejiang discussed cooperation in the framework of BRICS and the Shanghai Cooperation Organization and the mechanism for inter-parliamentary contacts and exchanges.

- 18.06.2015 [\*\*The President of Russia Meets with the Vice Premier of the State Council of the People's Republic of China\*\*](#)
- At the meeting, President Vladimir Putin and Vice Premier of the State Council of the People's Republic of China Zhang Gaoli discussed the achievements of the two countries in economic cooperation and examined new tasks and goals in expanding and deepening their comprehensive strategic partnership, which the leaders of the two countries approved during Russia–China negotiations.
- 06.07.2015 [\*\*Sixth Russia–China Financial Ministerial Dialogue\*\*](#)
- At the meeting, the parties discussed the possibilities for implementing the agreements between the President of the People's Republic of China and the President of Russia under the new conditions, and they also discussed promoting financial cooperation between Russia and China. In addition, they exchanged opinions on a wide range of issues, including the macroeconomic situation in Russia and China, jointly promoting reform of the global economic governance system and bilateral financial cooperation.
- 08.07.2015 [\*\*President of Russia and the President of the People's Republic of China Meet in Ufa\*\*](#)
- Prior to the BRICS and SCO summits, President of the People's Republic of China Xi Jinping and President of Russia Vladimir Putin met for the second time in two months. Prior to that meeting, both leaders, as heads of state, held 10 bilateral negotiations, which speaks about the specifics of relations between China and Russia. Xi Jinping arrived in Ufa to take part in the joint SCO and BRICS summits.
- 08.07.2015 [\*\*Prime Minister of Russia and Vice Premier of the State Council of the People's Republic of China Meet in Yekaterinburg\*\*](#)
- The meeting took place as part of the INNOPROM-2015 Exhibition. Prime Minister of Russia Dmitry Medvedev expressed his gratitude to China for the participation as the exhibition's partner country. In turn, Vice Premier of the State Council of the People's Republic of China Wang Yang noted that the invitation that was extended to China as the exhibition's guest of honour for the first time reflects the high level of relations between China and Russia. The Chinese government paid special attention to the exhibition and ensured that China's largest companies took part.
- 02.09.15–  
03.09.15 [\*\*President of Russia Vladimir Putin Visits Beijing\*\*](#)
- President of Russia Vladimir Putin made a two-day visit to Beijing timed to coincide with the celebrations of the 70th Anniversary of the Victory in the Second World War. During the negotiations, both countries agreed to coordinate their foreign policy steps more closely and cooperate more deeply within the most influential international organizations. In addition to this, the parties signed around 30 bilateral documents.
- 01.10.2015 [\*\*Russia and China's Ministers for Foreign Affairs Meet at the UN Headquarters in New York\*\*](#)
- During the meeting, the parties noted that China and Russia have maintained close cooperation and coordination both within the United Nations and on crucial international and regional issues. The parties supported joint efforts to protect the UN Charter and the principal norms of international relations, supporting the active role of the United Nations in international affairs and the mutual promotion of a peaceful settlement of the Syrian crisis, the Iranian nuclear problem and the issue of the Korean Peninsula. The meeting was held on the sidelines

of the 70th Anniversary Session of the UN General Assembly marked by Russia's and China's Presidents interventions.

01.10.2015 **[Deputy Minister of Foreign Affairs of Russia Meets with China's Ambassador to Russia](#)**

Deputy Minister of Foreign Affairs of Russia Mikhail Bogdanov and Ambassador of the People's Republic of China to Russia Li Hui discussed pressing issues of the Middle Eastern agenda in great detail. They paid special attention to the situation in Syria in the context of consolidating the efforts of the global community to counteract the terrorist threat of IS.

13.10.2015 **[Meeting Between the Chairman of the Standing Committee of the National People's Congress of China and Deputy Chairman of the Council of the Federation of Russia in Beijing](#)**

During the meeting, Chairman of the Standing Committee of the National People's Congress Zhang Dejiang and Deputy Chairman of the Council of the Federation of Russia Ilyas Umakhanov discussed the cooperation between Chinese and Russian legislative bodies, and noted the successes of the first meeting of the new Russia–China Inter-Parliamentary Commission on Cooperation between the Council of the Federation of Russia and the Standing Committee of the National People's Congress of the People's Republic of China.

20.10.2015 **[Deputy Minister of Foreign Affairs of Russia Meets with China's Special Envoy on the Middle East Issue](#)**

Deputy Minister of Foreign Affairs of Russia Mikhail Bogdanov and China's Special Envoy on the Middle East Issue Gong Xiaosheng discussed pressing issues concerning the Middle East and the developments surrounding Syria. Both parties stressed the need to coordinate the efforts of the global community to counteract the terrorist threat of IS and other extremist groups, and they also emphasized the importance of maintaining close Russia–China interaction on the key topics on the regional agenda, both within the bilateral format and multilateral formats, including the UN, BRICS and the SCO.

30.10.2015 **[Deputy Minister of Foreign Affairs of Russia Visits Beijing](#)**

The visit of the Deputy Minister of Foreign Affairs of Russia responsible for counter-terrorism Oleg Syromolotov to China resulted in an agreement to expand bilateral interaction in fighting terrorism and extremism. An agreement was achieved on progressively fostering cooperation on fighting terrorism and extremism, including within key international platforms such as the UN, the SCO, BRICS, APEC, the ASEAN Regional Forum, the Financial Action Task Force (on Money Laundering) and the Eurasian Group on Combating Money Laundering and Financing of Terrorism.

16.11.2015 **[Presidents of Russia and the People's Republic of China Meet in Antalya](#)**

During the meeting, the leaders of the two countries discussed cooperation issues in the framework of G20. President of the People's Republic of China Xi Jinping announced his country's intentions to implement with Russia the agreements achieved at the Ufa summits and stimulate the active and constructive role of the BRICS countries in international affairs. President of Russia Vladimir Putin noted the need for exchanges and cooperation in nuclear power, chemical industry, high technology and finance.



- 17.11.2015 [\*\*President of Russia Meets with the Vice Chairman of the Central Military Commission of the People's Republic of China in Moscow\*\*](#)
- Russian President Vladimir Putin and Xu Qiliang, Politburo Member and Vice Chairman of the Central Military Commission of the People's Republic of China, noted at their meeting that cooperation between Russia and China in all areas is a crucial factor in ensuring peace and stability. Russia expressed its satisfaction with the current state of inter-military ties, hoping to further deepen its cooperation with China in such areas as joint military exercises and military training. China noted that inter-military connections are an important component of the strategic cooperation between the two countries, highlighting the impact that exchanges and active collaboration between the two armies have.
- 24.11.2015 [\*\*Deputy Minister of Foreign Affairs of Russia Meets with China's Ambassador to Russia\*\*](#)
- Deputy Minister of Foreign Affairs of Russia and the Russian President's Special Envoy for the Middle East and Africa Mikhail Bogdanov and Chinese Ambassador to Russia Li Hui discussed the pressing aspects of the Middle Eastern agenda, emphasizing the Syrian settlement and coordination of global efforts in the fight against IS. The parties confirmed their mutual interest in maintaining a trusting dialogue between Moscow and Beijing on the Middle Eastern and African issues, including within the framework of BRICS and the United Nations.
- 30.11.2015 [\*\*Presidents of Russia and the People's Republic of China Meet in Paris\*\*](#)
- President of Russia Vladimir Putin and President of the People's Republic of China Xi Jinping held a two-hour meeting during the 2015 United Nations Climate Change Conference. During the meeting, the two leaders "compared notes" and exchanged opinions on bilateral relations and international and regional problems of mutual interest for the two countries.
- 01.12.2015 [\*\*Fourth Russia–China Political Parties' Forum in Beijing\*\*](#)
- During the Fourth Russia–China Political Parties' Forum, the United Russia delegation led by Boris Gryzlov, Chairman of the Party's Supreme Council, discussed the implementation of the Joint Statement on Cooperation on the Construction of the Eurasian Economic Union and the Silk Road Economic Belt Projects with the representatives of the Communist Party of China. The issues of internal party management in the face of modern challenges were also discussed. Russia proposed creating a joint international information agency tasked with bringing information that is of interest to Moscow and Beijing to a wide audience.
- 16.12.2015 [\*\*19th Meeting of the Commission for the Preparation of Regular Meetings of the Heads of Government of Russia and China in Beijing\*\*](#)
- Before the 20th Regular Meeting of the Heads of the Russian and Chinese Governments, Vice Premier of the State Council of the People's Republic of China Wang Yang and Deputy Prime Minister of Russia Dmitry Rogozin held a meeting of the Commission for the Preparation of Regular Meetings of the Heads of Government of Russia and China. At the meeting, opinions were exchanged on cooperation in nuclear energy, civil aviation, space exploration, trade, trans-border logistics and agriculture.
- 17.12.2015 [\*\*20th Regular Meeting of Heads of Government of Russia and China in Beijing\*\*](#)
- During the anniversary meeting, Prime Minister of Russia Dmitry Medvedev and Premier of the State Council of the People's Republic of China Li Keqiang discussed a broad range of issues pertaining to trade, economic, scientific, technical, investment and sectoral

cooperation, as well as bilateral educational and cultural exchanges. They signed 34 bilateral intergovernmental, interagency and corporate documents.

21.01.2016 [\*\*Deputy Minister of Foreign Affairs of Russia Meets with China's Ambassador to Russia\*\*](#)

In Moscow, Deputy Minister of Foreign Affairs of Russia, the Russian President's Special Envoy for the Middle East and Africa Mikhail Bogdanov and Chinese Ambassador to Russia Li Hui discussed the prospects of holding negotiations between the government and the opposition in Syria. The parties also talked about the developments in the Middle East and North Africa, emphasizing the need in a speedy resolution to the Syrian crisis during the planned negotiations between the government of the Syrian Arab Republic and the opposition. The negotiations will be launched in Geneva under the auspices of the United Nations pursuant to the Security Council Resolution 2254.

02.02.2016 [\*\*Deputy Minister of Foreign Affairs of Russia Meets with China's Ambassador to Russia\*\*](#)

Deputy Minister of Foreign Affairs of Russia Grigory Karasin and Ambassador of China to Russia Li Hui discussed the Ukrainian situation, as well as a series of pressing international and regional issues, including the situation in Central Asia and the South Caucasus.

08.02.2016 [\*\*Deputy Minister of Foreign Affairs of Russia Meets with China's Ambassador to Russia\*\*](#)

Deputy Minister of Foreign Affairs of Russia Igor Morgulov and Chinese Ambassador to Russia Li Hui discussed the Korean Peninsula situation. The diplomats expressed concern over Pyongyang's pointed disregard for generally accepted international law and the demands of the UN Security Council.

11.02.2016 [\*\*Minister of Foreign Affairs of Russia and Minister of Foreign Affairs of the People's Republic of China Meet in Munich\*\*](#)

The ministers met on the sidelines of the Fourth Foreign Ministers' Meeting of the International Syria Support Group. Minister of Foreign Affairs of Russia Sergey Lavrov and Minister of Foreign Affairs of the People's Republic of China Wang Yi discussed the settlement of the Syrian crisis, the problem of international terrorism and the Korean Peninsula situation.

29.02.2016 [\*\*Deputy Minister of Foreign Affairs of Russia Meets with the Chargé d'Affaires of the People's Republic of China in Russia\*\*](#)

Deputy Minister of Foreign Affairs of Russia Igor Morgulov and the Chargé d'Affaires of the People's Republic of China in Russia Su Fangqiu discussed issues pertaining to drafting the UN Security Council Resolution on North Korea; the resolution is being adopted in response to North Korea's January nuclear test and the ballistic missile launch in February 2016. The UN Security Council resolution was initiated by the United States.

04.03.2016 [\*\*Deputy Minister of Foreign Affairs of Russia and Assistant Minister of Foreign Affairs of the People's Republic of China \(Deputy Minister\) Meet in Moscow\*\*](#)

During the negotiations, Deputy Minister of Foreign Affairs of Russia Igor Morgulov and Assistant Minister of Foreign Affairs of the People's Republic of China (Deputy Minister) Kong Xuanyou exchanged opinions on the state and prospects of the developments in nuclear security in Northeast Asia given North Korea's nuclear testing and carrier-rocket launch. Both parties confirmed the need to comply with the demands of UN Security Council Resolution

2270 in order to reach a political settlement of the nuclear issue, as well as other problems, on the Korean Peninsula. The parties emphasized that the United States plans to put its Terminal High Altitude Area Defense (THAAD) in South Korea will have a negative effect on the military and political situation in Northeast Asia.

11.03.2016 [\*\*Minister of Foreign Affairs of Russia and Minister of Foreign Affairs of the People's Republic of China Meet in Moscow\*\*](#)

During the talks, the parties discussed the schedule of political contacts, including the forthcoming visit of the President of Russia to China. The situation on the Korean Peninsula became one of the dominant subjects of the meeting. Moscow hopes that Pyongyang will listen to the UN Security Council and return to the six-party talks. Minister of Foreign Affairs of Russia Sergey Lavrov and Foreign Minister of the People's Republic of China Wang Yi also discussed the situation surrounding Syria and in the country itself. China believes Russia is playing an active role in bringing about a political settlement, including a cease-fire in Syria. The ministers noted that Russia-China cooperation is at its highest ever level.

24.03.2016 [\*\*Chief of Staff of the Presidential Executive Office of Russia Visits China\*\*](#)

Chief of Staff of the Presidential Executive Office of Russia Sergey Ivanov met with Director of the General Office of the Central Committee of the Communist Party of China Li Zhanshu. During the meeting, the parties noted the joint efforts to develop bilateral relations, comprehensive strategic interaction and partnership and close contacts at the highest levels. The negotiations resulted in the politicians signing an agreement between the two agencies. The programme of the visit also included speeches at the opening of the Second Russia–China Media Forum.

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## **Shaping the Contemporary World Order**

<b>Date</b>	<b>Event</b>
23.01.2015	<a href="#"><b>Premier of the State Council of the People's Republic of China's Speech at the World Economic Forum in Davos</b></a> <p>In the speech during the first visit of China's top leaders to the World Economic Forum in Davos since 2010 Premier of the State Council of the People's Republic of China Li Keqiang defined the main areas and principles of regulating international issues and called for the peaceful resolution of disputes and the mutual respect for culture, which is key if the global community is to counteract terrorism. Li Keqiang also proposed enhancing coordination between countries, while ensuring independent macroeconomic policies. His speech demonstrated that Beijing is ready to take an active part in the global community and that the Chinese economy will continue to be the driving engine of global economic growth.</p>
26.01.2015	<a href="#"><b>Top APEC Officials Meet in the Philippines</b></a> <p>Following the meeting, the APEC member countries approved the establishment of a working group that will analyse the possibilities of creating a free trade area in the Asia Pacific. Thus far, Russia does not have a free trade area agreement with the countries in the region.</p>
04.02.2015	<a href="#"><b>Sixth P5 Conference in London</b></a> <p>The meeting resulted in a joint statement in which Russia, China, the United Kingdom and France stated that "the Treaty on the Non-Proliferation of Nuclear Weapon remains</p>

the cornerstone for the nuclear non-proliferation regime and the foundation for the pursuit of nuclear disarmament.” They also expressed hope that “progress would be made on the signature of the Protocol to the Treaty on the Southeast Asia Nuclear Weapon-Free Zone, and encouraged the parties to that Treaty to continue to interact constructively in order to find solutions to outstanding issues.”

23.02.2015 **[UN Security Council Meeting to Commemorate the 70th Anniversary of Victory over Nazism](#)**

The 7389th meeting of the UN Security Council was initiated by China to commemorate the 70th Anniversary of the Victory in World War II, emphasize the need to “to save succeeding generations from the scourge of war” and reaffirm commitment to the UN Charter purposes and principles. At the meeting, Russia raised the issue of abandoning double standards in global politics and called for the UN Security Council to reclaim its leading role in resolving key international problems.

26.03.2015 **[The 2015 Boao Forum for Asia](#)**

During the Forum, Russia announced its decision to participate in the creation of the Asian Infrastructure Investment Bank which will be one of the key mechanisms in implementing the One Belt, One Road economic development concept proposed by China for Asia Pacific and Europe. Russia and China also held a bilateral business dialogue to discuss various cooperation projects in transportation, energy and infrastructure.

12.04.2015 **[Construction Begins on the Silk Road Economic Belt in Central Asia](#)**

China and the five countries of Central Asia signed a Joint Declaration, a development plan and bilateral cooperation agreements on their consensus on the joint building of the Silk Road Economic Belt. Kazakhstan’s “Shining Path” national development strategy; Tajikistan’s “Energy”, “Transportation” and “Food” strategies; and Turkmenistan’s “Era of Power and Happiness” as well as other states’ strategies have also found points of contact with China’s Silk Road Economic Belt initiative.

13.04.2015 **[General Secretaries of the Security Councils of the SCO Member States Meet in Moscow](#)**

At the 10th Meeting of the Heads of the Security Councils of the SCO Member States, the participants discussed ensuring security in the SCO space given the changing situation in neighbouring regions.

20.05.2015 **[Political Consultations Between Russia and the Association of Southeast Asian Nations \(ASEAN\) in Kuala Lumpur](#)**

Political consultations between Russia and the ASEAN member states were held at the level of deputy foreign ministers. The Russian delegation was headed by Deputy Minister of Foreign Affairs of Russia Igor Morgulov. The consultations focused on shaping the architecture of indivisible security and stable growth in the Asia Pacific. Exchanging opinions on international issues confirmed that Russia and the ASEAN hold similar views with regard to pressing issues on the global and regional agenda.

08.06.2015 **[First BRICS Parliamentary Forum in Moscow](#)**

The Forum focused on UN reform and strengthening economic cooperation between BRICS member states. One of the Forum’s main goals is to transform the union into a mechanism for coordinating strategic issues between partner countries. Among the top priorities of its

presidency, Russia named cooperation in strengthening strategic stability, resolving regional conflicts and enhancing the regimes on the non-proliferation of weapons of mass destruction.

30.06.2015 **[Meeting of the Defence Ministers of Member States of the Shanghai Cooperation Organization](#)**

At the meeting of the Defence Ministers of Member States of the SCO, the participants discussed the state and prospects of bilateral military and military-technical cooperation. Practical measures aimed at consolidating the organization's forces and means to secure peace and stability in the region were separate subject of discussion. Delegations from six SCO member states took part in the meeting, as did representatives of the Secretariat and the SCO Regional Anti-Terrorist Structure.

09.07.2015 **[Trilateral Summit in Ufa: China–Russia–Mongolia](#)**

The leaders of the three countries met on the sidelines of the SCO and BRICS summits. The meeting was aimed at promoting the early results of trilateral cooperation and developing a programme for future cooperation.

15.09.2015 **[70th Session of the UN General Assembly](#)**

The presidents of Russia, Brazil, China, Iran, Kazakhstan, Poland, the United States and France spoke at the UN General Assembly meetings, where over 150 issues were discussed. The participants in the general debate, the heads of states and governments discussed the most pressing global problems, including the conflicts in Ukraine, Syria and Yemen, and the war against terrorism, the migrant situation and global climate change.

30.09.2015 **[Meeting of the Ministers of Foreign Affairs of the BRICS Member States](#)**

The meeting took place on the sidelines of the UN General Assembly Session. The parties expressed their satisfaction with the progress made in the implementation of the Ufa Action Plan, noted the importance of strengthening interaction between representatives of the BRICS countries at international forums, and agreed to “compare notes” across the entire range of issues on the UN General Assembly’s agenda. The ministers also expressed their concern about the persistent conflicts in some of the world’s regions, as such conflicts undermine stability and security, create the grounds for terrorism and cause waves of mass migration.

27.10.15–  
29.10.15 **[Northeast Asia Peace and Cooperation Forum in Seoul](#)**

Deputy foreign ministers of Russia, China, the United States, Japan and South Korea discussed implementing an initiative aimed at strengthening regional cooperation and confidence in nuclear safety, environmental protection, and preventing and eliminating the consequences of natural disasters. Representatives of the UN, the European Union and the Organization for Security and Cooperation in Europe (OSCE) participated in the Forum as partners.

14.11.2015 **[10th G20 Summit in Antalya](#)**

The topic of the Summit was “Seeking Inclusive and Robust Growth through Collective Action”. The leaders of the participating countries outlined their positions regarding the global economic situation, the overall growth strategy, employment and investment. President of the People’s Republic of China Xi Jinping noted that the G20 must enhance contacts and consultations on macroeconomic policy, promote reform and innovations, make the global economy more open and implement the 2030 Agenda for Sustainable Development.

- 17.11.15–  
19.11.15 [\*\*APEC Summit in Manila\*\*](#)
- The discussion concentrated on regional integration and comprehensive development. The heads of 11 countries (APEC leaders) and over 800 representatives of the business community discussed economic development, technological innovation and climate change. At the summit, President of the People’s Republic of China Xi Jinping called for setting up of a free trade zone in the Asia Pacific based on equal participation and extensive consultations to be stepped up. After the summit, the APEC economic leaders adopted a Declaration reflecting their coordinated approaches to further developing cooperation in the Asia Pacific.
- 21.11.15–  
22.11.15 [\*\*10th East Asia Summit in Kuala Lumpur\*\*](#)
- A key topic of discussion at the forum of the top political leaders of the ASEAN countries and external players – including Russia, China and the United States – was trade and economic blocs promoted by the United States and China: the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership. The ASEAN countries took a guarded position, attempting to find a balance between the major powers and expressing their readiness to negotiate with all of them.
- 15.12.2015 [\*\*14th Meeting of the Council of Heads of Governments of the SCO Member States in Zhengzhou\*\*](#)
- At the talks, Premier of the State Council of the People’s Republic of China Li Keqiang put forward an initiative to create a free trade area within the SCO by 2020. Prime Minister of Russia Dmitry Medvedev proposed that consultations be opened between the Eurasian Economic Union, Shanghai Cooperation Organization and the ASEAN countries on forming possible economic partnerships. The meeting resulted in the signing of a joint communiqué and the Programme for Interaction among the Customs Services of the SCO Member States for 2016–2021.
- 01.01.2016 [\*\*China Assumes Presidency of G20\*\*](#)
- China announced that its presidency aims to construct an innovative, invigorated, interconnected and inclusive global economy. The next G20 meeting will be held on September 4–5, 2016 in Hangzhou. The summit is expected to centre on building a fairer system of managing global finances, reforming the IMF’s quota system and fighting international terrorism.
- 13.01.2016 [\*\*The Five Permanent Members of the UN Security Council and the UN Special Envoy Meet in Geneva\*\*](#)
- During a meeting on Syria between the permanent members of the UN Security Council and the UN Security Council Special Envoy to Syria Staffan de Mistura, the parties discussed implementing UN Security Council Resolution 2254, providing unimpeded humanitarian access to Syrian cities, and also preparing for holding inter-Syrian talks on January 25 in Geneva.
- 19.01.16–  
23.01.16 [\*\*President of the People’s Republic of China Visits the Middle East\*\*](#)
- The first foreign visit of President Xi Jinping in 2016 was to Saudi Arabia, Egypt and Iran, thus demonstrating the special attention that China has given to the region. A week before the visit, the Chinese government made public the document on China’s policies toward Arab countries. This document served as basis for large-scale mutually profitable cooperation. It is expected that during the visit, the One Road, One Belt initiative will be tied in with the development strategies of the Middle Eastern countries.

- 05.10.2015 [Trans-Pacific Partnership Trade Agreement](#)
- The Trans-Pacific Partnership Trade Agreement creates a free trade zone in the Asia Pacific by eliminating or reducing tariff and non-tariff barriers across substantially all trade in goods and services. The Partnership includes the United States, Canada, Australia, Malaysia, Japan, Peru, Chile, Mexico, New Zealand, Brunei, Singapore and Vietnam: a total of 12 countries which together account for over 40 per cent of global trade. The creation of the Partnership could help bring the positions of Russia and China closer together, since these two countries are not part of the union.
- 12.02.16–  
14.02.16 [52nd Munich Security Conference](#)
- The conference was attended by more than 30 heads of state and government and over 70 ministers of foreign affairs and defence. The discussion concerned issues of global stability and security, the refugee problem in Europe, the Syrian crisis, the fight against terrorism, cybersecurity and infectious diseases. A special discussion entitled “China and the International Order” also took place, touching upon the problem of the South China Sea and the United States–China relations.
- 17.02.2016 [Venezuela, Saudi Arabia, Russia and Qatar Agree on Freezing Oil Production](#)
- Three member states of the Organization of Petroleum Exporting Countries (OPEC) and Russia agreed to freeze oil output at the January 2016 level, and they wish to conclude appropriate agreements with other large oil producers, such as Iran and Iraq, so that they would follow their example. The decision was also taken to create a committee to monitor the results of the actions taken.
- 17.02.2016 [Chinese Anti-Aircraft Missile Systems Deployed in the South China Sea](#)
- The Chinese military deployed several anti-aircraft missile systems on a disputed island in the South China Sea. China and its neighbours (Japan, Vietnam and the Philippines) have disputes regarding the maritime boundaries and responsibility zones in the South China and East China seas.
- 18.02.2016 [Russia Concludes its BRICS Presidency](#)
- To summarize its presidency, Russia prepared and released a report systematizing information on the events held, decisions made and documents approved. Russia held the BRICS presidency from April 2015 to February 2016.
- 01.03.2016 [India and Pakistan Receive their Memoranda of Obligations to Join the SCO](#)
- The Ambassadors of India and Pakistan to China received their respective memoranda of obligations with a view to obtaining SCO membership.
- 02.03.2016 [Preparing the Shanghai Cooperation Organization–Eurasian Economic Union Agreement on Continental Partnership](#)
- The Eurasian Economic Union and Shanghai Cooperation Organization countries are working on an agreement to create a continental economic partnership in the framework of a free trade area. The ministers of economy of the SCO countries were charged by their leaders with the non-public assignment “to report on a road map for preparing this agreement” by the next Council of the Heads of Government.

- 24.03.2016 [\*\*B20 Business Summit in Russia is Announced\*\*](#)  
At the Congress of the Russian Union of Industrialists and Entrepreneurs, President of Russia Vladimir Putin announced that the B20 Business Summit would be held on the sidelines of the St. Petersburg International Economic Forum. Russia will hold the Forum jointly with China, which currently holds the G20 presidency.

## Trade and Economic Cooperation

Date	Events
23.01.2015	<p><a href="#"><u><b>Assembling Chinese Automobiles in Tatarstan</b></u></a> The Expert Council on Special Economic Zones under the Ministry of Economic Development of Russia reviewed the project for assembling Chinese Dongfeng automobiles in the Alabuga Special Economic Zone (SEZ). The company plans to manufacture up to 7,000 cars annually. At stage one, cars will be assembled from parts produced in China. The new project will allow to increase investments to 191 million roubles and the number of employees to 225 people. Cars will be assembled on order from Dongfeng's Russian branch.</p>
06.02.2015	<p><a href="#"><u><b>Constructing the World's Largest Thermal Power Plant</b></u></a> Russia's Inter RAO and the State Grid Corporation of China (SGCC) could begin construction of the Erkovetskaya Thermal Power Plant in the coming years. A feasibility study is to be developed, and the conditions of cooperation are being discussed. An estimated \$15 billion is to be invested into the project, and energy exports to China may reach 30–50 billion kWh per year.</p>
11.02.2015	<p><a href="#"><u><b>Creating a Working Group for the Moscow–Kazan High-Speed Railway Project</b></u></a> The total construction time from start to finish will take around three to four years, although the start date for construction has not yet been determined. It is possible that China Northern Locomotive and Stock Industry Corporation will supply the trains and railway equipment.</p>
11.02.2015	<p><a href="#"><u><b>Russia–China Veneer Producing Plant Becomes Operational</b></u></a> The first of the ten planned plants to be built under the intergovernmental agreement on the creation of a Russia–China forest industry complex by 2022 has become operational. Chinese backers invested about 13 billion roubles in the plant, which is located in the town of Asino in Tomsk Region. Around 30 billion roubles will be invested in the project by 2022. Its designed capacity (to be reached in 2023) is 1.7 million cubic metres of products.</p>
27.02.2015	<p><a href="#"><u><b>China Might Get Majority Share in Russia's Oil and Gas Deposits</b></u></a> At the Krasnoyarsk Economic Forum, Deputy Prime Minister of Russia Arkady Dvorkovich announced Russia's readiness to consider granting China a majority share in projects to develop oil and gas fields, excluding sea shelf projects. Currently, there have been no requests from China concerning strategic fields.</p>
20.04.2015	<p><a href="#"><u><b>Chinese Investors Rent Land in Ingushetia</b></u></a> The authorities in Ingushetia agreed to allocate 100 hectares of land for Chinese investors to grow crops, develop the agricultural complex and build a trade and logistics centre. According to the agreements currently in place, Chinese investors will build various facilities worth a total of 20 billion roubles.</p>



- 08.05.2015 [Joint Gold Mining between Russia and China](#)  
China National Gold Group Corporation and Russian gold-mining company Polyus Gold International signed a framework cooperation agreement on mining gold and non-ferrous metals.
- 09.05.2015 [Minister of Commerce of the People's Republic of China Meets with the Minister for Trade of the Eurasian Economic Commission in Moscow](#)  
After the meeting, Minister of Commerce of the People's Republic of China Gao Hucheng and Minister for Trade of the Eurasian Economic Commission Andrey Slepnev signed a Joint Statement on Launching Talks on an Agreement between the People's Republic of China and the Eurasian Economic Commission on Trade and Economic Cooperation and Partnership.
- 26.05.2015 [China Invests in the Moscow-Kazan High-Speed Railway](#)  
President of Russian Railways Vladimir Yakunin confirmed that China would invest and take part in the construction of the Moscow–Kazan Railway, the first high-speed railway in Russia. The total investment is estimated at 1.1 trillion roubles.
- 08.07.15–  
11.07.15 [INNOPROM-2015 in Yekaterinburg](#)  
For the first time, China was granted the status of a partner country at the International Industrial Trade Fair INNOPROM. The country was represented by 150 companies at 33 joint stands. Almost 2,000 people took part in the event on the Chinese side. The key discussion at INNOPROM-2015 was the “Russian-Chinese Business Partnership – Towards Global Progress” Business Forum.
- 16.07.2015 [Construction of the Lifan Automobile Manufacturing Plant Starts in Lipetsk Region](#)  
The Lifan Automobile Manufacturing Plant will be built in the Lipetsk Special Economic Zone. The plant will produce 60,000 vehicles per year. Total investment in the project is \$300 million. It will begin to turn a profit in seven years.
- 17.07.2015 [Promoting Russia–Mongolia–China Economic Corridor Initiative](#)  
A memorandum of cooperation was signed between the Russian–Mongolian company Ulaanbaatar Railway and Korea Railroad Corporation in Ulaanbaatar. The contract will contribute to promoting the Mongolia–China–Russia economic corridor initiative, which was discussed at the meeting of the leaders of Mongolia, Russia and China in Ufa in July 2015.
- 04.08.2015 [Construction Begins on a Railway Bridge Between Russia and China](#)  
The new Tungjiangbei checkpoint will be the third railway checkpoint between Russia and China after Manchuria and Suifenhe. The 20-span railway bridge currently under construction will join the railway network of Northwest China and the railways of Siberia and will help increase trade turnover and optimize trade exchanges between the countries.
- 12.10.15–  
16.10.15 [Second China–Russia EXPO in Harbin](#)  
Over 200,000 people attended the EXPO, including almost 6,000 participants from Russia, led by Deputy Prime Minister of Russia Dmitry Rogozin. During the forum, contracts worth a total of \$5.37 billion were signed.
- 14.10.2015 [Cooperation Agreement Between Sverdlovsk Region and the Heilongjiang Province](#)  
During the Second China–Russia EXPO, Sverdlovsk Region and the Heilongjiang Province signed a Protocol of Intention to develop friendly relations and cooperation. The parties agreed to create standing working bodies to promote mutual economic projects.

- 22.10.2015 [\*\*Russia–China Free Economic Zone in Irkutsk\*\*](#)  
On the sidelines of the China Overseas Investment Fair (COIFAIR-2015) representatives of the Irkutsk Region and the Liaoning Province signed an agreement on the creation of a Russia–China Free Economic Zone. A free economic zone already exists in Shenyang. The first residents are expected to be a Chinese bank together with Sberbank. An insurance company will then be developed, and by late 2016 a hotel will be built. New companies will join and open their offices in Irkutsk.
- 17.12.2015 [\*\*Sinopec–Sibur Deal is Finalized\*\*](#)  
China Petroleum & Chemical Corporation (Sinopec) finalized the deal to acquire a 10 per cent share in Russia's largest gas processing and petrochemicals company Sibur Group. The Chinese company received the right to acquire 20 per cent of Sibur's stock in two stages. The first 10 per cent will be acquired for \$1.338 billion. Sinopec has the right to acquire another 10 per cent over the next three years. The company may also become a strategic partner in the construction of the Amur gas chemical facility.
- 17.12.2015 [\*\*Agreement on Constructing the Trans-Border Section of the Power of Siberia Pipeline Across the Amur\*\*](#)  
Gazprom and China National Petroleum Corporation (CNPC) signed an agreement on designing and constructing the trans-border section of the Power of Siberia pipeline. The underwater section will run along the bottom of the Amur. The conditions of the partnership to design, construct and exploit the trans-border sections of the pipeline are determined by the intergovernmental agreement of October 13, 2014.
- 18.12.2015 [\*\*The Silk Road Fund Acquires a Share in Yamal LNG\*\*](#)  
The Chinese Silk Road Fund acquired a 9.9 per cent stake in the Yamal LNG Russian gas liquefying project and issued Novatek a loan of 730 million euros for 15 years to finance the project. The implementation of the deal will begin when the intergovernmental agreement comes into force. The relevant document was signed by the Silk Road Fund and Novatek Company in the presence of the Premier of the State Council of the People's Republic of China Li Keqiang and Prime Minister of Russia Dmitry Medvedev during the latter's official visit to China.
- 29.12.2015 [\*\*Chinese Investors Acquire a 13 Per Cent Share in Gold-Copper Mining Project in the Trans-Baikal Region\*\*](#)  
Norilsk Nickel sold 13.3 per cent of the Bystrinsky gold-copper project to China's Hopu Investment Management Company in a deal worth \$100 million. Taking Chinese investments into account, the Bystrinsky project is worth \$750 million. The deposit holds 2.1 million tonnes of copper, 7.6 million ounces of gold, 34.1 million ounces of silver and 67 million tonnes of magnetite iron.
- 18.01.2016 [\*\*Discussing a Free Trade Zone Between Hong Kong and the Eurasian Economic Union\*\*](#)  
Russia and Hong Kong have agreed to open discussions on a free trade area between Hong Kong and the Eurasian Economic Union. Deputy Prime Minister of Russia Arkady Dvorkovich is in charge of the prospective agreement on the Russian side.
- 20.01.2016 [\*\*Chinese Bank Issues a Loan to Construct a Thermal Power Station in Yaroslavl\*\*](#)  
Industrial and Commercial Bank of China (ICBC) issued a loan of about 6 billion roubles to complete the construction of a thermal power plant in Yaroslavl. The project is being implemented by China Huadian Corporation and Russia's TGC-2. Currently, the Huadian–

Tenino Thermal Power Plant is in the final stages of construction. The total volume of Chinese bank's investments is about 14 billion roubles.

08.02.2016

**[State Guarantees for Financing the Yamal LNG](#)**

The Supervisory Board of Vnesheconombank made the decision to issue guarantees of \$3 billion for the Yamal LNG project, thus paving the way for additional external financing from international banks.

16.02.2016

**[Contract for Ka-32 and Mi-17 Helicopters](#)**

Russia and China signed several contracts for the supply of seven multi-role Ka-32A11BC helicopters and two Mi-171E transport helicopters. These are modernized helicopters with VK-2500 engines, specially modified for flying in China's mountainous regions. The value of the contracts has not been disclosed.

11.03.2016

**[Minister of Energy of Russia and Director of the National Energy Administration of China Meet in Beijing](#)**

Minister of Energy of Russia Alexander Novak held a meeting with Director of the National Energy Administration of China Nur Bekri to discuss cooperation in gas, oil, coal and energy.

18.03.2016

**[Russia Starts Exporting Wheat to China](#)**

Formally, the market for grain shipments from Russia was opened in December 2015, when protocols on phytosanitary requirements for Russian wheat, corn, rice, soybean and rapeseed were signed. All the products are intended for processing only.

22.03.2016

**[Head of Gazprom and Vice Premier of the State Council of the People's Republic of China Meet in Beijing](#)**

Gazprom CEO Alexey Miller and Vice Premier of the State Council of the People's Republic of China Zhang Gaoli discussed projects in energy cooperation and exchanged opinions on expanding cooperation areas and ensuring a favourable development trend in interaction between the two countries.

24.03.2016

**[St. Petersburg International Economic Forum Visiting Session](#)**

A visiting session of the St. Petersburg International Economic Forum took place as part of the 2015 Boao Forum for Asia. It focused on the prospects of Russia–China economic relations. Special attention was paid to developing the interaction potential of the innovative and entrepreneurial communities of Russia and China.

24.03.2016

**[Preparing a List of Investment Projects for Aligning the Eurasian Economic Union and the Silk Road Economic Belt](#)**

After a meeting at the Boao Forum with the Premier of the State Council of the People's Republic of China Li Keqiang, Deputy Prime Minister of Russia Arkady Dvorkovich announced that the list of possible investment projects as part of aligning the Eurasian Economic Union and the Silk Road Economic Belt had been handed to the Chinese side. The majority of infrastructure projects is connected with port terminals, logistics centres, roads, railways, etc. It was also suggested that China take part in the construction of the Samara–Tolyatti High-Speed Railway. Some of the projects may be financed by the AIIB and the Silk Road Fund.

30.03.2016

**[Work on the Land–Sea Line Between China, Russia, and the Republic of Korea Begins](#)**

A freight train will run weekly on the Suifenhe–Vladivostok–Busan route, carrying over 100 containers. The second part of the route will involve maritime shipping, which will cut delivery time to four days compared to the longer route via the Chinese port of Dalian.

- 31.03.2016 [\*\*China's Guarantees for Importing Oil from Russia in 2016\*\*](#)  
China has confirmed its readiness to import about 27 million tonnes of Russian oil in 2016. A total of 16.5 million tonnes will be delivered via the Skovorodino–Mohe Pipeline; 3.5 million tonnes will be shipped under an intergovernmental agreement from the Port of Kozmino; and 7 million tonnes will transit through Kazakhstan.

## Financial and Investment Cooperation

Date	Event
27.01.2015	<p><a href="#"><b>Investment Agreement of a Chinese Company with Buryatia</b></a></p> <p>The Republic of Buryatia signed two contracts with Chinese investment company Tian You (Lanzhou) worth a total of about 1.3 billion roubles. Foreign entrepreneurs plan to build a customs-logistics complex in the city of Kyakhta, create a transportation company for international shipping and implement a project for bottling Baikal water. Buryatia's cooperation with Tian You began at the May 2014 Invest in Buryatia Forum held in Beijing. The forum was organized by the Regional Development Foundation and China's Federation of Foreign Investments.</p>
03.02.2015	<p><a href="#"><b>Cooperation Agreement Between Vladivostok and Yanbian Korean Autonomous Prefecture of the People's Republic of China</b></a></p> <p>The 2015 cooperation agreement signed by Head of Vladivostok Igor Pushkarev and Governor of the People's Government of Yanbian Korean Autonomous Prefecture Li Jinghao mentions the possible construction of the Vladivostok Ring Road and a bridge across the Amur Bay to the Peschany Peninsula, which would drastically increase freight turnover between the regions. Several variants of constructing the Vladivostok Ring Road are under consideration, given the overall dense housing development and the location of the industrial facilities. Deputy Prime Minister and Presidential Plenipotentiary Envoy to the Far Eastern Federal District Yury Trutnev supported the project.</p>
09.03.2015	<p><a href="#"><b>Ratification of the Agreement on the BRICS New Development Bank</b></a></p> <p>The Bank will be one of the largest multilateral development institutions with a stated capital of \$100 billion. It is being created to finance infrastructure projects in the BRICS states and developing countries. The Bank's first president will be from India; the first chair of the Board of Directors will be from Brazil; and the chair of the Board of Governors will be from Russia. Minister of Finance of Russia Anton Siluanov is expected to hold the office. Over seven years, Russia must contribute \$2 billion to the Bank's capital.</p>
18.03.2015	<p><a href="#"><b>Trading in Rouble-Yuan Currency Futures Begins at the Moscow Exchange</b></a></p> <p>The start of trading in new futures is due to the significant growth of yuan trading at the Moscow Exchange, the increase in yuan-rouble conversions on the Russian currency market, and the emerging demand for hedging transactions on foreign trade contracts between Russia and China. Last year, the overall amount of yuan trading at the Moscow Exchange grew eight-fold to 395 billion roubles (48 billion yuan).</p>
28.03.2015	<p><a href="#"><b>Russia Joins the AIIB</b></a></p> <p>Moscow's decision to join the AIIB as a founding state is due both to economic expediency and the political desire for closer cooperation with China. Joining the AIIB will allow Russia to attract investors to projects in the Far East and Eastern Siberia.</p>

- 28.03.2015 [\*\*Creating a Fund for Investing in Infrastructure and the Agricultural Sector\*\*](#)  
During the Boao Forum for Asia, Gazprom proposed that a joint fund be created with Chinese banks in the amount of \$5 billion for investing in infrastructural projects and agriculture. The plan is to use both the banks' own funds and borrowed finances.
- 30.03.2015 [\*\*Attracting a Chinese Investor for an Oil Refinery in Kemerovo Region\*\*](#)  
Kem Oil Limited intends to attract a Chinese investor to complete the construction of an oil refinery complex in Kemerovo Region. The total value of project is estimated to be 75 billion roubles. The company is prepared to attract up to 45 billion roubles in investments. Kem Oil and the Chinese partner are discussing cooperation forms: co-investing and co-ownership. The oil processing complex unites the Severny Kuzbass Oil refinery and Anzher Oil and Gas Company. The enterprise intends to increase processed amounts from the current 1.5 million tonnes to 3.5 million tonnes by the first quarter of 2017.
- 30.03.2015 [\*\*Industrial and Commercial Bank of China Starts Financing Aeroflot Leasing\*\*](#)  
With the help of the Industrial and Commercial Bank of China and ICBC Financial Leasing Co Ltd., Russia's Public Joint Stock Company State Transport Leasing Company leased the first Boeing 777 to Aeroflot. The aircraft is leased under an agreement that stipulates the leasing of three Boeing 777-300ER planes to Aeroflot during the first half of 2015. The leasing company develops partnership agreements with Asian financial institutions with the view to diversifying its funding sources. Today, the Industrial and Commercial Bank of China is one of the "Big Four" (China's four largest state banks) and is also one of China's largest financial institutions.
- 14.05.2015 [\*\*Chinese Investments in Vladimir Region\*\*](#)  
The Government of the Vladimir Region signed a framework agreement on attracting Chinese investments into energy conservation and energy efficiency. A minimum of \$1 billion will be invested over three years. Investments will be attracted in the form of energy service contracts, and also in the form of creating infrastructure and joint plants.
- 10.06.2015 [\*\*Secretariat of the BRICS New Development Bank Opens in Shanghai\*\*](#)  
The Bank's headquarters will be located at the EXPO Exhibition Complex in the China Financial Information Centre in Shanghai. India's Kundapur Vaman Kamath will serve as the Bank's first president.
- 13.06.2015 [\*\*Sberbank Sends the First Letter of Credit for Payment in Chinese Yuan\*\*](#)  
For the first time ever, Sberbank of Russia sent a letter of credit to a Russian company to make a payment in Chinese yuan. Sintez received the letter for 29 million yuan, which it will use to import medications. The Export-Import Bank of China provided the financing. Replacing letters of credit in dollars with a letter of credit in yuan allowed the company to cut costs in settling trade accounts between China and Russia.
- 17.06.2015 [\*\*Chinese Investment in Tomsk Region\*\*](#)  
Chinese backers announced that they would be investing a further 20 billion roubles in the construction of a paper mill in the Tomsk Region. The Chinese side plans to produce rayon there.
- 29.06.2015 [\*\*Russia Receives 5.92 Per Cent of Votes in the AIIB\*\*](#)  
China, India and Russia became three largest stock-holders in the AIIB, receiving 26.06 per cent, 7.5 per cent and 5.92 per cent of votes, respectively. The Bank's authorized capital will be \$100 billion.

- 10.07.2015 [\*\*Russia Enters China's Interbank Bond Market\*\*](#)  
VTB Bank received a license to access China's domestic interbank bond market, the first Russian bank to gain such approval from the Chinese regulators. China's domestic bond market is the third largest in the world in terms of the volume of debt obligations and is the most liquid trading site for the debt instruments of the majority of China's mainland issuers.
- 23.07.2015 [\*\*Memorandum of Understanding Between the Moscow Exchange and the China Financial Futures Exchange\*\*](#)  
The document was signed during a working visit by the delegation of the Bank of Russia and the Moscow Exchange to China. Over the first six months of 2015, trade volume in the yuan-rouble pair increased by 130 per cent, with an average daily volume of 1.6 billion roubles. The liquidity of the Chinese currency market is ensured by eight market-makers; over 130 banks and brokerage companies work there.
- 09.08.2015 [\*\*China's Banking Consortium Extends the First Short-Term Loan to Russia's State Bank\*\*](#)  
The first China–Russia interbank short-term loan transaction (up to one year) is for 1 billion Chinese yuan. At the behest of Sberbank of Russia, Harbin Bank requested that the Banking Consortium, which comprises the Baoshang Bank and the Bank of Inner Mongolia, offer short-term loan services to Sberbank of Russia.
- 09.08.2015 [\*\*Trial Free Circulation of the Rouble Introduced in Suifenhe\*\*](#)  
Upon the decision of the People's Bank of China, Suifenhe was chosen as the territory to test the free circulation of rouble. Suifenhe has the largest checkpoint on the Russian border, in the Heilongjiang Province; 80 per cent of Heilongjiang's exports to Russia pass through this checkpoint. Over 2014, the city's foreign trade turnover reached \$7.6 billion.
- 08.10.2015 [\*\*China Launches CIPS: Its Own International Payment System\*\*](#)  
The official launch of the first line of China's International Payment System was launched in Shanghai. The system provides services for payments and capital clearing in trans-border and offshore operations in yuan for Chinese and foreign financial organizations. CIPS will promote the global use of the Chinese currency and play an important role in taking Chinese businesses to the foreign markets.
- 12.10.2015 [\*\*Bank of China Offers Individual Trans-Border Transactions in Roubles\*\*](#)  
The Russian branches of the Bank of China (in Moscow, Khabarovsk and Vladivostok) started offering individual trans-border transactions in roubles. This is expected to meet the needs of individual customers with regard to personal payments during tourist trips, studies abroad and commercial visits. In the future, individual clients will be able to purchase roubles in cash at Bank of China branches in China or via internet-banking and make international wire transfers in roubles into the accounts of any bank in Russia.
- 16.10.2015 [\*\*Creating a China–Russia Financial Union\*\*](#)  
During the Second China–Russia EXPO, 17 Russian banking organizations (including Sberbank of Russia and Promsvyazbank) and 18 Chinese banks (including the Harbin Bank, Boashang Bank and the Bank of Chongqing) formed a transnational financial union. The China–Russia financial union was formed as a non-commercial trans-border financial cooperation organization. It is to serve as an unofficial site for establishing ties and communication and information links between its members which will thus allow cooperation in investments, financing and currency transactions to be developed among financial organizations of the two countries.

- 22.10.2015 [\*\*Seventh China Overseas Investment Fair \(COIFAIR-2015\) in Beijing\*\*](#)  
Russia was the guest country of honour at the event. A Russian delegation of 280 participants presented over 37 investment projects worth a total of \$1.5 billion. Agriculture and construction were the most promising lines of Russia–China economic cooperation.
- 17.12.2015 [\*\*Russia–China Investment Fund Approves 15 Transactions\*\*](#)  
The total volume of transactions was \$5 billion, with the Russia–China Investment Fund contributing about \$1 billion and the remaining \$4 billion coming from co-investors, partners and banks. CITIC Emergence and Renaissance Capital signed an agreement on joint aid to Russian companies on the Chinese market and on more active participation in China’s financial market.
- 17.12.2015 [\*\*Memorandum of Understanding Between the Ministry of Finance of Russia and the Ministry of Finance of the People’s Republic of China\*\*](#)  
Shi Yaobin, Vice Minister of Finance of China, and his Russian counterpart Sergey Storchak signed a Memorandum of Understanding on Financial Cooperation; under this memorandum, the parties will increase cooperation in such areas as coordinating their policies at international forums and organizations, expanding the budget, the state treasury and bond issuance. The parties will thus promote the participation of their financial institutions in implementing the common tasks of AIIB, the BRICS New Development Bank, the Silk Road Fund and the SCO Development Bank.
- 17.12.2015 [\*\*Memorandum of Understanding Between the Central Banks of China and Russia\*\*](#)  
The People’s Bank of China and the Central Bank of Russia signed a memorandum of understanding on cooperation in mutual payments. The purpose of the memorandum is to develop cooperation in areas of mutual interest, achieve progress in mutual payments and expand cooperation on payments and bank cards.
- 25.12.2015 [\*\*AIIB Official Founding in Beijing\*\*](#)  
Seventeen countries holding 50.1 per cent of the bank’s shares ratified the Articles of Agreement of the AIIB; the legal conditions for the Bank commencing operations were thus met (ratification by no fewer than 10 countries with no less than 50 per cent of the new financial institution’s shares). AIIB – the world’s first multilateral financial institution founded on China’s initiative – could be officially declared open.
- 18.01.2016 [\*\*Hong Kong–Russia Agreement on Avoiding Double Taxation\*\*](#)  
The Agreement, which was signed at the Asian Financial Forum, allows Chinese companies that have paid taxes in Russia to receive appropriate preferences based on Hong Kong’s tax laws. Before the conclusion of the agreement, permanent offices of Chinese companies in Russia were double-taxed if they made profit in Hong Kong. Similarly favourable conditions are applicable to Russian companies.
- 21.01.2016 [\*\*Memorandum of Understanding Between VTB and Alibaba Group\*\*](#)  
At the World Economic Forum in Davos, VTB Bank concluded a strategic partnership agreement with Ant Financial Services Group, the payment systems operator for China’s largest internet company – Alibaba Group. This cooperation will increase the efficiency of Alibaba Group’s operations and promote the development of internet payments and mobile applications in Russia. VTB will provide corporate, investment and banking services.

- 04.02.2016 **[Chinese Fund Sells its Shares in the Moscow Exchange](#)**  
The Chengdong Investment Corporation Fund finalized a rapid discounted sale of its 5.2 per cent stake in the Moscow Exchange, having sold securities worth 10.6 billion roubles. The shares were sold to large institutional investors. The stock was sold at 89 roubles per share, with the closing price standing at 99.6 roubles per share. Analysts believe the sale was caused by Chengdong Investment Corporation's desire to register a profit, being the second large asset sold by the fund. In the autumn of 2015, the Chengdong Investment Corporation sold its 12.5 per cent stake in Uralkali, the world's largest producer of potassium fertilizers.
- 04.02.2016 **[VTB Processing Centre Payments to China Increase](#)**  
In 2015, the volume of payments in yuan processed by the VTB Processing Centre grew by 20 per cent to 734 million yuan. This growth was in part due to the sanctions: VTB's customers use Chinese banks to make contract payments to other countries. Besides, given the unstable currency market, payments in yuan reduce the risks. Payments in roubles also slowly make their way into Russia–China trade; they are small in volume, but we can expect them to grow gradually.
- 02.03.2016 **[Central Banks of Russia and China Test Currency Swaps](#)**  
Starting in October 2015, the currency swap instrument was successfully tested on a number of transactions, allowing financing to be allocated for a limited number of Russian and Chinese counterparts. These tests made it possible to ensure operational readiness to activate the swap should such a need arise in the future. The volume of swap lines carried out under the currency swap agreement between the Bank of Russia and People's Bank of China is 815 billion roubles and 150 billion yuan. The agreement is for a term of three years and can be extended by the mutual consent of the parties.
- 03.03.2016 **[Gazprom Receives a Chinese Loan](#)**  
Gazprom and Bank of China Limited (London Branch) concluded an agreement for a term of five years on a loan of 2 billion euros. This is the largest deal of its kind in terms of the volume of financing attracted directly from a single credit institution, and the first bilateral credit agreement with a Chinese bank.
- 11.03.2016 **[Creating a Russia–China Joint Venture to Attract Investments](#)**  
Heilongjiang Main Company for the Development of Economy and Technology and the Russian Republican Investment Company created a joint venture in Yakutsk. The Chinese side will own 60 per cent of the shares, while the Russian side will control the remaining 40 per cent. China will establish a special fund of \$300 million to implement projects in the Russian Far East, including Yakutia. A priority project to be promoted by both parties is the development of the Ruchei Tirekhtyakh placer deposit of tin.
- 31.03.2016 **[Preparing to Sell Russian Bonds for Yuan](#)**  
The Ministry of Finance of Russia is creating an infrastructure that would allow Russian companies to attract Chinese investors when placing securities. In order to create the possibility of using corporate loans, plans are in place to develop a depository-clearing bridge between the central securities depositories of Russia and China.
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## **Scientific and Military–Technical Cooperation**

<b>Date</b>	<b>Event</b>
21.01.2015	<p><b><a href="#">Delegation from the Main Medical Directorate of the Ministry of Defence of Russia Visits Beijing</a></b></p> <p>During its working visit, the Russian delegation visited China's public and military healthcare facilities and held a series of meetings with their foreign colleagues. Russian military doctors familiarized themselves with the work of the Guanganmen Research Hospital at the China Academy of Traditional Chinese Medicine. The military doctors developed a series of proposals to strengthen and develop further cooperation between the military medical departments of the Armed Forces of Russia and the People's Liberation Army of China.</p>
09.02.2015	<p><b><a href="#">Constructing Hovercraft for the Chinese Navy</a></b></p> <p>The construction of Zubr-class air-cushioned landing craft for the People's Liberation Army Navy will be completed in China. The \$315 million contract for the construction of four Zubr-class hovercraft was concluded with Feodosia PO More Shipbuilding Yard when Crimea was a part of Ukraine. Under the contract, two hovercraft were to be built in Ukraine, and two more in China. Currently, Rosoboronexport is implementing the contract. The first two Zubr-class landing craft were built in Feodosia and sent to China, but payment of \$11 million to the Ukrainian Defence Industry (Ukroboronprom) for the second Zubr was suspended after Crimea became a part of Russia.</p>
10.02.2015	<p><b><a href="#">Roscosmos Delegation Visits China</a></b></p> <p>The official visit included a discussion on the interaction between the two countries in the production of electronic components for the construction of rockets and designing rocket engines. Head of the State Space Corporation Igor Komarov and Director of the China National Space Administration Xu Dazhe signed a cooperation agreement on satellite navigation, and also created a joint committee for interaction in developing the GLONASS and BeiDou satellite navigation systems. The Committee will supervise the placement of GLONASS satellite navigation stations in the Chinese cities of Ürümqi and Changchun.</p>
10.02.2015	<p><b><a href="#">Russia–China Committee on Satellite Navigation Cooperation Meets in Beijing</a></b></p> <p>Members of the China Satellite Navigation Committee and the Russian State Space Corporation took part in the first meeting of the joint Committee. The experts summarized the results of the work already carried out and developed a plan of action for the future.</p>
10.02.2015	<p><b><a href="#">Director of the Federal Security Service of Russia and Minister of Public Security of China Meet in Beijing</a></b></p> <p>At the meeting, the participants noted that Russia–China cooperation in law enforcement and security has tended towards stable and practical development in recent years. Both parties expressed their readiness to fully develop the mechanism of Russia–China cooperation in this area and continue to deepen cooperation in the fight against terrorism, border issues, counteracting trans-border crime, strengthen coordination within the SCO and contribute to maintaining security and stability in both countries and regions.</p>
19.02.2015	<p><b><a href="#">Russia–China Space Cable Systems Laboratory Opens</a></b></p> <p>Samara State Aerospace University created a joint Russia–China Space Cable Systems Laboratory. The Laboratory was formed as part of cooperation with Xi'an's Northwestern Polytechnic University. Scientists from both universities will research and experiment with space cable systems.</p>

- 30.03.2015 [\*\*BeiDou Launches its 17th Navigation Satellite\*\*](#)  
The successful launch of the new-generation satellite means that the plan for expanding the BeiDou system to cover the entire planet has been put in action. The BeiDou system is a global navigation system compatible with other such systems. It is intended to offer various services for transportation, maritime fishing, hydrologic monitoring, weather forecasting, firefighting and mobile navigation. The plan is for BeiDou to cover the entire planet by 2020. Russia and China have agreed on mutual use of BeiDou and GLONASS systems.
- 16.05.2015 [\*\*Russia–China Naval Interaction – 2015 Exercises\*\*](#)  
The exercises were launched in Novorossiysk; five-day manoeuvres took place in the Mediterranean. Nine surface vessels from the two countries took part in the drills. The Chinese Navy was represented by two guided missile frigates and a support vessel. The principal goal of the exercises was to drill joint methods for counteracting naval threats. The plan included joint actions to ensure the safety of sea vessels, defensive action in the water, the practical use of weapons, escorting ships and replenishment at sea.
- 13.05.2015 [\*\*Sixth China Satellite Navigation Conference in Xi'an\*\*](#)  
The conference was attended by over 2,000 representatives of official authorized agencies and eminent professionals from China, the United States, Russia and other countries. The participants discussed issues relating to the use of the Chinese BeiDou satellite navigation system and other global navigation satellite systems.
- 26.05.2015 [\*\*11th Round of Russia–China Strategic Security Consultation in Moscow\*\*](#)  
State Councillor of the People's Republic of China Yang Jiechi and Secretary of the Security Council of Russia Nikolay Patrushev discussed the possibility of stepping up military-technical cooperation and collaboration in fighting terrorism in the BRICS countries. Russia intends to transform BRICS into a mechanism for strategic coordination between partners.
- 03.06.2015 [\*\*Cooperation Agreement Signed Between Dunhuang Airport and the Shaanxi China–Russia Pilot Academy\*\*](#)  
The signing of the agreement means that the two sides have established business cooperation in general purpose aviation. The China–Russia Pilot Academy is now officially based at Dunhuang Airport.
- 20.08.15–  
28.08.15 [\*\*Fourth Joint Russia–China Naval Interaction-2015 \(II\) Exercises\*\*](#)  
The drills took place in the Peter the Great Gulf and Cape Clerke, as well as in the air and maritime space in the Sea of Japan. The focus of the exercises was on joint sea defence and landing operations. In total, 23 surface ships, 2 submarines, 15 aircraft, 8 amphibious helicopters, 400 marines and 30 amphibious vessels participated in the exercises.
- 08.10.2015 [\*\*International Conference on Afghanistan in Moscow\*\*](#)  
Deputy Chief of the Joint Staff of the Central Military Commission of the People's Liberation Army Sun Jianguo was invited to take part in the conference by the Ministry of Defence of Russia. At the conference, China set forth its position on the fight against terrorism in the region and put forward proposals on international anti-terrorist cooperation. Top military officers from SCO member states, observer countries and dialogue partners, and countries neighbouring Afghanistan took part in the conference.
- 14.10.2015 [\*\*Antiterrorist Online Exercises\*\*](#)  
The SCO member states held the first ever joint Internet Anti-Terror Exercises Xiamen-2015. The scenario for the exercises included a terrorist organization publishing information on

social networks and openly inciting terrorism, separatism and extremism. At the exercises, the relevant authorities of the SCO member states and the Executive Committee of the Regional Anti-Terrorist Structure of the SCO discovered and removed the harmful propaganda in a timely manner. Information on the person spreading the information and his location were also discovered.

28.10.2015

**[Heads of Departments of the Ministries of Defence of the SCO Member States Meet in Moscow](#)**

At the meeting of the heads of departments in charge of international military interaction the participants discussed the implementation of decisions adopted at the Meeting of Defense Ministers of Member States of the Shanghai Cooperation Organization in June 2015. Ministerial delegations of the SCO member states discussed approaches and coordinated the necessary documents to implement the Russian initiative for creating a mechanism of cooperation between defence agencies, a mechanism that would coordinate military collaboration and information exchange and organize consultations.

17.11.2015

**[Vice Chairman of the Central Military Commission of China Xu Qiliang Visits Ufa](#)**

Members of the highest military and state leadership of China visited the Ufa Engine Industrial Association, one of the largest subsidiaries of the United Engine Corporation, and declared their interest in further expanding interaction in aviation engines. Currently, China uses, in various aviation platforms, several thousand engines designed and manufactured by various units of the United Engine Corporation.

19.11.2015

**[Sales Contract for Su-35 Multirole Fighters](#)**

At a meeting of the Intergovernmental Commission on Military Technical Cooperation, Russia and China signed a sales contract for the supply of 24 Su-35 fighters, estimated to be worth at least \$2 billion. China officially became the first foreign buyer of Su-35 aircraft.

23.11.2015

**[Sales Contract for Ka-32 Helicopters](#)**

Russian Helicopters Holding signed a contract with Jiangsu Baoli Chinese company for the delivery of four Ka-32A11BC helicopters with a helicopter bucket. The helicopters will be delivered in 2016–2017.

30.11.2015–  
04.12.2015

**[33rd Session of the Joint Monitoring Group on the Mutual Reduction of Military Forces in the Border Areas](#)**

At the Beijing meeting, the representatives of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan discussed the issues of implementing two crucial agreements: the 1996 Agreement between Russia, Kazakhstan, Kyrgyzstan, Tajikistan and China on Confidence Building in the Military Field in the Border Area, and the 1997 Agreement on Mutual Reduction of Military Forces in the Border Areas. The participants confirmed that a joint monitoring group led by the ministries of foreign affairs and the ministries of defence of the five countries had taken all designated measures to implement the above-stated agreements. The event also confirmed eight successful mutual visits of border military units. The work plan for 2016 was also developed at the session.

05.12.15–  
07.12.15

**[Meeting of Heads of the Foreign Affairs Departments of the Armed Forces of SCO Member States](#)**

The ministers of defence of the SCO member states agreed to hold the meeting on the island of Hainan. At the meeting, the participants summarized the work done in defence and security since August 2014 and exchanged opinions on high level contacts and joint military exercises for 2016.

- 15.12.2015 [\*\*Russia and China Develop Navigation System for the SCO Countries\*\*](#)  
Russian and Chinese experts have developed a project to create an international high-precision global navigation system based on the GLONASS and BeiDou satellite navigation systems for the BRICS and SCO member countries. Implementing the project will allow global and regional satellite navigation systems to be expanded in the interests of BRICS and SCO member states and the global community.
- 22.12.2015 [\*\*Russia–China Cooperation Agreement on Information Security\*\*](#)  
Russia's Safe Internet League signed a cooperation agreement with China's Information Security Society. The agreement states that a Russia–China forum will be held twice a year. The two countries will cooperate in the exchange of information and the preparation of joint reports for the leaders of the two countries, and will conduct joint research into state information security, including counteracting information warfare. Developing Russia–China cooperation on global internet governance was the result of agreements achieved by Igor Shchegolev, Aide to the President of Russia, and Lu Wei, Chief of the General Office of the Central Leading Group for Internet Security and Informatization.
- 22.12.2015 [\*\*Founding of the China–Russia Joint Research Centre on Superconducting Protons in Hefei\*\*](#)  
The new joint research centre was formed by the Institute of Plasma Physics of the Chinese Academy of Sciences and Russia's Joint Institute for Nuclear Research. Over the course of three years, the centre's researchers plan to develop the SC200, China's first medical device for treating cancer and other serious illnesses.
- 15.01.2016 [\*\*Russia–China Su-35 Contract Details\*\*](#)  
In the fourth quarter of 2016, Russia begins to export Su-35 fighters to China. The contract, part of the military-technical cooperation between the two countries, is intended to be fully executed over three years. United Instrument Manufacturing Corporation has already started production of communication units for the Su-35 to be exported to China. The contract for 24 fighters is worth at least \$2 billion.
- 17.01.16–  
21.01.16 [\*\*Detachment of Russia's Pacific Fleet Visits Shanghai\*\*](#)  
A detachment of Russia's Pacific Fleet led by the destroyer Bystry paid a five-day visit to the port of Shanghai on its way back to Vladivostok. The detachment commander met with the commanders of the East Sea Fleet of the People's Liberation Army Navy. The leaders of the Wusong Naval District visited the destroyer Bystry and the Russian side visited one of the military vessels of the Chinese Navy.
- 29.01.2016 [\*\*Creating the One Belt, One Road Research Institute in Hong Kong\*\*](#)  
China founded the first One Belt, One Road Research Institute. The institute will focus on researching the strategy of building the Silk Road Economic Belt and the 21st Century Maritime Silk Route Economic Belt. The institute aims to provide a forum for exchanging opinions and conducting research linked to the above-stated initiatives, as well as on economic, financial, legal, cultural and social issues at the international level.
- 17.02.2016 [\*\*Creating a Technical Maintenance Centre for Russian Helicopters in China\*\*](#)  
Russian Helicopters Holding signed a framework agreement with Chinese companies AVIC International Holding Corporation and CITIC Offshore Helicopter Corporation on the creation of a technical maintenance and repairs centre for Russian-made helicopters in China. Under the agreement, the Holding plans to upgrade a plant in Shenzhen to carry out repairs on

Russian helicopters. The first stage of operations will involve performing maintenance works on Ka-32A11BC helicopters. During stage two, facilities for the maintenance and repair of Mi-8/17 class helicopters will be created. China is also interested in setting up authorized service centres in Shanghai and Chengdu.

19.02.2016

**[Selling Four Su-35 to China](#)**

Before the end of 2016, Russia will deliver the first four Su-35 fighters as part of its obligations under the 2015 contract for 24 aircraft (worth at least \$2 billion). The remaining aircraft will be delivered over the next two years. China was the first foreign country to purchase Su-35 fighters.

20.02.2016

**[Delivering a Ground-Based Air Communication System to China](#)**

The NKVS-27 ground-based air communication system will be delivered to China along with a shipment of Su-35 fighters to equip their airbase. The system is designed for voice communication and data exchange with air force aircraft. It can also function as a flight control platform. All the aircraft supplied will be equipped with the S-108 communication system which, jointly with NKVS-27, includes aircraft into the air force automatic control loop.

07.03.2016

**[Seventh Round of Talks on Heavy Transport Helicopter Joint Project](#)**

During the talks, Russia and China agreed on the key technical specifications for a heavy transport helicopter – a strategic project for both countries. The framework cooperation agreement on designing a prospective heavy transport helicopter was signed between AVIC International Holding Corporation and Russian Helicopters Company in May 2015.

11.03.2016

**[Deliveries of the S-400 Triumph Anti-Aircraft Weapon System to China](#)**

Under the 2014 contract, China made an advance payment for S-400 Triumph anti-aircraft missile weapon system. By the end of June 2019, Russia is to deliver two regiments of S-400 Triumph anti-aircraft weapon system to China. Each regiment includes a command post and two battalions with four launchers each. Training of Chinese crews and technicians will start in Russia during the fourth quarter of 2017. In accordance with the 2014 contract signed in Moscow, the cost of training is included in the overall transaction amount, which is about \$3 billion.

17.03.2016

**[Second Round of Staff Talks to Prepare for the Peace Mission-2016 Joint Military Anti-Terrorist Exercises in Bishkek](#)**

The exercises will take place for the first time in Kyrgyzstan on September 5–13, 2016 and will be attended by military units from the SCO member states. The exercises will also include artillery and aviation drills.

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## **Cooperation in Science, Education and Culture**

**Date**

**Event**

20.01.2015

**[Agreement on the Union of Young Readers of China and Russia](#)**

An agreement was signed at the Beijing Book Fair 2015 on the formation of the Union of Young Readers of China and Russia. The agreement was initiated by the Heilongjiang Province Publishing Corporation together with the Library Association of Primorsky Krai in Russia. Gogol Bookstore in Heilongjiang Province will become the first member of the Union of Young Readers of China and Russia and a new vehicle for international cultural exchanges.

- 28.01.2015 [\*\*Director of Rossiya Segodnya International News Agency Visits China\*\*](#)  
During his visit, Director General of Rossiya Segodnya Dmitry Kiselev met with the President of Xinhua News Agency Cai Mingzhao. The parties exchanged opinions on expanding contacts and signed an information exchange agreement. The first steps to be taken under the agreement will be to strengthen information exchange, foster the mutual use of information products and initiate a dialogue on establishing a mechanism for experience exchange among journalists. Rossiya Segodnya expressed its readiness to cooperate with Xinhua News Agency in developing a news feed in Chinese.
- 04.02.2015 [\*\*Delegation of the Ministry of Culture of the People's Republic of China Visits Moscow\*\*](#)  
The Moscow City Government and Ministry of Culture of the People's Republic of China held a meeting on the plans to restore the Staro-Nikolskoe estate in the Moscow suburbs and use it as the site for the Museum of the Sixth Congress of the Communist Party of China – the only Congress to have taken place outside China. The Museum will become a branch of the China Cultural Centre in Moscow.
- 12.02.2015 [\*\*Initiative to Create a Border-Free Tourist Zone Between China, Russia and Democratic People's Republic of Korea\*\*](#)  
A project has been approved for constructing an international tourist cooperation zone on the border of the three countries in the estuary of the Tumen River. Currently, a special group has been formed in Jilin Province to promote the project and create a management model for the area. Tourists will be able to enter the district without visas. The Jingxin functional zone of the city of Hunchun will become the inner territorial zone of this tourist district. Both the Russian settlement of Khasan and the North Korean settlement of Tumangang-dong offered ten square kilometres of their territories for development.
- 13.02.2015 [\*\*Joint Search for the Remains of Soviet Soldiers in China\*\*](#)  
China and Russia announced that they would start joint efforts to search for the remains of Soviet soldiers killed while fighting to liberate Northeast China from the Japanese aggressors. The first stage of the Memory Watch 2015 search will take place between May 10 and June 10 around Huoshao Mountain near the city of Mudanjiang. Ministry of Defence of Russia archives state that 388 Soviet soldiers died or went missing in action there between August 9 and September 2, 1945. Russia intends to send 17 experts to search for remains in the area.
- 19.02.2015 [\*\*Agreement on Cooperation with China in Cinema\*\*](#)  
The Ministry of Culture of Russia drafted an intergovernmental agreement on cooperation with China in cinema. The agreement includes articles on increasing the number of Russian films released in China and Chinese films released in Russia, cooperation in television, mutual participation in cinema festivals and cinema weeks, and exchanging archive film footage. The draft agreement has been submitted for approval to the Ministry of Foreign Affairs, the Ministry of Finance and the Ministry of Economic Development of Russia. The agreement was drafted based on the results of the 2014 Sino–Russian Cultural Forum in Beijing.
- 17.03.2015 [\*\*Third Summit of the Russia–China Tourist Forum\*\*](#)  
The Forum was held in the format of an international conference where industry professionals discussed ways to further develop the tourist sector and the possibilities for improving tourist services. The Forum was organized by the “World without Borders” travel association and the China Tourism Academy. The event was held under the auspices of the Federal Agency for Tourism of Russia and the National Tourism Administration of the People's Republic of China.

- 06.04.2015 [\*\*Simplifying the Visa Regime Between Russia and China\*\*](#)  
The Federal Agency for Tourism of Russia supported calls to amend the Russia–China Intergovernmental Agreement on Visa-Free Group Trips with a view to extend the stay for tourists in both countries to 21 days and decrease the minimum required number of people per group to three.
- 20.04.2015 [\*\*Automobile Rally Celebrating the 70th Anniversary of the Victory in the Second World War\*\*](#)  
The administration of the city of Suifenhe in Heilongjiang Province, together with the Primorsky Krai in Russia, organized a trans-border automobile rally. In April, over 30 Chinese citizens driving 10 off-road vehicles will travel from Suifenhe to Primorsky Krai, cross the Progranichny District and visit the cities of Ussuriysk, Vladivostok, Nakhodka and Khankaysky District. With support of the relevant Russian agencies, fans of independent automobile travel will be able to take part in a series of events dedicated to the 70th Anniversary of the Victory in World War II.
- 17.05.2015 [\*\*Orthodox Priest Ordained in China\*\*](#)  
For the first time in over 50 years, a Chinese Orthodox priest was allowed to be ordained. The priest is an ethnic Chinese citizen who studied in Russia for several years.
- 26.05.2015 [\*\*Programme to Restore Russian Monuments in China\*\*](#)  
The 9th Conference of Russian Compatriots Living in China adopted the programme to restore historical Russian monuments in Northeast China. The document lists seven monuments located in the cities of Harbin, Shenyang and Dalian.
- 24.06.2015 [\*\*“Russian Children Visit China” Project Starts\*\*](#)  
The International project “Russian Children Visit China” is organized jointly by Russia and China. It was sponsored by Chinese enterprises, which financed a trip to China for 40 Russian children. The kids will visit Beijing, Dalian and other cities, where they will learn about the history and culture of China, the Chinese way of life and the country’s social development.
- 25.06.2015 [\*\*Russia–China Media Forum in St. Petersburg\*\*](#)  
At the Forum, more than 10 Chinese companies and organizations signed nine cooperation agreements with their Russian partners. The agreements concerned the joint use of expert resources, joint publications and TV productions. The Chinese side was represented by China Radio International, China Foreign Languages Publication and Distribution Administration, the “Global Times” newspaper and China National Publications Import and Export Corporation (CNPIEC).
- 29.06.2015 [\*\*Memorandum on the Development of “Red” Tourism\*\*](#)  
Head of the Federal Agency for Tourism of Russia Oleg Safonov and Head of National Tourism Administration of the People’s Republic of China Li Jinzao signed a Memorandum of Understanding between the respective agencies on cooperation in developing military and historical (“red”) tourism. Visiting places connected to military and revolutionary victories is being promoted in China by the central and local governments to foster the ideological and patriotic education of the people and preserve revolutionary traditions.
- 28.07.2015 [\*\*Heads of the Leading Media of the SCO Countries Meet at a Forum in Moscow\*\*](#)  
At the forum, the heads of the largest media companies exchanged opinions on the principles for shaping a common SCO information space, as well as on the role of the media in developing partnership relations between the SCO member states. The forum focused on the issues of building a common SCO information space and on the strategy for counteracting challenges and threats in the global information field. The forum resulted in a joint declaration.

- 26.08.2015 [\*\*“Victory: 1945–2015!” Russian Artists’ Exhibition in Beijing\*\*](#)  
The China Fine Arts Gallery opened an exhibition of works by Russian artists dedicated to the 70th Anniversary of the Victory in the Second World War. The exhibition included over 76 works from 12 Russian arts institutions. The purpose of the exhibition was to show the major battles of the Second World War and the warrior spirit of the Russian people who rose to defend their motherland.
- 08.09.15–  
17.09.15 [\*\*Russian Film Festival in Beijing and Dalian\*\*](#)  
Traditionally, the festival is held simultaneously in two Chinese cities. The films were shown in Russian with Chinese subtitles. The festival opened with “Battle for Sevastopol,” a biopic of a legendary Soviet woman sniper.
- 11.09.2015 [\*\*Creating the Russia–China International University in Shenzhen\*\*](#)  
Ministry of Education of the People’s Republic of China approved the project to set up the Russia–China International University proposed by Lomonosov Moscow State University and Beijing Institute of Technology. The joint university is being created on the basis of an agreement signed by the ministries of education of the two countries in April 2014 in Shanghai.
- 21.09.15–  
25.09.15 [\*\*10th Plenary Session of the Russian–Chinese Committee of Friendship, Peace, and Development held in Moscow\*\*](#)  
The session was attended by over 100 people, including Co-Chairmen of the Russian–Chinese Committee of Friendship, Peace, and Development Dai Bingguo and Boris Titov, Deputy Prime Minister of Russia Arkady Dvorkovich, and Chairman of the State Duma Sergey Naryshkin. The presidents of the People’s Republic of China and Russia sent their best wishes to the participants.
- 23.09.15–  
25.09.15 [\*\*20th Anniversary of Partner Relations Between Moscow and Beijing\*\*](#)  
Events to celebrate the anniversary of partner relations between Moscow and Beijing took place in the capitals of both countries. A Chinese landscape area was opened at the Gorky Central Park of Culture and Leisure, and a Friendship Tree was planted there. A plenary session of the Moscow City Government and the General Office of the People’s Government of Beijing was held. Participants discussed the cooperation in developing high technologies, public safety and the prospects for collaboration in small business and youth entrepreneurship.
- 30.09.2015 [\*\*Russian Art Exhibition in Hubei\*\*](#)  
The exhibition dedicated to the fight against Nazism featured 76 paintings from 12 Russian museums and arts galleries. Of particular note is Alexander Laktionov’s painting “A Letter From the Front”. Over 60 per cent of the works exhibited were painted by soldiers and war correspondents.
- 10.10.2015 [\*\*Arms from the Moscow Kremlin Exhibited in Shanghai\*\*](#)  
Almost 643,000 people attended the “Armoury Treasury of the Russian Sovereigns” exhibition held from July 4 to October 10. The exhibition contained over 120 carefully selected items, including a Damascus steel gold-encrusted helmet which had belonged to Prince Fedor Miloslavsky.
- 12.12.15–  
17.12.15 [\*\*Friendly Chess Match Held Between the Russian and Chinese National Teams\*\*](#)  
The match was held in two stages. Stage one took place in July in the city of Fuyuan, with the Russian team winning 4–0. The second stage was held in Harbin and also resulted in a victory for Russia.



- 18.12.2015 [\*\*Opening of the Cross-Years of Exchanges Between the Russian and Chinese Media in Beijing\*\*](#)  
Premier of the State Council of the People's Republic of China Li Keqiang and Prime Minister of Russia Dmitry Medvedev participated in the Closing of the Cross-Years of Friendly Youth Exchanges and in the Opening of the Cross-Years of Exchanges between the Russian and Chinese media. In his welcoming speech, Li Keqiang spoke highly about the success of the Cross-Years of Friendly Youth Exchanges. In turn, Dmitry Medvedev indicated that the Cross-Years of Friendly Youth Exchanges created important chances for enhancing contacts and mutual understanding.
- 22.12.2015 [\*\*Renewing the China Silk Road Marathon Rally\*\*](#)  
The route of the 2016 Silk Road Marathon Rally has been scheduled to run from Moscow to China via Ufa and Kazakhstan. The KAMAZ-Master team will represent Russia.
- 12.01.2016 [\*\*Centre of Russian Language and Culture Opens in Nanjing\*\*](#)  
The centre was created by Moscow Region State University and the Jiangsu Second Normal University. In February 2015, both universities signed a cooperation agreement and held an opening ceremony for the Centre for Chinese Language and Studies in Moscow at Moscow Region State University.
- 18.01.2016 [\*\*First All-China Olympiad on the Russian Language for Schoolchildren\*\*](#)  
The competition was organized by the Russian–Chinese Committee of Friendship, Peace and Development, the Chinese Society of Education, Lomonosov Moscow State University, and the Russian–Chinese Foundation for the Development of Culture and Education. A total of 1,200 competitors from across China wrote essays in Russian and submitted videos of them reading Russian poems and singing Russian songs, with 30 participants making it to the finals. The winners of the Olympiad received \$3,000 to cover the expenses of applying to Russian higher education institutions. The winner received a scholarship of \$46,000 to study at Lomonosov Moscow State University.
- 22.01.2016 [\*\*Memorandum on Strategic Cooperation Between Gazprom Media and Shanghai Media Group\*\*](#)  
The two media holdings will cooperate in the creation and distribution of film, television and digital content. Both companies are interested in producing films and series together, exchanging their media libraries, cooperating in format acquisition and content distribution. In October 2015, Gazprom Media signed a cooperation agreement with China's largest film distributor, China Film Group; under this agreement, Russian films will be distributed in China, and Chinese films will be distributed in Russia.
- 14.02.2016 [\*\*Russia Becomes More Popular Among Chinese Tourists\*\*](#)  
In 2015, Russia was visited by 670,000 Chinese tourists, a 63 per cent increase compared to the previous year. Since the first quarter of 2014, China has been the first in number of tourists coming in Russia. Last year, China accounted for 10 per cent of incoming tourists.
- 11.03.2016 [\*\*Cooperation Agreement Between TASS, SCO and Xinhua News Agency\*\*](#)  
The Secretary General of the SCO Rashid Alimov and the Director General of TASS Sergey Mikhailov signed an Agreement on Information Cooperation between the SCO Secretariat and TASS. A similar document was signed between the SCO Secretariat and the Xinhua News Agency. The parties committed to further developing and strengthening interaction in the information space and promoting media cooperation and exchanges within the SCO.

- 18.03.2016 **[Creating a Coordination Council to Set Up the “Red Route”](#)**  
The Federal Agency for Tourism of Russia is forming a coordination council to set up the “Red Route,” a system of tour packages linked to Russia’s Soviet past and “red” tourism – one of the most popular routes among Chinese travellers.
- 25.03.2016 **[Second Russia–China Media Forum in Beijing](#)**  
The Forum focused on the alignment of the Silk Road Economic Belt and the Eurasian Economic Union, as well as on media cooperation and interaction between the two countries. The opening of the forum was attended by Liu Qibao, Head of the Propaganda Department of the Central Committee of the Communist Party of China, Member of Politburo, and Sergey Ivanov, Chief of the Presidential Executive Office of Russia. A series of agreements on media cooperation between China and Russia was signed as a result of the forum.
- 26.03.2016–  
03.04.2016 **[Chinese Art Exhibition in Moscow](#)**  
The 40th Russian Antique Salon held at the Central House of Artists featured a special exhibition called “The Silk Road in Time” which exhibited Chinese masterpieces from private collections. Items from the XVIII and XIX centuries were divided into several sections: porcelain, lacquers, jade, wood and cloisonné enamel. The exhibition showed the great variety of subjects and trends in the development of stone carving in China.
- 31.03.2016 **[Launching a Russia–China TV Series](#)**  
Mars Media Production Company announced that production of the 16-episode TV show “Clear Skies” would start in January–February 2017. The plot will centre on the assistance provided to China by the Soviet Union during the war with Japan (1937–1945).
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# Russian International Affairs Council

Russian International Affairs Council (RIAC) is a non–profit international relations think–tank on a mission to provide policy recommendations for all of the Russian organizations involved in external affairs.

RIAC engages experts, statesmen and entrepreneurs in public discussions with an end to increase the efficiency of Russian foreign policy.

Along with research and analysis, the Russian Council is involved in educational activities to create a solid network of young global affairs and diplomacy experts. RIAC is a player on the second–track and public diplomacy arena, contributing the Russian view to international debate on the pending issues of global development.

Members of RIAC are the thought leaders of Russia’s foreign affairs community – among them diplomats, businessmen, scholars, public leaders and journalists.

President of RIAC Igor Ivanov, Corresponding Member of the Russian Academy of Sciences, served as Minister of Foreign Affairs of the Russian Federation from 1998 to 2004 and Secretary of the Security Council from 2004 to 2007.

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## **Russian International Affairs Council**

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