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This report presents the results of analysing the state of Russia–China relations in 2016 and the first quarter of 2017. Leading Russian and Chinese experts study Russia's and China's interests and prospects for cooperation on the international arena, identify key areas and ways of expanding trade, economy and investment ties between the two states, assess the dynamics of military–technical collaboration and priorities of cooperation in culture, science, education and mass media between the two states, and set forth recommendations for promoting Russia–China interaction. Particular attention is given to multilateral collaboration in Eurasia.

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Introduction

Analysts and experts view 2016 and the first half of 2017 as a period of continued progress for comprehensive relations and the strategic partnership between Russia and China.

Against the background of continued anti-Russian sanctions, the arrival of a new administration in Washington, and the deteriorating situation in the Middle East, especially in Syria, Russia and China continue to build comprehensive cooperation. Close partnership ties between both nations have been significantly bolstered by the “personal factor,” as the leaders of Russia and China have proven to be quite at ease with each other, generating a common agenda for a range of global and regional issues.

During this period of analysis, the leaders met several times. Particularly noteworthy was the President of the Russian Federation’s visit to Beijing in June 2016, and meetings between Vladimir Putin and Xi Jinping at a G20 summit in Hangzhou in September 2016, and on the margins of the BRICS summit in Goa in October 2016.

Several events that are important to Russian and Chinese political life are taking place in 2017. The Communist Party of China will hold its 19th National Congress in the autumn, while Russia is gearing up for a presidential election. On May 14–15, 2017, Beijing hosted the “Belt and Road” forum for international cooperation, which will take place in the Chinese capital once again in 2019. The forum is emerging as a new standing institution for global economic governance, with an agenda that includes some of the matters traditionally discussed at the Asia-Pacific Economic Cooperation (APEC) and G20 summits: trade liberalization and economic development, Eurasian integration processes, and so forth.

The President of the Russian Federation participated in the forum as a guest of honour and gave a speech directly after the President of the People’s Republic of China, about the role of the Greater Eurasian Partnership. This confirmed the existence of a strategic consensus between Beijing and Moscow on the outlook for Eurasia. President of the People’s Republic of China, Xi Jinping, paid an official visit to Moscow in July 2017, yielding new important bilateral agreements. In September 2017, China will host a BRICS summit, where the leaders of both nations will once again have an opportunity to hold talks and verify whether they continue to be on the same page regarding important issues.

The matter of connecting the Belt and Road Initiative, a key overland link of China’s mega project, to the Eurasian Economic Union, is directly tied to another, more global process: the radical reshaping of international relations in Eurasia and a renewal of the Russia–China strategic partnership. The Chinese initiative has objectively created additional “windows” (in trade and investment, infrastructural and humanitarian opportunities) for Russia to develop and modernize, and to ease the effects of the West’s sanctions on the Russian economy.

While the Belt and Road Initiative is not directed against third countries and is fully open to their participation, the current stage of deepening Russia–China relations is characterized by an intense reformatting of international economic and integrative links between Russia and China, and the emergence of a “Eurasian world”.

Thanks to powerful financial and political backing (including from the Asian Infrastructure Investment Bank and the Silk Road Foundation), the “Belt and Road” initiative may become an important systemic driver for joint Russia–China projects in energy, transportation, construction, machine and equipment engineering and high technology in both the immediate and longer term.

This annual report, prepared by the Russian International Affairs Council (RIAC), the Institute of Far Eastern Studies of the Russian Academy of Sciences, and the Institute of International Studies at Fudan University, touches upon these and other crucial points of bilateral cooperation to present the results of our joint work to take stock of the current state of Russia–China relations in 2016 and the first quarter of 2017.

Russia and China: Developing a Comprehensive Partnership

Mutual Support in the Key Issues of Sovereignty, Security and Development

The mutual support that Russia and China provide each other in the key issues of sovereignty, security and development as the foundation of Russia–China relations is reflected in the 2001 Treaty of Good–Neighbourliness and Friendly Cooperation Between the People’s Republic of China and the Russian Federation, and further confirmed in the Joint Statement of June 25, 2016 on the Treaty’s 15th anniversary.¹

Sovereignty, security and development reflect the principal national interests of the two countries. Moscow and Beijing have repeatedly emphasized their respect for the right of states to choose their own path of development and socio–political system, and that inter–state disputes should be settled peacefully through political and diplomatic means.² Russia supports the One China policy, recognizing Taiwan as part of the country, and assumes a similar stance with regards to Xinjiang and Tibet. Russia also insists that the participation of third parties in the settlement of disputes in the South China Sea is unacceptable. In turn, China supports Russia in the war on terror in Chechnya. Regarding the Ukrainian crisis, China has also condemned the sanctions imposed against Russia.

Striving to preserve full sovereignty in decision–making, Russia and China are not military political allies. Moscow and Beijing conduct independent foreign policies that do not impinge on the other side’s national interests. The essence of these relations is the deep coordination of policies, the development of a concerted stance on constructing a new world order that is more effective and fair, the strengthening of strategic stability, as well as the settling of crises and conflicts in various regions of the world. According to the 2016 Foreign Policy Concept of the Russian Federation, the concurrence of Russia and China’s fundamental approaches to resolving the key issues of global politics is seen as one of the basic components of regional and global stability.³

It is the duty of Russia and China as world powers and permanent members of the UN to maintain global strategic stability and regional security. At the international level, Russia and China are against the illegal intervention in other states’ internal affairs, the imposition of socioeconomic and political systems, the extra–territorial use of national legislations in violation of international law, and the unilateral sanctions that go beyond those approved by the UN Security Council and

¹ Joint Statement of the Russian Federation and the People’s Republic of China of June 25, 2016 // Official Internet Resources of the President of Russia, June 25, 2016. URL: <http://www.kremlin.ru/supplement/5100> (in Russian).

² Ibid.

³ The 2016 Foreign Policy Concept of the Russian Federation, dated of November 30, 2016 // Ministry of Foreign Affairs of Russia, December 1, 2016. URL: http://www.mid.ru/foreign_policy/news/-/asset_publisher/ckNonkJE02Bw/content/id/2542248 (in Russian).

do not comply with international law. Russia and China promote a multi-polar world; they object to unilateral actions and support the strengthening of the UN's central role in international affairs. Russia and China are against attempts to deny, distort, and falsify the history of World War II, and they uphold its outcome. They condemn attempts to whitewash Nazism, warmongering and other actions of the abettors of war tragedies.

There is a strategic consensus between Russia and China to resolutely oppose international terrorism. Acts of terror have been committed in both states, and Russia and China comprehensively condemn terrorism in all its forms and manifestations. With the threat of the Islamic State (banned in Russia and China) and the East Turkestan Islamic Party (banned in China), Russia and China must step up the fight against the spread of terrorist and extremist ideas. They should develop a system to exchange information for the purposes of effective anti-terrorist cooperation in jointly suppressing terrorism. Together, the two sides need to counteract the financing of terrorism and the provision of material-technical support to terrorists. Russia and China comply with the appropriate resolutions of the UN Security Council and the recommendations of the Financial Action Task Force on Money Laundering (FATF), which are intended to help identify and eliminate the channels used to finance terrorist groups. Moreover, both states advocated the start of negotiations on drafting an international Convention on Fighting Acts of Chemical and Biological Terrorism at the Geneva Disarmament Convention.⁴

During President Putin's June 2016 visit to China, the parties adopted a Joint Statement on Strengthening Global Strategic Stability.⁵ Not only is the document a new step in the development of Russia-China relations, but it is also Russia and China's contribution to forming a modern concept of strategic stability within international relations, which is characterized by the following factors:

- At the political level: the strict compliance of all states and unions of states with the principles and norms of international law and the UN Charter regulating the use of force and coercive measures; respect for the legal interests of all states and peoples when resolving pressing international and regional issues; and the impermissibility of interventions into the political life of other states.
- At the military level: preserving state military potential at the minimal level required for meeting the needs of national security; deliberately abstaining from military construction and the expansion of military political alliances that other members of the international community could perceive as a threat to their national security, thereby driving them to take reciprocal measures aimed at restoring the lost balance; resolving disagreements through positive and constructive dialogue; and enhancing mutual confidence and cooperation.⁶

⁴ Joint Statement of the Russian Federation and the People's Republic of China of June 25, 2016 // Official Internet Resources of the President of Russia, June 25, 2016. URL: <http://www.kremlin.ru/supplement/5100> (in Russian).

⁵ Joint Statement of the President of the Russian Federation and the Chairman of the People's Republic of China on Strengthening Global Strategic Stability of June 25, 2016 // Official Internet Resources of the President of Russia, June 25, 2016. URL: <http://www.kremlin.ru/supplement/5098> (in Russian).

⁶ Ibid.

Russia–China Interaction on Regional Issues

In their neighbouring regions, Russia and China traditionally encounter pressing problems such as the situation in Afghanistan, the North Korea nuclear problem, and the spreading influence of Islamic extremism. In 2016 and early 2017, the dynamics of the international situation confirmed the need for deep coordination of Russia and China's foreign policy efforts on regional issues. Presidential elections and the installation of a new administration in the United States prompted renewed discussion on the significance of the American factor in Russia–China relations. The tying together of the Eurasian Economic Union (EAEU) and the Belt and Road Initiative (SREB) was announced by the leaders of Russia and China back in 2015; the strategic priorities assigned to this task dictate the need to coordinate the efforts of Moscow and Beijing in relation to the European Union (EU), which is the terminal point of the western route of the Belt and Road Initiative and the 21st-century Maritime Silk Road, and is the EAEU's nearest geographical neighbour and most promising partner. The plans to deploy the U.S. THAAD missile defence system in South Korea and the escalation of the conflict on the Korean peninsula have given both Russia and China grave concerns. This list is, of course, far from comprehensive.

Moscow and China saw the announced **deployment of the U.S. THAAD missile defence system in the Republic of Korea** as a sign of a changing strategic balance of power in the region. Russia and China's assessment of this development was unequivocally negative.⁷ The maximum range of radars to be deployed in South Korea is 1,000 kilometres (600 kilometres in guidance mode). These radars have an advantage over space-based surveillance systems, especially those that form part of the missile approach warning system. Unlike satellites, they can monitor missiles at up to 100 kilometres and will detect a missile launch in China earlier and with more precision than other tracking and interception equipment, which is of concern to China.

Russia's strategic nuclear forces are outside THAAD's range. Moscow is concerned with the change in the balance of power and the proliferation of weapons in the region. In response to the deployment of the *Aegis* Ballistic Missile Defense System with *SM-3* anti-ballistic missiles, Beijing may deploy coastal missile systems. The principal threat for Russia lies in the fact that arms proliferation may start in the region, and Moscow will not be able to ignore this trend.

Preventing weapons proliferation in the region may be achieved through implementing certain initiatives, such as the resumption of six-party talks on the North-Korean nuclear program with an amended mandate. North Korea may not be ready to consider a complete abolition of its nuclear programme, but it might be open to alternatives to its development. Since Pyongyang is unlikely to agree to nuclear disarmament, as Russian experts believe, attempts could be made to convince North Korean leadership to reduce the volume of fissile materials produced (weapons-grade uranium and plutonium) and, accordingly, produce fewer nuclear payloads. This is not a realistic scenario, however, since all six parties to

⁷ Ibid.

the talks are unlikely to agree to it in the foreseeable future.

The Shanghai Cooperation Organisation (SCO) could play a role in reducing international tensions. If India and Pakistan are admitted to the SCO as full members, and if they express an adherence to nuclear non-proliferation, this gesture will serve as an important example for North Korea. In addition, India was able to successfully differentiate between military and civilian nuclear programmes under the IAEA's control. Unfortunately, the U.S. initiative undermines the non-proliferation regime and pushes the countries of North East Asia and other "threshold" countries to perfect their nuclear weapons delivery systems.⁸

2016 witnessed **a new rise in Russia–Japan cooperation**: Prime Minister of Japan Shinzo Abe visited Russia twice, and President Putin visited Japan for the first time in 11 years. Although the parties did not resolve their territorial disputes or sign a peace treaty finalizing the results of World War II, Russia did achieve significant economic agreements with Japan, which is of particular interest for the Russian side at the present stage. Russia and Japan signed 12 intergovernmental documents and 68 memorandums and agreements on cooperation between enterprises. President Putin's visit contributed to the diversification of Russia's foreign policy in the East and enabled discussion on the ratings of Japanese sanctions against Russia.

Amid persistent tensions between China and Japan, these events could not fail to draw the attention of Beijing, Moscow's closest partner. At the same time, China does not appear to be against the development of Russia–Japan relations. In fact, several experts believe that enhanced cooperation with Japan stems from Russia's desire to right the "Chinese bias" in its foreign policy in the east. If this is true, then it is the state's rational political choice: diplomatic and economic plurality is the policy conducted by most countries. Russia–Japan relations are a factor that plays a significant role in the geopolitical and geo-economic structure of the Asia Pacific Region. However, Chinese experts believe that despite the significant influence of these relations, particularly in geopolitics and security, they cannot change China's role in Russia's foreign policy under the current political circumstances.

First, despite the development of cooperation with Japan, Russia will not abandon its close relations with China, as doing so would damage Russian politics, security and economy. Second, Russia–Japan relations are not developing smoothly. Despite both countries striving since the 1990s to improve bilateral relations, no breakthrough has been achieved thus far. Domestic political reasons do not allow the two states to resolve their territorial disputes, which complicates the comprehensive and deeper development of Russia–Japan connections. Additionally, Japan is a military ally of the United States, and Tokyo largely ties its strategic decisions to those made in Washington. Japan joined the western sanctions against Russia in connection with the Ukrainian crisis. Even though many experts insist that the sanctions are formal in nature, this nevertheless damaged

⁸ Torin A. US Ballistic Missile Defence System in South Korea: Asia Pacific Security Threat // International Affairs, July 19, 2016. URL: <https://www.interaffairs.ru/news/show/15680> (in Russian).

the development of Russia–Japan bilateral relations. For instance, in 2014, this resulted in the cancellation of Vladimir Putin’s visit to Japan, even though contacts at the highest political level are one of the determining factors of bilateral cooperation. This predefines the limited nature of Russia–Japan cooperation.

Russia and China should strive for a positive agenda in their relations with Japan. Japan is interested in promoting cooperation with Russia against the background of tense relations with China; Tokyo views China’s strengthening positions as a threat to Japan’s geo-economic and geopolitical interests. Chinese experts believe that Japan is trying to limit China’s influence through its cooperation with Russia, which is part of Japan’s strategy to build a united anti-China front in the Asia Pacific. Moscow, therefore, should treat Japan’s attempts to use Russia in its game against China with great care so as not to damage Russia–China relations. However, Russia does not intend to take sides in the territorial disputes of third countries. Russia advocates resolving conflicts through a dialogue between the parties concerned. In November 2013, at a press conference after the 2+2 negotiations in Tokyo, Minister of Foreign Affairs for the Russian Federation Sergey Lavrov said: “As a matter of principle, we never make friends with someone to stand against someone else. One of the priorities of Russia’s foreign policy is that we do not want any country to feel uncomfortable, to feel any threats to its security.” This approach persists today.

The 2016 Foreign Policy Concept of the Russian Federation designates China and **India** as top priority foreign partners beyond the former Soviet space (Articles 84 and 85).⁹ China and India are neighbouring countries with constructive bilateral relations, and their economic ties continue to develop. In February 2017, the first strategic dialogue between the two countries took place. China strives to strengthen its cooperation with India and welcomes India’s participation in the One Belt, One Road initiative. The China–India–Myanmar–Bangladesh economic corridor project proposed by China may also promote both the economic cooperation between the two states and the development of the region. At the same time, there are still contentious issues in China–India relations. India is dissatisfied with China’s stance on India joining the Nuclear Suppliers Group (NSG). Beijing believes that prior to joining the NSG, New Delhi should resolve certain procedural issues. China believes that India does not meet the criteria for joining: India is not a member of the Treaty on the Non-Proliferation of Nuclear Weapons (Nuclear Non-Proliferation Treaty, or NPT), but it became a nuclear weapons state after the Comprehensive Nuclear-Test-Ban Treaty came into force. Consequently, if India were to join the NSG, this would require a revision of the Group’s rules. India also expresses concerns regarding the proposed China–Pakistan corridor, as it believes that the initiative affects India and Pakistan’s territorial dispute in Kashmir and impinges on India’s sovereignty. New Delhi is also dissatisfied with the fact that Beijing vetoed India’s bid in the UN Security Council to have Masood Azhar, leader of the Pakistan-based Jaysh-e-Mohammed militant group, declared a terrorist. From China’s perspective, adopting this resolution

⁹ The 2016 Foreign Policy Concept of the Russian Federation, dated of November 30, 2016 // Ministry of Foreign Affairs of the Russian Federation, December 1, 2016.
URL: http://www.mid.ru/foreign_policy/news/-/asset_publisher/ckNonkJE02Bw/content/id/2542248 (in Russian).

requires convincing proof. There are also unresolved territorial disputes between China and India.

Back in 1996, Yevgeny Primakov proposed the concept of three-party cooperation among Russia, India, and China (RIC) – countries which belong to a group of states that have transitional economies, hold similar positions in the international political and economic structure, and have similar approaches to shaping the world's political and economic order after the Cold War. Today, the RIC format, together with other structures and dialogue platforms (BRICS, G20, SCO, etc.), is an important grouping in ensuring the global development of stable governance, while preserving “classical” global management institutions headed by the UN. Priorities that unite the RIC countries are increasing the investment levels among the three countries and ensuring security in the region and the wider world.

Once India officially becomes a member of the SCO, Russia, China and India will be the largest states in the organization, and cooperation among the three will significantly influence the further development of the SCO. The joint work of these three countries can facilitate the transition of the SCO to a new level; at the same time, disagreements between the states may create obstacles for its development. China firmly adheres to the principle of political equality in the SCO, while claiming that large member states should provide more resources for the organization's development. The task of the three countries is to preserve harmonious relations in the SCO and to promote the achievement of consensus within the Organization.

Russia, China, and India are principal members of BRICS. The BRICS platform expresses the interests of developing countries and participates in the construction of a new world economic order. Their trilateral relations have a decisive significance for BRICS' development prospects and play an important role in shaping the future economic order.

Russia, India, and China are in favour of strengthening the role of developing countries in managing the global economy and initiating a reform of the International Monetary Fund (IMF) as soon as possible. After World War II, when the leading western countries created global financial management institutions (including the IMF) and distributed quotas, they did not account for the legitimate interests of large developing countries, which were either disenfranchised or minimally represented. Currently, the RIC countries advocate eliminating the disproportionate representation in global financial institutions and in the IMF quota system.

A significant international event of 2016 was the judgement rendered by the Permanent Court of Arbitration (PCA) in The Hague in the **“Philippines vs. China” case**. The Court sided entirely with the Philippines in the territorial dispute around the uninhabited islands in the South China Sea.¹⁰ From the very outset, China refused to participate in the arbitration, stating that it did not

¹⁰ Permanent Court of Arbitration. The South China Sea Arbitration Award, PCA Case No 2013-19 in the Matter of the South China Sea Arbitration, before an Arbitral Tribunal Constituted Under Annex VII to the 1982 United Nations Convention on the Law of the Sea, between the Republic of the Philippines and the People's Republic of China. 12 July 2016.
URL: <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>

recognize its legitimacy, and sharply rejected the verdict. Both the expert community and the general public perceived the judgment to be influenced by the United States and Japan.¹¹

Russia is not part of the conflict and advocates the non-use of force for states involved in territorial disputes and the continued search for ways to settle existing differences based on international law – primarily the 1982 UN Convention on the Law of Sea – and in the spirit of the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC) and the Guidelines for the Implementation of the DOC agreed upon by China and the ASEAN in 2011. Russia supports the efforts of China and the ASEAN to develop a Code of Conduct for the South China Sea and believes that any attempts by non-regional forces to intervene in the settlement of the South China Sea territorial issue are counterproductive.¹²

At the same time, both China and the ASEAN may interpret Russia's position as a sign of support. On the one hand, Moscow has advocated direct negotiations and condemned intervention by non-regional actors, thereby supporting China. On the other hand, Moscow has also called for a peaceful resolution based on the UN Convention on the Law of the Sea, which aligns with the interests of the ASEAN.

That said, Russia's position is related specifically to the legal aspects of arbitration. Speaking to Russian journalists on September 5, 2016 after his working visit to the G20 summit in Hangzhou, China, President Putin stressed, "We sympathize with and support China's position on the non-recognition of the court's judgment... This is not a political position, this is a purely legal position, and it states that any arbitration should be initiated by the parties to a dispute, and that the arbitration court should hear the arguments and positions of the contending parties..."¹³ This statement added subtle nuance to Russia's position; previously, Russia had stressed its interest in preserving equally close cooperation both with China and with regional dialogue partners, and now it is expressing clearer notes of solidarity with the concerns of China.

The "Joint Sea–2016" naval exercises in the South China Sea held in September 2016 emphasized the growing mutual support developing between the two countries in the context of the evolving international situation and in response to the rather high level of tension (existing in varying degrees of intensity for each Russia and China) in relations with the United States.¹⁴ Predictably, the decision

¹¹ Ben Blanchard and Martin Petty, "China vows to protect South China Sea sovereignty, Manila upbeat," Reuters World News, 14 July 2016. URL: <http://www.reuters.com/article/us-southchinasea-ruling-stakes-idUSKCN0ZS02U>; 结果公布，来看看这个仲裁有多不靠谱，凤凰聚焦，12 July 2016. URL: http://www.news.ifeng.com/a/20160712/49340924_0.shtml

¹² Briefing by Foreign Ministry Spokesperson Maria Zakharova, Moscow, July 14, 2016 // Ministry of Foreign Affairs of the Russian Federation, July 14, 2016. URL: http://www.mid.ru/foreign_policy/news/-/asset_publisher/ckNonkJE02Bw/content/id/2354135 (in Russian).

¹³ Vladimir Putin Answered Russian Journalists' Questions Following His Working Visit to China to Take Part in the G20 Summit // Official Internet Resources of the President of Russia, September 5, 2016. URL: <http://www.kremlin.ru/events/president/news/52834> (in Russian).

¹⁴ "Naval Interaction-2016" Exercise is Held in a Milestone Year for the Russian Navy // Ministry of Defence of the Russian Federation, September 13, 2016. URL: http://www.function.mil.ru/news_page/country/more.htm?id=12095907@egNews (in Russian).

to hold exercises in this region spurred heavy criticism in western media, as well as in the media of several regional countries.¹⁵

In turn, China's evolving stance on Syria in **the Middle East** can be considered a manifestation of cautious support for Moscow's efforts to stabilize the situation by supporting the legitimate government of Syria and dialogue with all concerned parties, primarily with the United States, the EU and the countries in the region. China has enhanced its efforts in the region by launching limited humanitarian and technical aid.¹⁶ Director of the Office for International Military Cooperation of the Central Military Commission, Rear Admiral Guan Youfei, visited Damascus in August 2016. Experts assessed this visit as a turning point in China's greater participation in the settlement of the Syrian crisis.¹⁷ There was information that small groups of China's military advisors had been sent to Syria.¹⁸ In the Declaration adopted after the BRICS summit, China's stance was further developed in supported by all forum leaders clauses on the need of uncompromising fight against terrorism and political settlement in Syria.¹⁹

Today, **the European Union** is the world's largest market and one of Russia's leading partners in commerce, investments, and finance. It has been China's largest partner since 2004. While the dynamics of Russia–EU relations have been blocked by continuing anti–Russian sanctions, the most relevant question of China–EU relations is the issue of giving China the status of a “market economy.” As a consequence, the EU observes different approaches to the Belt and Road Initiative and the EAEU.

Initially, the EU reacted cautiously to China's Belt and Road Initiative, but now its attitude has become more positive. After a short period of hesitation, the EU and its member states showed an interest in the project. Later, 13 EU members joined the Asian Infrastructure Investment Bank (AIIB), a multi-party institution promoted as part of the Belt and Road Initiative. At the 17th meeting in June 2016, the leaders of the EU and China agreed on the co-development of the EU investment plan proposed in November 2014 (the Juncker Plan) and the Belt and Road Initiative.²⁰ Cooperation entails creating a platform for promoting a communica–

¹⁵ Alex Lockie. “China and Russia are practicing ‘island-seizing’ in the South China Sea.” Business Insider. 13 September 2016. URL: <http://www.businessinsider.com/china-russia-island-seizing-south-china-sea-2016-9>; Sarah Lain and Veele Nouwens. “What's Behind the Sino-Russian Exercises in the South China Sea?” Royal United Services Institute (RUSI). 22 September 2016. URL: <https://www.rusi.org/commentary/whats-behind-sino-russian-exercises-south-china-sea>; Jesse Johnson. “Joint China-Russia naval drills in South China Sea focus on anti-submarine, ‘island-seizing’ operations.” The Japan Times. 12 September 2016. URL: <http://www.japantimes.co.jp/news/2016/09/12/asia-pacific/joint-china-russia-naval-drill-in-contested-south-china-sea-set-to-kick-off/#.WJcGYRuLS00>

¹⁶ Andrei Akulov. “China Joins Russia in Syria: Shaping New Anti-Terrorist Alliance.” Strategic Culture Foundation, 22 September 2016. URL: <http://www.strategic-culture.org/news/2016/09/22/china-joins-russia-in-syria-shaping-new-anti-terrorist-alliance.html>

¹⁷ Foreign Staff. “China Steps Up ‘Military Cooperation’ with Assad as Top Admiral Visits Damascus.” The Telegraph. 18 August 2016. URL: <http://www.telegraph.co.uk/news/2016/08/18/china-steps-up-military-cooperation-with-assad-as-top-admiral-visit>

¹⁸ Zarubin P. US is Being Displaced from the Middle East: China Will Help Fighting Terrorists in Syria // Vesti.ru, August 18, 2016. URL: http://www.vesti.ru/doc.html?id=2789260&utm_source=push&utm_campaign=hotnews (in Russian).

¹⁹ Goa Declaration. 8th BRICS Summit. 16 October 2016. URL: <http://www.brics2016.gov.in/upload/files/document/58038a52e09d4GoaDeclarationAdopted.pdf>

²⁰ Significant Results were Achieved at the 17th Meeting of the PRC and UN Leaders // Xinhua, April 16, 2015. URL: http://www.russian.news.cn/china/2015-06/30/c_134369216.htm (in Russian).

tion network as part of Belt and Road Initiative and the EU, and developing digital economic cooperation. In January 2016, China also became the member of the European Bank of Reconstruction and Development, which promotes the development of the countries in Central and Eastern Europe.²¹

Creating a railway infrastructure is the key aspect of implementing the Belt and Road Initiative. In recent years, China's cooperation with Eastern European countries in this area has been actively developing. In 2012, the first Chongqing–Duisburg train was launched (on the Chongqing–Xinjiang–Europe line).²² Freight traffic on the line continues to grow: as of 2016, trains run from 17 Chinese cities to 39 destinations in Europe, including cities in Germany, Spain, the United Kingdom and other Western European countries.

Furthermore, the “16+1” framework, which arranges cooperative mechanisms between China and Central and Eastern European countries, plays an important coordinating role in the development of the Belt and Road Initiative.²³ The states of Central and Eastern Europe are an important link in the Belt and Road Initiative, since they act as a hub between China and Europe. Several “16+1” countries support China's initiative, with the Czech Republic, Hungary and Poland being particularly active in that regard.

Finally, it is worth noting that the Belt and Road forum for international cooperation in May 2017 in Beijing was attended by the representatives of the political leaders of 11 EU member states, which confirms the attractiveness of the project to the European side.

At the same time, Brussels views the EAEU with concern, seeing this union as an instrument for Russia to restore its global influence. Brussels refuses to recognize the legitimacy and international legal identity of the organization and considers its effectiveness and results to be uncertain. The perception of the EAEU in the EU has been largely influenced by the Ukrainian crisis, and it could be a manifestation of political pressure on the part of Brussels, tying many issues in bilateral and multilateral interaction to Russia's compliance with the Minsk Protocol.

The EU is the largest trade partner for five EAEU states, and the EAEU is the EU's third largest partner. Opening negotiations between the EU and the EAEU could allow for an even greater increase in the trade and economic interaction of the two unions.

The active participation of the EU could have a significant positive influence on the development of the EAEU and the One Belt, One Road initiative. First, the EU's participation in advancing and tying together the Russian and Chinese projects may increase their financial and technological capabilities. There is a global trend at present to decrease financial flows. Financial capital is returning to developed

²¹ EBRD Approved China's Request to Become a Shareholder of the Bank // Reuters, December 15, 2015. URL: <http://www.ru.reuters.com/article/businessNews/idRUKBN0TY0NE20151215> (in Russian).

²² “Chongqing–Xinjiang–Europe” is an Important Brand among the Railway Routes from China to Europe // Xinhua, April 16, 2017. URL: http://www.russian.news.cn/china/2017-04/16/c_136211597_3.htm (in Russian).

²³ 16+1 Summit has Concluded // Ministry of Foreign Affairs of the Republic of Latvia, February 22, 2017. URL: <http://www.mfa.gov.lv/ru/sotrudnichestva-stran-centralnoj-i-vostochnoj-evropy-i-kitaya> (in Russian).

countries and flowing out of developing markets. In this context, institutions such as the Eurasian Development Bank (EDB) and the European Bank for Reconstruction and Development (EBRD) could provide the necessary finances. Both the EDB in Central Asia and the EBRD in Eastern Europe, Eastern and Southern Mediterranean and Central Asia have significant experience working closely with other international banks, and this experience should be studied. The EU is also the world leader in industry, high-technologies, and science and technology, and can contribute to increasing industrial and technological development in Eurasia, by creating manufacturing chains in Greater Eurasia, and furthering industrial cooperation.

Second, as the world's largest market, the EU can offer Eurasia an opportunity to structurally optimize its manufacturing. This applies particularly to energy-exporting Russia and Central Asian countries: the volume of energy the EU consumes is comparable to that consumed by China, and it could therefore alter the states' energy export-import balance. Cooperation between Russia, China and the EU in energy pricing could promote the economic development of all Eurasian countries, and help avoid uncertainty linked to oscillating prices in energy-producing countries and improve the economic situation in consumer states. Besides, one of the reasons for tying together the Belt and Road Initiative and the EAEU is the desire to create a corridor for unimpeded freight transit to the European market. Currently, Russia, Poland, the Scandinavian countries, and other regions, do not have recognized transit procedures, which impedes the promotion of this strategy. Removing these obstacles will allow Eurasia to benefit greatly from its cooperation with the EU.

Third, connecting the EAEU and the Belt and Road Initiative requires effective coordination mechanisms to be created. The EU has a wealth of experience in creating multilateral cooperation mechanisms. The EU's participation in developing and establishing the appropriate structures would enable higher standards to be used, increase financial transparency, ensure the effective use of resources, and promote the introduction of environmental standards.

Russia and other EAEU member states are objectively interested in increasing their interaction with the EU through the mechanisms of the Eurasian Economic Union; thus far, however, the EAEU-EU dialogue is not progressing. In the meantime, cooperation between the EU and the EAEU is no longer only an element of Russia-EU relations, as it also influences the implementation of China's Belt and Road initiative. Developing cooperation between Russia, China and the EU is an important contribution towards combining the EAEU and the Belt and Road Initiative and in ensuring a favourable situation in the region.

At the same time, the prospects of cooperation between Russia, China and the EU with regards to Eurasia are ambiguous, even if the possible normalization of Russia-EU political relations is taken into account. With the start of the global financial crisis, the EU experienced serious internal problems, a debt crisis in the Eurozone, and economic difficulties. These issues are exacerbated by political problems and security challenges, including the Ukrainian crisis, the consequences of the sanctions war with Russia on the EU's domestic market, the influx

of refugees, acts of terror, and the forthcoming Brexit. All of these circumstances contribute to greater social instability and internal division, which makes it impossible for the EU to invest significant efforts into developing Eurasian cooperation with China and Russia.

The American factor also greatly influences regional cooperation among Russia, China, and the EU. The approach of the United States will have a major impact on the EU's participation in Eurasian integrational projects. However, the foreign policy of the new U.S. administration in this area remains unclear, and is a factor of uncertainty in the cooperation among Russia, China, and the EU.

The election of Donald Trump as President of the United States has caused the country to adjust its domestic and foreign policies significantly. Subsequently, this has created new uncertainty in the development of the global situation. As far as his policy towards China is concerned, President Trump is expected to place a great emphasis on the economy and pay less attention to issues of ideology and geopolitics. Trump's "America First" strategy will spur the desire for economic nationalism as a means of stimulating the U.S. economy, which will make the competition between the United States and China more obvious. Strict measures introduced by the new U.S. President are expected to increase trade tensions and the risk of trade wars between the United States and China. At the same time, in January 2017, Donald Trump said that if China wants to preserve its "One China" policy, it should make reciprocal concessions; this statement served as a sort of an invitation to dialogue and bargaining. This position presupposes both a high probability of a conflict scenario in United States–China relations and a balanced dialogue. However, United States–China relations are characterized by a high degree of mutual economic dependency, and a conflict scenario would lead to major material, image and foreign political costs for both countries. A phase of pragmatic and harsh dialogue can be foreseen here, with both parties not ready to make immediate concessions.

Donald Trump's principal goals do not include promoting the American value system on the international stage; therefore, political differences between China and the United States and between Russia and the United States may be mitigated, which will further mutual confidence. It appears that Donald Trump's administration will intervene less in the affairs of Russia and China's neighbouring regions in order to weaken the two states' influence there, and the pressure in these issues will weaken. Considering lower interest in geopolitics of Trump Administration, Beijing may hope for lower intervention in implementing Belt and Road Initiative. This idea is in a way confirmed by the participation of Matthew Pottinger (responsible for the Asian vector at the National Security Council) in the Belt and Road Forum in Beijing in May 2017. According to Chinese experts, Trump's lower interest in the U.S.'s world leadership may contribute to greater efficiency of China's participation in international affairs and growth of its international role. Beijing took the announced withdrawal of the United States from the Trans-Pacific Partnership (TPP) as a sign of reduced geo-economic pressure on China in the Asia Pacific, giving new impetus to the negotiations China is conducting with the ASEAN and other countries on a Regional Comprehensive Economic Partnership

(RCEP) and advancing other mechanisms of economic cooperation. At the same time, Russian experts believe that the possibility of a complete dismantling of the existing trade and economic regimes gives China certain concerns; the existing rules of world trade, despite their drawbacks, ensure more stability than a total lack of rules.²⁴

At the same time, Donald Trump's administration proceeds with the "force brings peace" principle and is stepping up investments in national defence to increase the military might of the United States. The "hawks" on Donald Trump's team could push the United States to take more aggressive measures in the South China Sea, thereby intensifying the confrontation with China there and forcing Russia to intervene in the conflict. As Donald Trump leans toward the long-distance containment of China in the western part of the Pacific, Japan will wish to develop its own armed forces and contain China. The dynamics of the recent crisis around the DPRK in April 2017 has demonstrated that Russia, China, and the United States have managed to maintain a united position on fundamental issues concerning the nuclear potential of the DPRK. At the same time, Russia and China are still concerned about possible acts of force of Trump's administration.

In April 2017, President of the People's Republic of China, Xi Jinping, and President of the United States, Donald Trump, held a successful meeting. Despite concerns regarding Donald Trump's position on China, the meeting set a positive tone for the further development of bilateral relations and ensured a smooth transition from interacting with the Barack Obama administration to interacting with the Donald Trump administration. China and the United States announced the establishment of four high level dialogue mechanisms, in security, diplomacy, cyber security and law enforcement. They also announced a comprehensive economic, public and humanitarian dialogue. The establishment of four dialogue mechanisms sets up an important platform for bilateral interaction and ensures institutional guarantees. Further development of bilateral relations will depend on whether China and the United States can achieve positive dynamics in economic and trade issues, whether they will be able to cooperate successfully on the Korean nuclear problem, and whether Trump's visit to China will take place within a year.

Until the Presidents of Russia and the United States meet face to face as planned in July 2017 at the scheduled G20, it is difficult to predict how Russia-U.S. relations will develop. President of the U.S. responded symmetrically to the meeting of Russia's President with the U.S.'s Secretary of State Rex Tillerson and welcomed Russian Minister of Foreign Affairs Sergey Lavrov in White House. However, as both Russian and Chinese experts note, some specialists' high expectations related to Donald Trump's positive influence on Russia-U.S. relations have not come true yet. In the current situation, relationship with Russia has become hostage to the United States' domestic policies. Strong anti-Russian sentiment in American establishment restrict Donald Trump's freedom in his interactions with Russia, even if the U.S. President is as willing to improve relations with Russia as

²⁴ Xi Jinping. President Xi's speech to Davos in full. World Economic Forum Annual Meeting 2017. 17 January 2017.
URL: <https://www.weforum.org/agenda/2017/01/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>

he claimed on several occasions during the election campaign. Besides, the US's missile strike in Syria shows that the new U.S. President as his predecessors is ready to take strict measures that do not take account of Russia's interests.

Chinese experts foresee several scenarios of Russia–China relations development under the new U.S. administration. A pessimistic view on the development of China–Russia relations is based on the idea that cooperation between the two countries has always been based on counteracting the strategic threat coming from the United States. Donald Trump will reduce pressure on Russia. Russia's strategic needs in China will weaken significantly, and the two states will begin to drift apart. However, Russia–China relations are based on comprehensive and multifaceted foundations, and they cannot be reduced to the strategic containment of pressure from the United States. In the “China–Russia–United States” triangle, an improvement of relations between two countries does not necessarily lead to deterioration of relations with the third. Even with the reduced U.S. threat to Russia, Russia and China will retain common perspectives on regulating world order, and will continue to share an interest in maintaining international and regional security.

If the scenario of simultaneously deteriorating China–U.S. and Russia–U.S. relations plays out, the value and significance of the Russia–China partnership will objectively increase, and the parties will feel the need for the enhanced coordination of their actions on the world stage. Therefore, if the dynamics of China–U.S. relations are positive, this could create opportunities for improving relations between Russia and the United States.

Several experts suggest that Donald Trump could strike a strategic compromise with Russia, seeking to divide Russia and China while at the same time containing the development of the latter. However, Russia–China relations have a special status and value in the system of Russia's foreign policy priorities; therefore, it is difficult to imagine that should relations between Russia and the United States improve, Russia will make a break with China. Such a step would not be in line with Russia's diplomatic philosophy, or with Moscow's political and economic interests, and it would not increase Russia's weight and position in international affairs. Even if a thaw does take place in Russia–U.S. relations, Russia will continue to deepen and develop its strategic relations with China.

Cooperation in Cyber Security

Collaboration in cyber security remains an important area of Russia–China cooperation. China is enhancing its cooperation with international organizations on cyberspace security. In 2016, China's efforts involved the UN, the International Telecommunications Union (ITU), the SCO and BRICS. In May and December 2016, Washington hosted the second and third China–U.S. high-level dialogues on fighting cybercrime and other issues. On June 13, 2016, the first China–UK high-level security dialogue was held in Beijing, where one of the four key issues at the talks was fighting cybercrime. On June 25, 2016, the heads of Russia and China released a Joint Statement of the Presidents of the People's Republic of China and the Russian Federation on Cooperation in Information Space Development.

Russia–China cooperation in cyber security has both bilateral and multilateral dimensions. Because Russia and China similarly assess the consequences that threats in this area hold for their domestic development, it incentivizes deep bilateral connections, and this high level of political confidence allows the two countries to effectively use their partner's resources to ensure their general information security. The joint actions of Moscow and Beijing are based on their similar goals and approaches to cyberspace security management, founded on the primacy of international law, the rejection of attempts to establish any country's global dominance on the internet, and existing high-level agreements on the sources of cyber security threats. Both countries are against the use of information technologies to: intervene in the internal affairs of other countries; undermine sovereignty, political, economic and social stability; breach public peace; spread terrorist, extremist and separatist propaganda; incite inter-ethnic and inter-faith enmity; and carry out other terrorist or criminal activities. Russia and China also both support the sovereign right to manage the internet in their national segments.

Russia and China have accumulated extensive experience from working together in the field of information security, both in terms of inter-governmental and inter-company interaction on cyber security technologies and in terms of coordinating an international stance on cyberspace management. In May 2014, the Russian telecommunications company Rostelecom signed an agreement with the Chinese company *Huawei* on the construction of underwater communications lines in the Far East of Russia, worth \$60 million. In August 2014, the Ministry of Industry and Trade of the Russian Federation and the Ministry of Industry and Information Technology of China signed an agreement on increasing the export of software components from Russia to China and increasing the import of China-made servers to Russia. The initiative to create the International Code of Conduct for Information Security submitted to the UN General Assembly in 2011 demonstrates that Russia and China have a coordinated international stance on cyberspace management. The initiative was followed by many years of work in this area.

Judging by the progress made in 2016, it would be fair to say that the Russia–China strategic partnership in cyber security could transition to a new level. The legal foundation for developing bilateral cooperation was laid in 2015 when President of China Xi Jinping visited Moscow and the Agreement on Cooperation in Ensuring International Cyber Security was signed.²⁵ As part of implementing the document, Moscow and Beijing are developing a mechanism for permanent consultations through the ministries of foreign affairs and intelligence and law enforcement agencies.²⁶

²⁵ The Signing of the Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on Cooperation in the Field of Providing the International Information Security. Regulation № 788-p. April 30, 2015 // Government of the Russian Federation.
URL: <http://www.government.ru/media/files/5AMAccs7mSlXgbff1Ua785WwMWcABDJw.pdf> (in Russian).

²⁶ A transcript of the discussion on the draft law № 1183175-6 "The ratification of the Agreement between the Russian Federation and the People's Republic of China on Cooperation in the Fight against Terrorism, Separatism and Extremism" // State Duma of the Russian Federation, November 11, 2016.
URL: <http://www.api.duma.gov.ru/api/transcript/1183175-6> (in Russian).

In 2016, Russia and China expanded and intensified their interactions: on April 27, 2016, Moscow hosted the first Russia–China Information and Communication Technologies Development and Security Forum;²⁷ on June 25, 2016, the Joint Statement of the Presidents of the People's Republic of China and the Russian Federation on collaboration in information space development was adopted.²⁸ These steps have allowed Russia and China to progress from only collaborating in information security to cooperating in both cyber security and informatization.

According to the decision of the leaders of the two countries, the President of the Russian Federation's aide in charge of information technologies and the head of the Central Leading Group for Internet Security and Informatization and Internet Security were appointed to act as representatives of Russia and China on cooperation in developing the information space. They are charged with holding regular meetings and consultations on issues of mutual interest, to determine new mutually beneficial areas of cooperation in information space, and to promote initiatives and ensure the coordination of inter-agency cooperation.²⁹

In the future, the ministries of foreign affairs for both countries should continue to focus their efforts on solving the following issues: developing common rules of conduct on the worldwide web; shaping a peaceful, secure and open information space based on cooperation; developing international cooperation in preventing and suppressing the use of the internet for terrorist and criminal purposes.

Inter-parliamentary exchanges could address common problems of legislative regulation around information and communication technologies on a regular basis.

Despite successes in collaboration, Russian–Chinese cooperation in cyberspace still faces a number of challenges and requires further advances in terms of working together and coordinating the stances of the two countries.

The strategy for Russia–China cooperation in cyber security is based on respect for and compliance with internet sovereignty. Certain western observers believe that the stance adopted by China and Russia on the sovereign right of states to manage the internet in their national segments threatens the openness and freedom of self-expression on the internet. The two countries need to stand their ground at various international platforms on this issue and prevent isolation.

Russia and China are often accused of launching hacking attacks. The two countries should jointly contribute to improving their international images in the cyber security field, including highlighting that Russia and China suffer from cyber-attacks themselves, which could be proven through joint scientific research.

It is important for Russia and China to ensure the effective implementation of cyber security agreements, as success in the field will draw universal attention.

²⁷ China–Russia Information Communication Technology Development and Cybersecurity Forum. 2016 International Safe Internet Forum // Safe Internet Forum, April 27, 2016. URL: <http://www.2016.safeinternetforum.ru/programma> (in Russian).

²⁸ Joint Statement of the President of the Russian Federation and the President of the People's Republic of China on Cooperation in the Information Space Development // Official Internet Resources of the President of Russia, June 25, 2016. URL: <http://www.kremlin.ru/supplement/5099> (in Russian).

²⁹ Ibid.

However, the multi-partite nature of cyberspace creates certain difficulties for effectively implementing the agreement. It is also necessary to set specific areas of cooperation. The two parties should enhance scientific and technical cooperation, contribute to developing joint R&D in cyberspace, expand information exchanges, and more actively use the Internet for expanding economic collaboration. In the future, it would be advisable to involve a broader professional community in Russia–China cooperation on cybersecurity, for example, internet providers, telecommunications companies, and hardware and software manufacturers. This could be done by creating individual platforms for dialogue and involving state regulators in their work when needed.

State support should be provided for joint scientific projects carried out by academic institutions and companies in both countries that are aimed at ensuring security of internet payments, counteracting hacker attacks, and fighting the spread of computer viruses. Developing a set of measures to protect critical infrastructure facilities and to ensure the fail safe behaviour of information and communication networks could be an important subject for joint R&D in the near future.

Russia and China should move towards institutional and practical cooperation and coordination between specific administrative bodies. Signed strategic agreements should not remain at the level of statements by top leaders. Taking specific measures that have an impact on the population of the two countries will also demonstrate that cooperation between Russia and China in cyberspace is not based entirely on confrontation with the United States.

The two sides should also strengthen mutual trust in cyberspace management, the lack of which is evidenced by reports in the Russian media on hacker attacks from Chinese. To increase confidence, it would be advisable to sign intergovernmental agreements intended to prevent the theft of confidential commercial information. China has already signed such agreements with Germany, the United Kingdom and the United States.

Russia and China should improve joint research and actions aimed at combatting cyber security threats. Today, the internet is being used increasingly by terrorist organizations and individual terrorists. It would be advisable for the two countries to take preventive measures against the use of the internet for committing acts of terror and other crimes; the parties should fight such trends and demonstrate an initiative to establish a UN-based cooperation mechanism that would involve academic research and development of global legal instruments. The parties should develop a system to exchange information on cyber threats and improve the response mechanism during an emergency. The two sides should also promote the establishment of a framework for exchanging information and experience between ministries.

A promising area of Russia–China cooperation is the joint promotion of the construction of the Digital Silk Road, a global e-commerce platform based on digital free trade zones. China hopes that Russia will support this concept and participate actively in jointly setting it up, and by promoting the construction of the Digital

Silk Road, can contribute to the development of cyber security and informatization of the region's countries, and overcome the digital gap.³⁰

Russia and China should also continue to promote the global management of this new type of cyberspace. The two countries have put forward an appropriate initiative within the UN. As internet powers, Russia and China should intensify their cooperation in the UN, the ITU, the SCO, BRICS and ASEAN, and they should work together to fight for the right to set rules in the international information environment and create a multilateral, democratic and transparent internet management system.

³⁰ AlibabaGroup Promotes Building a "Digital Silk Road" // IA "Xinhua", April 19, 2017.
URL: http://www.russian.news.cn/2017-04/19/c_136220167.htm (in Russian).

Searching for a New Model of Military–Technical Cooperation

Dynamics of the Development of Military–Technical Cooperation

Military–technical cooperation between Russia and China grew steadily in 2016. Russian exports of military goods and services to China have come very close to the record figures of the early 2000s. A massive contract portfolio worth over \$8 billion as of the end of 2016 promises the same high level of cooperation in the coming years. At the same time, to create a more solid foundation for bilateral military–technical relations, Russia and China should find deeper forms of industrial integration and realize long–term R&D projects in the key areas of military equipment development.

Currently, Russia is China’s only major supplier of military goods and services. Speaking in November 2016 at the China International Aviation & Aerospace Exhibition in Zhuhai, China, Deputy Director of the Federal Service for Military–Technical Cooperation, Vladimir Drozhzhov, said that the overall volume of current military–technical cooperation contracts with China exceeds \$8 billion. Several new agreements are presently in the works. Therefore, China accounts for over 15 percent of Rosoboronexport’s full portfolio of orders, which totalled \$52 billion in October 2016.³¹

Later, in November 2016, Minister of Defence of the Russian Federation Sergey Shoygu noted during his visit to Beijing that the two countries had reached the level of around \$3 billion annually in implementing contracts in various areas.³² Previously, the highest figure of Russia’s defence exports to China was \$2.7 billion per year in the early 2000s.³³ Taking inflation into consideration, this record figure would be about \$3.6 billion in 2016 prices. Accordingly, 2016 did not set an absolute record in terms of Russian military exports to China. However, the overall level of cooperation corresponded to the “golden age” of Russian–Chinese military–technical cooperation in the 1990s, when the Chinese People’s Liberation Army (PLA) began full–scale rearmament based on Russian technologies.

After 2000, Israel, China’s second–largest partner in terms of military–technical cooperation, was forced to curtail its cooperation, bowing to pressure from the United States. Previously, China had purchased major quantities of military technologies from CIS countries, primarily Ukraine and Belarus. But the defence industries of these countries have mostly exhausted the USSR’s technological

³¹ Nikolsky A. China Has Returned to the Top Five Importers of Russian Weapons // Vedomosti, November 1, 2016 (in Russian).

³² “The Head of Russia’s Ministry of Defence Noted Major Successes in Implementing Russia–China MTC Contracts” // Department of Information and Mass Communications of the Ministry of Defence of the Russian Federation, November 23, 2016. URL: http://www.function.mil.ru/news_page/world/more.htm?id=12104572%40egNews (in Russian).

³³ Interview with Sergey Isaikin, Head of Rosoboronexport // RIA Novosti, April 10, 2009. URL: http://www.vpk.name/news/27293_obem_vts_rossii_i_kitaya_zapovednye_vosem_let_sostavil_16_mlrdr_rosoboroneksport.html (in Russian).

reserves and China's interest in cooperation flagged. China continues to utilize the experience of Ukrainian companies in designing transportation planes and in manufacturing aircraft engines, and utilizes the experience of Belarusian companies in designing multi-axle automobiles with increased off-road capacity. However, in monetary terms, this cooperation is barely 10 percent of Russian supply volume.³⁴ As a rule, Ukrainian and Belarusian manufacturers are present in those segments of China's weapons market where there are no Russian offers.

Official agencies in Russia do not release data on the volume of military goods and services exported to China; only the final data on military exports at year-end are published, possibly with comments that would make it possible to draw conclusions on the significance of the market for a particular country. Based on comments for the first half of the 2010s, exports to China were within the range of \$1.5–2 billion per year; in the 2000s, they were close to \$2 billion per year; in 2001–2003, the figure was significantly higher; and in the mid-2000s, exports experienced a slump (for instance, in 2006, new contracts were concluded for only \$200 million).

The largest contracts for the supply of Russian weapons to China include the contract to supply 24 units of the 4++ generation Su-35 aircraft (concluded in autumn 2015) and four battalions of S-400 anti-aircraft weapon systems (concluded in autumn 2014). Both contracts resulted from drawn-out negotiations that started around 2010. The negotiations took so long because Russia wanted to minimize risks for its intellectual property rights and scrutinized the clauses in the agreements. In the case of the S-400, the workload of Russia's manufacturing capacities was a factor hindering rapid progress of the talks. Official sources did not disclose the value of the contracts, but assessments most frequently place them at around \$2 billion for the Su-35 contract and \$1.9 billion dollars for the S-400s.³⁵ The first four Su-35 were delivered to China in late 2016. The start of S-400 delivery is expected by the end of 2017.³⁶

In February 2017, Minister of Defence of the Russian Federation Sergey Shoygu noted the positive development of cooperation and mentioned another contract for exporting "anti-ship missile systems" to China.³⁷ It is possible that this agreement is related to China's new *YJ-18* anti-ship missiles, which have been in service of their PLA Navy since 2015, and whose appearance and perceived characteristics are similar to Russia's 3M54E missiles of the "Caliber" family. China allegedly received several missiles (model *YJ-12*) to arm its air force, surface ships and submarines; presumably, it also received the right to their licensed manufacturing.

³⁴ Infographics: Hello, Weapon: Who is the Key Consumer of Ukrainian Weapons // LIGA, March 19, 2015. URL: http://www.liga.net/infografica/227198_privet-oruzhie-cto-glavnyy-pokupatel-ukrainskogo-vooruzheniya.htm (in Russian).

³⁵ China Buys 24 Su-35 Fighters for \$2 billion // Vesti Finance, November 19, 2015. URL: <http://www.vestifinance.ru/articles/64559> (in Russian).

³⁶ Russia Launched Production of the S-400 Missile Systems for China // Lenta.ru, February 14, 2017. URL: <https://www.lenta.ru/news/2017/02/14/c400/> (in Russian).

³⁷ Shoygu: US Attempts to Interfere with the Establishment of More Equitable World Order Lead to Chaos // TASS, February 21, 2017. URL: <http://www.tass.ru/armiya-i-opk/4041766> (in Russian).

Despite China's significant achievements in aircraft engine construction, Russia remains an important supplier. In October 2016, it became known that Russia's United Engine Corporation had finalized another contract to sell China D-30 and AL-31F engines worth up to \$1 billion in total.³⁸

At the same time however, the contract to sell two Amur-1650 submarines to China and license the construction of two more in China did not progress, even though it had been discussed in 2012–2013 and had reached the stage of a memorandum of intentions.³⁹ It is possible the countries failed to agree on their positions, or that the submarines did not conform to the specific requirements of the PLA Navy; we cannot, however, discard the possibility that work on the contract was delayed – for instance, due to the customer changing the technical requirements – and negotiations will resume at some point in the future.

This data allows us to make certain assumptions concerning the structure of the \$8 billion portfolio of orders placed by China. Major contracts for the Su-35 and S-400 account for nearly 50 percent of the portfolio, while the new aircraft engine contract accounts for about \$1 billion. The remaining amount could come from an anti-ship missiles contract, and from numerous small contracts for Russia to conduct R&D on orders for China, and for the shipment of spare parts, materials, equipment, etc. According to statements made from the Russian side, the role of joint R&D has been gradually increasing over recent years.⁴⁰

The actual execution of the major Su-35 and S-400 contracts could lead to either a slump or a renewed spike in cooperation in the coming years. Both systems are delivered in volumes that are small from China's perspective, and they will be carefully studied and assessed. The purchases could lead to new import contracts and increased cooperation on importing Russian components for China's new weapons systems. In particular, with Russian involvement, it is possible to supply Russian components for the creation of new refurbished Chinese fighters of the *J-11* family, as well as participate in the joint development and manufacturing of a new long-range anti-aircraft system.

The 2014 break of Russia's military-technical ties with the EU and Ukraine opened up opportunities for Russia-China cooperation to transition to a qualitatively new level. In many areas, Chinese suppliers of equipment and technologies could replace their European counterparts. Although these ties were established during a time of crisis, they could very well be preserved after relations with the West are normalized. Thus far, these possibilities remain greatly underused. Russia has started importing small quantities of Chinese marine diesel engines for certain types of ships in service of the Russian Navy and border guards. However, major transactions, such as purchasing technologies for the manufacturing of elec-

³⁸ Nikolsky A. China Continues Purchasing Military Plane Engines from Russia // *Vedomosti*, October 25, 2016.
URL: <https://www.vedomosti.ru/politics/articles/2016/10/25/662267-voennih-aviadvigateli-rossii> (in Russian).

³⁹ Rosoboronexport: Russia and China Negotiate on Provision of Amur-1650 Submarines // TASS, August 12, 2014.
URL: <http://www.tass.ru/mezhdunarodnaya-panorama/1374510> (in Russian).

⁴⁰ Russia-China Military-Technical Cooperation of the Last 8 Years Worth \$16 Billion – Rosoboronexport // VPK Novosti, April 21, 2009. URL: https://www.vpk.name/news/27293_obem_vts_rossii_i_kitaya_za_poslednie_vosem_let_sostavil_16_mld_rossoboroneksport.html (in Russian).

tronic components for space equipment, are so far only being discussed. China's share in the total amount of Russian military imports remains insignificant. On the whole, the process of re-orienting toward Chinese suppliers is moving more slowly than could have been expected. This is due to the lengthy cycle of negotiations on complex technical projects and the dearth of data Russia's weapons manufacturers have on the possibilities of China's industry.

The Political Dimension of Russia–China Military–Technical Cooperation

Even though military–technical cooperation has effectively been restored to a level comparable to that of the 1990s and early 2000s, its role in Russia–China relations has actually decreased. Unlike the early 2000s, military–technical cooperation is no longer one of the foundations of relations between the two countries. At that time, China accounted for up to one half of Russia's exports, and exports were the only source of income for the Russian defence industry.⁴¹

Starting in 2008–2009, most manufacturers of conventional weapons in Russia received the bulk of their commissions from the Russian military itself, rather than from exports. Russian weapons exports are now more diversified, and China, as a rule, accounts for no more than 20 percent of its overall annual volume. Although China remains a major and profitable client, access to China's market is no longer a decisive factor for Russia's military–industrial complex. On the other hand, China has achieved a noticeably higher level of self-sufficiency in terms of producing its own weapons and military equipment. Their need for Russian weapons has objectively decreased and is now concentrated in several relatively small, yet important sectors, such as aircraft engines.

At the same time, cooperation with Russia remains significant for increasing the potential of the PLA. For instance, it would have been impossible to carry out two major rearmament programmes for the PLA Air Force (manufacturing Y-20 heavy cargo aircraft and H-6K strategic bomber) without the purchase of Russian aircraft engines.

When China's Navy put its YJ-18 missiles into service, it caused certain concerns for U.S. military experts.⁴² Even limited supplies of systems such as the S-400 long-range anti-aircraft systems and Su-35 fighters with powerful radars can change the balance of power in certain hotbeds of tension close to China's border, particularly in Taiwan. Some other Asian countries, such as India (a traditional partner of Russia), also expressed grave concerns about selling Russian weapons to China.

Russia conducts an expressly independent military–technical cooperation policy in the Asia Pacific Region, exporting state-of-the-art weapon systems both to China and to its opponents – in particular, India and Vietnam. Such a balanced

⁴¹ In 2016 Arms Export from Russia Can Exceed \$14.5 Billion // RIA Novosti, December 1, 2016.
URL: https://www.ria.ru/defense_safety/20161201/1482608766.html (in Russian).

⁴² "China's Supersonic Ship Killer is Making U.S. Navy's Job Harder." Bloomberg. 30 October 2015.
URL: <https://www.bloomberg.com/news/articles/2015-10-30/china-s-supersonic-ship-killer-is-making-u-s-navy-s-job-harder>

policy has yet to face significant obstacles. The special nature of Russia–China relations when it comes to security is well known, yet Russia’s refusal to engage in military–technical cooperation with other Asian countries would only result in the United States having greater influence on those countries, which is not in China’s interests.

Obstacles to the Development of Stable Cooperation

A substantial problem in the development of stable Russia–China cooperation is the extreme technological nationalism typical of the military and military–industrial circles of the two countries; both sides strive to concentrate all important work on design and manufacturing within their own country. This phenomenon assumes particularly extreme forms in the Chinese military–industrial complex. Both parties, especially China, view importing military goods and services as a security threat and a national problem that needs to be resolved as soon as possible.

Despite this, China’s military will still need to engage in significant military–technical cooperation with Russia for the foreseeable future. The possible worsening of relations with the United States only buttresses this need. On the other hand, at the given moment, we can definitively speak about Russia gravely lagging behind China in several areas of military production, such as drones, military shipbuilding and manufacturing many types of electronic components. Both parties need to scale up their cooperation and progress to reach more complex forms, such as realizing long–term joint projects in promising military and dual–purpose technologies (artificial intelligence, laser weapons, robotics, hypersound, etc.). This process has been set in motion, but it has thus far been restricted by a lack of confidence in and understanding of the long–term prospects of the cooperation. Overcoming these difficulties requires fundamental agreements to be signed at the highest level on the principles of interaction in scientific and military–technical areas.

Presently, as they react to the major military–technical initiatives of the United States, Russia and China often simultaneously create expensive and unique technologies, attempting to catch up with the leader. The United States can employ the potential of its European and Asian allies due to a well–developed and well–designed international legal basis for manufacturing cooperation in the military industry.

Russia and China have to realize that military–technical cooperation is not a means for overcoming temporary shortcomings in their own production and scientific–technical base. The co–existence of the two countries’ military industries will take an indefinite form of cooperation, which is necessary to ensure their defence capabilities. The parties should then move toward creating joint long–term plans for the development of military technologies which could mirror the long–term programmes developed in the United States (the “Third Offset Strategy”, the “Defense Innovation Initiative”, etc.). From analysing the strengths and weaknesses of the Russian and Chinese defence industries, permanent cooperation mechanisms for making key breakthroughs in science and technology must

be formulated. Economic logic cannot dominate such cooperation entirely, since this cooperation is required to ensure the national security of each in the face of the growing external pressure and new threats.

As information technology begins to play a central role in the development of military equipment, the inadequate protection of intellectual property rights of foreign partners in China is becoming a more prevalent problem. Since the IT industry is particularly vulnerable to such breaches, problems with protecting intellectual property may become an obstacle to developing promising areas of Russia–China military–technical cooperation. Therefore, they need to be resolved as quickly as possible.

Russia–China Trade and Economic Cooperation

The Specifics of Economic Cooperation

Over the past two years, Russia and China have deliberately attempted to change the traditional formula of “hot politics, cold economics.” Even though Russia and China have achieved great success in terms of strategic and security cooperation, economic cooperation is progressing slowly.

In the 15 years following the signing of the Treaty of Good–Neighbourliness and Friendly Cooperation (2001), Russia and China increased their trade turn–over several fold, expanded the use of national currencies in mutual payments, adopted support measures for inter–regional and investment cooperation, carried out certain structural changes in bilateral trade, and achieved their first successes in innovation. The mutual complementarity of Russia and China in the energy sector as well as in investments, science and technology, agriculture, transportation, the power sector etc., ensures the possibility of expanding the volume and improving the quality of economic cooperation.

At the same time, Russia–China trade and economic cooperation is still mostly in the domain of major companies. This is due to the fact that bilateral interaction between the two countries is traditionally based on “mainstream mega–projects” in the power sector, the military–industrial complex, the construction of major infrastructural facilities, etc.⁴³ Heads of major companies (most of which are state–owned) and representatives of the appropriate ministries and agencies remain the principal participants of bilateral cooperation.⁴⁴ Both Russia and China accumulate cooperation experience at this particular level, which is assisted by the “warm” relations enjoyed between the leaders of the two countries.⁴⁵ This could simplify the decision–making process at the highest level.⁴⁶

Small and medium–sized businesses work under entirely different circumstances. Russian and Chinese small and medium–sized businesses note the

⁴³ Putin's Visit to China: Continuation of the Turn to the East // RIA Novosti, June 24, 2016.

URL: <https://www.ria.ru/east/20160624/1450887992.html> (in Russian).

⁴⁴ Kashin V. Industrial Cooperation as the Way to Codevelopment of Russia's and China's Economies // Russia in Global Affairs, April 18, 2016. URL: <http://www.globalaffairs.ru/valday/Promyshlennaya-kooperatsiya-put-k-sopryazheniyu-rossiiskoi-i-kitaiskoi-ekonomik-18110> (in Russian).

⁴⁵ Gabuev A. Putin–Xi Friendship Driving Russia–China Ties // Carnegie Moscow Center, June 3, 2016.

URL: <http://www.carnegie.ru/2016/06/03/ru-pub-63726> (in Russian).

⁴⁶ At the same time, these “warm” relations do not guarantee that contracts are signed. Far from it, businesses may in fact conduct negotiations for years in order to agree on the conditions that are most profitable for them, and if that is impossible, they abandon cooperation. For instance, in 2016, amidst a depreciating rouble and falling profitability, RusHydro and *China Three Gorges Corporation (CTGC)* abandoned their joint projects. CTGC cancelled its planned purchase of 49 percent of the Lower Bureya Hydropower Plant in the Amur Region, and RusHydro abandoned its joint project to construct flood control dams in the Far East. Thus, against the background of dropping power consumption in China, the entrance of Chinese companies into the power sector of the Amur Region has been virtually abolished. Peschinsky I. RusHydro and *China Three Gorges Corporation (CTGC)* Partnership was not accomplished // Vedomosti, September 1, 2016.

URL: <http://www.vedomosti.ru/business/articles/2016/09/02/655378-rusgidro-tri> (in Russian);

Turovsky R. Priamurye Territories in 2016: Old Problems and New Expectations // IA “East Russia”, February 14, 2017.

URL: <http://www.eastrussia.ru/material/priamure-v-2016-m-starye-problemy-i-novye-ozhidaniya> (in Russian).

lack of quality information on the specifics of doing business in the other country, especially information on local legislation.⁴⁷ Small and medium-sized businesses run into administrative barriers more often than large state-owned companies do. To remove these obstacles to cooperation, relevant educational and training programmes could be developed by the Russian Export Center in partnership with academic bodies and businesses that have experience with working in China.

The main achievements in bilateral economic cooperation between Russia and China in 2016 mostly concerned “old economy” sectors (the energy and heavy equipment industries) and the financial infrastructure. We are now seeing results in new areas as well: cross-border e-commerce, trade in the products of the agro-industrial complex, and tourism. These results were largely predicated on structural changes made to the Chinese economy, where city consumers are gradually becoming the new driver of growth.⁴⁸ Furthermore, Russia’s Far Eastern regions continue to develop the institutional environment and transportation infrastructure for expanding cooperation with China and to attract investments.

Given the specific political and economic features of Russia and China, bilateral partnership will mostly likely continue to be based on cooperation at the highest level and between major companies in the long-term. At the same time inter-governmental negotiations should focus not only on specific transactions but also on creating a stable favourable environment for business cooperation, especially given the global economic crisis that has served as a backdrop for Russia–China economic collaboration in recent years.

Vladimir Putin’s 2016 Visit to China

Vladimir Putin made an official visit to China on June 24–25, 2016. The economies of both countries had encountered a number of problems since Putin’s previous visit in 2014. The structural transformation taking place in China led to a fall in the country’s GDP to 6.7 percent annually. Overproduction and capital drain negatively influenced the economy. In addition, the authorities were forced to fight the blow to their reputation after the decline of the securities market. Over the same period, the Russian economy experienced the consequences of the sharp drop in global oil prices, the falling value of national currency, and the almost zero percent GDP growth rate.

Despite these difficulties, expectations for bilateral cooperation, primarily in Russia, remained unreasonably inflated. This circumstance may be seen as one of

⁴⁷ The Moscow Times. URL: <http://www.old.themoscowtimes.com/conferences/rus/postrelease/576461>

⁴⁸ Daniel Zipser, Yougang Chen & Fang Gong. “2016 China Consumer Report – Consumer & Retail Practice: The Modernization of the Chinese Consumer.” McKinsey & Company, March 2016. URL: <http://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/here%20comes%20the%20modern%20chinese%20consumer/2016%20china%20consumer%20report%20the%20modernization%20of%20the%20chinese%20consumer.ashx>; “Financial Times: ‘New’ economy is the winner in China.” State Council of the People’s Republic of China. 9 October 2016. URL: http://english.gov.cn/news/top_news/2016/10/09/content_281475461965957.htm; “China’s new economy groups outperform.” Financial Times. 29 March 2016. URL: <https://www.ft.com/content/d341fe12-f5c5-11e5-803c-d27c7117d132>

the problems in developing bilateral collaboration, since it leads to a portion of the elites becoming disappointed with the “turn to the East,” and may have a negative impact on developing bilateral relations further.⁴⁹ Aide to the President Yuri Ushakov stressed before the visit that “mega-agreements cannot be signed at every summit” and warned that it was more important to start implementing the agreements that had already been signed.⁵⁰

The visit resulted in just two contracts being signed (38 documents in total were signed):⁵¹ Rosneft and *China National Chemical Corporation (ChemChina)* agreed on Eastern Siberia–Pacific Ocean (ESPO) pipeline oil supplies between August 1, 2016 and July 31, 2017; and Zvezda Shipbuilding Complex, a participant of the Far Eastern Shipbuilding and Ship–Repairing Center (FESRC), signed a contract with *China Shipbuilding & Offshore Co., Ltd (CS&C)* and *Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd (QBSHI)* for the construction of a transportation and transfer dock. Cooperation with Chinese partners will majorly contribute to creating one of Russia’s most cutting–edge shipyards in the Primorsky Region.⁵² When the project has been completed, the state–of–the–art industrial and shipbuilding cluster in the Far East⁵³ will allow the Russian oil and gas industry to carry out an entire range of work on exploring and producing hydrocarbons on the shelf.⁵⁴

The majority of the documents signed were memorandums and framework agreements pertaining to projects in development, under adjustment, or pending approval, and were not binding. Most of them had certain features in common. First, these projects were slated to be implemented with the participation of Chinese companies in Russia, and not the other way around.⁵⁵ Secondly, Russian

⁴⁹ See: Putin’s Visit to China: Continuation of the Turn to the East // RIA Novosti, June 24, 2016. URL: <https://www.ria.ru/east/20160624/1450887992.html> (in Russian); Kashin V. Vladimir Putin’s Visit to China: No High Expectations, Concrete Results // Russian International Affairs Council, June 29, 2016. URL: http://www.old.russiancouncil.ru/inner/?id_4=7852#top-content (in Russian); Gabuev A. Russia and China: Little Brother or Big Sister? // Carnegie Moscow Center, June 27, 2016. URL: <http://www.carnegie.ru/2016/06/27/ru-pub-63937> (in Russian).

⁵⁰ Khimshiashvili P. To Beijing for the Railway // RBC, June 22, 2016. URL: <http://www.rbc.ru/newspaper/2016/06/23/576a8639a794724a0ce54a9> (in Russian).

⁵¹ The leaders of the two countries and representatives of the relevant ministries, agencies, and major companies, discussed the principal factors of cooperation, including: the fuel and energy complex; transportation; hi-tech transportation engineering; inter-bank cooperation; cooperation in loans, financing and investments; the construction of infrastructure facilities; and manufacturing construction materials. Individual documents pertained to cooperation in agriculture and forestry, and innovations and telecommunications. The complete list of the signed documents is available on the official website of the President of the Russian Federation. Joint Documents Signed during the Official Visit of the President of the Russian Federation V. Putin to China // Official Internet Resources of the President of Russia, June 25, 2016. URL: <http://www.kremlin.ru/supplement/5101> (in Russian).

⁵² Zvezda Shipbuilding Complex is the First Resident of the Bolshoi Kamen Priority Development Area // Far Eastern Shipbuilding and Ship Repair Center, 2016. URL: <http://www.dcss.ru/news/2016-god/sudostroitelnyy-kompleks-zvezda-pervyy-rezident-tor-bolshoy-kamen.html> (in Russian).

⁵³ Zvezda Shipbuilding Complex belongs to the Rosneft and Gazprombank consortium. It is the first resident of the Bolshoi Kamen Priority Development Area in the Primorsky Region. Zvezda Shipbuilding Complex Becomes First Resident at Bolshoi Kamen PDA // Rosneft, March 28, 2016. URL: <https://www.rosneft.ru/press/news/item/180795> (in Russian).

⁵⁴ Grigoriev L. New Star Will Rise // Rossiyskaya gazeta, October 6, 2015. URL: <https://www.rg.ru/2015/10/06/cluster.html> (in Russian).

⁵⁵ The Exception is the Memorandum of Understanding between Gazprom and *China National Petroleum Corporation* on Cooperation in Underground Gas Storage (UGS) and Gas Generation in China.

companies planned to attract Chinese financing, including the selling of shares in the relevant companies.⁵⁶

This format of cooperation was largely determined by two factors. On the one hand, given the slump in the Russian economy and the western sanctions, Russian companies are limited in their ability to attract loan capital both in Russia and in the West, while Chinese enterprises are ready to offer commercially viable cooperation terms. On the other hand, China has entered the “new normalcy” phase. Given the slackening growth rate of their national economy, those industrial enterprises that developed rapidly in the 2000s during the period of an infrastructural construction boom, are now encountering a spate of problems, including flagging domestic demand for their products, downtime for their production capacities, falling prices, and fierce competition. The authorities decided that one of the ways to solve these problems was to move into foreign markets under the “moving outward” strategy and the Belt and Road Initiative project.

The documents that have been signed demonstrate that Russia and China are interested in increasing the role of technological partnerships. Projects in this area will allow China to localize new technologies, while giving Russia the opportunity to decrease the dependency of its trade turnover on mineral raw materials and their prices, by increasing the volume of commodities with higher added value. The governments of the two countries concluded a cooperation agreement on the development, manufacturing, commercializing, and aftersales service of a wide-body long-range aircraft and the aircraft family based on that model. In terms of maintenance expenses, this plane is expected to be about 10 percent more efficient than similar aircrafts and could compete against *Boeing* and *Airbus*, at least in the Russian and Chinese markets.⁵⁷ In addition, an agreement was signed on the construction of a future civilian heavy helicopter through the joint efforts of China’s *Avicopter* and Russian Helicopters Holding. Mass production is planned for launch in China (presumably in Tianjin) to meet China’s market demand (about 200 aircrafts);⁵⁸ the product of this joint project will not compete with Russia’s Mi-26 helicopters.⁵⁹ The roles of Chinese and Russian participants in both these technological projects are divided similarly: Russia will be mostly responsible for the technological component, while China covers the assembly and promotion.⁶⁰

The agreement between Roscosmos and the China National Space Administration (CNSA) was designed to lay the legislative foundation for Russia–China coopera-

⁵⁶ It is planned to launch a processing complex in the Far East of Russia in cooperation with *China National Chemical Corporation*. During the visit of V. Putin the parties signed an agreement on the Chinese enterprise contributing 40 percent to the capital of the Eastern Oil and Chemical Company (EOCC) with proportionate participation in financing. Construction of the three stages of the project valued at 1.313 trillion roubles is scheduled to be completed in 2028. Rosneft signed a Memorandum of Understanding with *Beijing Enterprises Group* on selling 20 percent of Verkhnechonskneftegaz (Irkutsk Region) to *Beijing Gas Group*.

⁵⁷ Ptichkin S., Chernyak S. We Will Fly Together // *Rossiyskaya gazeta*, November 2, 2016.
URL: <https://www.rg.ru/2016/11/02/rossia-i-kitaj-postroi-at-novyi-samolet.html> (in Russian).

⁵⁸ “Speedboat to China: Putin’s Visit to Beijing Proves Fruitful.” *Sputnik International*, 26 June 2016.
URL: <https://www.sputniknews.com/world/201606261041972207-russia-china-putin-visit>

⁵⁹ Korostikov M. What Other Projects were Discussed in Beijing // *Kommersant*, June 27, 2016.
URL: <https://www.kommersant.ru/doc/3023608> (in Russian).

⁶⁰ Russia and China Signed an Agreement on Creating a Civil Heavy Helicopter // *RIA Novosti*, June 25, 2016.
URL: <https://www.ria.ru/east/20160625/1451681283.html> (in Russian).

tion in the construction of rocket engines and launch vehicles, and is worthy of special mention.⁶¹ The new agreement opens avenues for selling Russian-made RD-180 rocket engines to China.⁶²

Based on the number of contracts signed and their content, Vladimir Putin's visit to China, as predicted, was not a new turning point in Russia–China relations. However, following the talks, the parties discussed the problems with existing projects and new individual contracts, which laid the legal foundation for concluding several of them, and launched negotiations on expanding economic integration on the Eurasian continent.

The Dynamics of Bilateral Trade

Trade is the principal form of bilateral economic collaboration between Russia and China. Given the undervaluation of customs value in Russia, and the overvaluation of export value in China, as well as the different methods for calculating and determining a commodity's country of origin,⁶³ the statistical data on trade turnover differs between the two countries.⁶⁴ One glaring example is in 2016, when the difference was \$3.5 billion. In this context, it would be useful for the customs and statistical agencies of Russia and China (especially given the agreements on tying together the Belt and Road Initiative and the EAEU – China, Russia, and other countries in the Union) to discuss the possible alignment of statistical reports on bilateral cooperation and to create a single online database of bilateral cooperation dynamics.

Nevertheless, the customs statistics of Russia and China reflect similar dynamics overall. China's data shows that bilateral trade turnover grew by 2.3 percent in 2016 from 2015,⁶⁵ while Russian data shows a 4 percent growth (up to \$69.6 billion and \$66.1 billion, respectively).⁶⁶ It should be noted that this positive trend in bilateral relations emerged amidst a major drop in global trade as a whole,⁶⁷ and a falling China's trade with the majority of its largest partners.⁶⁸

⁶¹ Enhancing Cooperation with the People's Republic of China // State Space Corporation ROSCOSMOS, June 25, 2016. URL: <https://www.roscosmos.ru/22350> (in Russian).

⁶² Prior to signing this document, cooperation in missile construction with China, a state that is not party to the Missile Technology Control Regime (MTCR), was impossible.

⁶³ Zykova T. Parallel Calculation // Rossiyskaya gazeta, September 28, 2015. URL: <https://www.rg.ru/2015/09/29/experty.html> (in Russian).

⁶⁴ For instance, China's report lists operations in such commodity classes as "flying vehicles, space vehicles and parts thereof" (TN VED [Foreign Economic Activity Nomenclature] code 88) and "weapons and munitions, parts and supplies thereof" (TN VED code 93). The data provided by the Federal Customs Services of Russia does not contain such information. What is more, the calculation of the dynamics for specific commodity groups often demonstrate multidirectional dynamics for the same TN VED code depending on whether the Russian or Chinese customs statistics were used.

⁶⁵ Russian Federation Foreign Trade with Major Countries in January–December 2016 // Federal Customs Service of the Russian Federation, February 9, 2017. URL: http://www.customs.ru/index2.php?option=com_content&view=article&id=24785&Itemid=1976 (in Russian); 2016年12月进出口商品国别（地区）总值表 // ChinaCustomStatistics. URL: http://www.chinacustomsstat.com/asp/1/NewData/Record_Class.aspx?id=3160¤cy=usd

⁶⁶ Russian Federation Foreign Trade with Major Countries in January–December 2016 // Federal Customs Service of the Russian Federation, February 9, 2017. URL: http://www.customs.ru/index2.php?option=com_content&view=article&id=24785&Itemid=1976 (in Russian).

⁶⁷ Tadeo M. "WTO Says Global Trade in Its Worst Year Since Financial Crisis." Bloomberg Markets. 27 September 2016. URL: <http://www.bloomberg.com/news/articles/2016-09-27/wto-says-global-trade-in-its-worst-year-since-financial-crisis>

⁶⁸ In 2016, trade turnover dropped by 6.7 percent with the United States (to \$385 billion), 2.7 percent with the EU (to \$677.36 billion), 4.1 percent with the ASEAN (to \$479.46 billion) and 1.3 percent with Japan (to \$262.22 billion). 2016年12月进出口商品国别（地区）总值表 // ChinaCustomStatistics. URL: http://www.chinacustomsstat.com/asp/1/NewData/Record_Class.aspx?id=3160¤cy=usd

Table 1. China–Russia Trade Turnover for 2016

	China– Russia Trade Turnover*	China– Russia Trade Turnover**	Chinese exports to Russia*	Russian imports from China**	Russian exports to China**	Chinese imports from Russia*
Value (million dollars)	69,562.100	66,108.200	37,334.100	38,087.000	28,021.300	32,228.600
Share in the overall trade/exports/imports (%)	1.9	14.1	1.8	20.9	9.8	2
Growth (%)	2.3▲	4▲	7.4▲	9▲	-2▼	-3.1▼

Sources http://www.chinacustomsstat.com/aspx/1/NewData/Record_Class.aspx?id=3160¤cy=usd (*), http://www.customs.ru/index2.php?option=com_content&view=article&id=24785:-----2016--&catid=125:2011-02-04-16-01-54&Itemid=1976 (**), calculations by the author.

At year-end 2016, China and Russia held 1st and 12th places, respectively, in the list of each other's trade partners, retaining or even improving their positions from 2015.⁶⁹ Nevertheless, due to a significant difference in the sizes of the Russian and Chinese economies, Russia's share in China's foreign trade (with the exception of individual categories of primary products) remained insignificant: only 2 percent of imports,⁷⁰ and 1.8 percent of exports.⁷¹ This trade is more evident in inter-regional cooperation.⁷²

The Federal Customs Service of the Russian Federation reports that Russian exports to China decreased 2 percent for the year to \$28 billion.⁷³ This, however, is not an indication of shrinking Russian exports; rather, it signals Russia's high

⁶⁹ Research Report on Russia–China Trade Cooperation in 2015 // Ministry of Economic Development of the Russian Federation. URL: http://www.ved.gov.ru/exportcountries/cn/cn_ru_relations/cn_ru_trade (in Russian); Russian Federation Foreign Trade with Major Countries in January–December 2016 // Federal Customs Service of the Russian Federation, February 9, 2017.

URL: http://www.customs.ru/index2.php?option=com_content&view=article&id=24785&Itemid=1976 (in Russian); 2016年12月进出口商品国别（地区）总值表 // ChinaCustomStatistics. URL: http://www.chinacustomsstat.com/aspx/1/NewData/Record_Class.aspx?id=3160¤cy=usd

⁷⁰ 2016年12月进出口商品国别（地区）总值表 // ChinaCustomStatistics.

URL: http://www.chinacustomsstat.com/aspx/1/NewData/Record_Class.aspx?id=3160¤cy=usd

⁷¹ Ibid.

⁷² Several Russian regions are almost entirely dependent on trade with China. China's share in the total import of the Jewish Autonomous Region, the Republic of Tuva, and Zabaykalsky Krai exceeds 90 percent (See Table 4). At the same time, export from Russia is mostly geared to China's northeast: 22.3 percent of all Russian goods go to Heilongjiang Province. The Far Eastern Customs Administration of the Federal Customs Service of the Russian Federation.

URL: <http://www.dvtu.customs.ru> (in Russian);

Siberian Customs Administration of the Federal Customs Service of the Russian Federation.

URL: <http://www.stu.customs.ru> (in Russian);

2016年黑龙江省进出口总值1093.7亿元人民币 // 中华人民共和国海关总署. 22 January 2017.

URL: <http://www.customs.gov.cn/tabid/2433/InfoID/837693/ftid/49629/settingmoduleid/126765/Default.aspx>

⁷³ Hereinafter, data on Russian exports to China is calculated based on the following sources: Russian Foreign Trade Statistics – Country: China, Mode: Export, Period: 2015 // Federal Customs Service of the Russian Federation.

URL: <http://www.russian-trade.com/statistics/by-country/china/export/2015> (in Russian);

Russian Foreign Trade Statistics – Country: China, Mode: Export, Period: 2016 // Federal Customs Service of the Russian Federation. URL: <http://www.russian-trade.com/statistics/by-country/china/export/2016> (in Russian).

dependence on commodity trade with China, which is prone to raw–material price fluctuations on world markets. So, despite the increase in the physical volumes of mineral fuels as Russia's main exports, oil export prices denominated in dollars shrank 5.6 percent in annual terms.⁷⁴ As a result, Russia has a negative balance in its trade with China.

Overall, Russia has become the world's largest **oil** supplier to China for the first time, increasing its exports to the country by nearly 25 percent compared to its 2015 level, equivalent to 1.05 million barrels per day. This was largely due to the growing demand from independent privately owned Chinese oil refineries,⁷⁵ and also thanks to the convenient location of Kozmino port, which is used for trans–shipping Siberian crude to be processed in China's Shandong Province.⁷⁶ Given the increase in crude exports via the Eastern Siberia–Pacific Ocean (ESPO) pipeline and the reduction of crude supply from Saudi Arabia under an agreement with the OPEC countries, Russia may be able to retain its leading position in 2017.

The second largest export was **wood and wood products**,⁷⁷ which stood at 9.25 percent. This represents a growth by 16.9 percent in value terms. China retained its status as the biggest buyer of Russian timber, with its share of purchases from the Russian Federation increasing from 61 to 64 percent.

The third largest export category was represented by **machinery and equipment**,⁷⁸ whose deliveries grew by 6.9 percent year–on–year.⁷⁹ The largest sub–category here remained nuclear reactors, boilers, equipment, and mechanical appliances and parts. Deliveries of these products decreased by 19.9 percent.

Imports of **agricultural produce and agribusiness** increased substantially.⁸⁰ Fish⁸¹ and crustaceans remained the greatest import category here (at \$1.03 billion, an increase of 5.8 percent). Animal and vegetable fats came second (\$172.7 million, an increase of 89.6 percent), followed by oil seeds (\$145.4 million, an increase of 16.3 percent). Imports of cocoa and cocoa products grew by 174.3 percent, while imports of ready products from cereals, flour, starch or milk grew by 330.2

⁷⁴ In 2016, mineral fuels accounted for 63.7 percent of Russian exports to China.

⁷⁵ Chen Aizhu & Meng Meng. "Russia beats Saudi Arabia as China's top crude oil supplier in 2016." Reuters. Beijing, 23 January 2017. URL: <http://www.reuters.com/article/us-china-economy-trade-crude-idUSKBN1570VJ>

⁷⁶ Russia's Oil Supplies to China Exceed China's Import from Saudi Arabia // Lenta.ru, August 3, 2016. URL: <https://www.lenta.ru/news/2016/08/03/neft/> (in Russian).

⁷⁷ HS Codes 44–49.

⁷⁸ HS Codes 84–90.

⁷⁹ Machine-Building Factories in Sverdlovsk Region Increased Exports to China by 2.5 times in 2016 // Interfax, March 30, 2017. URL: <http://www.interfax-russia.ru/Ural/news.asp?id=819580> (in Russian).

⁸⁰ Russia Found a New Way of Expanding Exports of Goods to China // Forbes, February 17, 2017. URL: <http://www.forbes.ru/news/339329-rossiya-nashla-novyy-sposob-rasshirit-eksport-produktov-v-kitay> (in Russian).

⁸¹ China mainly purchases frozen fish from Russia. Deliveries of the most "cost-intensive" types of Russian seafood (sea cucumber, crab, caviar, and sea urchins) to China from Russia are several times smaller than to the Republic of Korea and Japan. This may be partially explained by the Chinese anti-corruption campaign, which has resulted in public officials starting to spend less on expensive receptions. However, the potential growth of seafood consumption in China may also be related to growing urbanization and increasing incomes. (For details, see: Russian-Chinese Interregional and Cross-Border Cooperation: New Trends and Problems // China: Politics, Economics, Culture. Moscow: Institute of Far Eastern Studies, 2016, p. 232; Fabinyi M., Neng Liu (2014) Seafood Banquets in Beijing: Consumer Perspectives and Implications for Environmental Sustainability. Conservation & Society. Vol. 12, Issue 2, pp. 218–228.)

percent. Imports of flour-based confectionery products also increased. Imports of flour and cereal products nearly doubled, and those of sugar and sugar-based confectionery products increased by 2.7 times.

In general, Russian food exports to China are dominated by raw materials (frozen fish and cereals), which are processed in China and then exported to many countries, where they compete with Russian products.⁸²

In 2016, China purchased over \$1.55 billion of food from Russia, making it Moscow's top trade partner in terms of food and agricultural exports.⁸³ China's share in Russian agricultural exports stood at 10.1 percent, which is 19.5 percent higher than in 2015.

China purchases both traditional products from Russia, such as frozen fish, soy, and sunflower and soy oil, as well as relatively new products, such as sweets, flour-based and confectionery products, ice cream, juices, wines, and more.⁸⁴

In December 2015, the 10-year talks on lifting some of China's barriers to entering its food market resulted in abolishing the restrictions on Russian wheat exports that had been in place since 1976.⁸⁵ The parties also signed protocols on phytosanitary requirements for maize, rice, soy and rapeseed.⁸⁶ In particular, China permitted wheat imports from the Altai and Krasnoyarsk territories and the Novosibirsk and Omsk regions, as well as imports of maize, soy, rapeseed and rice from Khabarovsk, Primorsky Krai, Zabaykalsky Krai, Amur Region, and the Jewish Autonomous Region.⁸⁷ Exports of grain began in 2016.

Despite this, the Chinese authorities permitted cereal imports from a small number of Russian regions only.⁸⁸ In addition, China insisted that Russian farmers export maize, rice, soy, and rapeseed not in bulk, but rather in sacks or by way of special transport, which manufacturers consider to be an additional restriction.

Restrictions in China still apply to imports of most categories of dairy products, as well as animals and animal products from Russia, which were first introduced because of the unfavourable epidemiological situation in Russia (outbreaks of African swine fever, bird flu, and foot-and-mouth disease).⁸⁹ The formal approval

⁸² For more details on trade in frozen pollock and the subsequent Russia–China competition on the European market, see Alexandrova M. *Russia–China and Cross-Border Cooperation: New Trends and Problems*, pp. 230–232.

⁸³ Novopashina N., Makhukova A. China Became the Largest Russian Goods Importer at the End of 2016 // RBC, March 1, 2017. URL: <http://www.rbc.ru/business/01/03/2017/58b59b3f9e79476034e16c28> (in Russian).

⁸⁴ Ibid.

⁸⁵ Zyuzin S. Not by the Raw Materials Alone // *Rossiyskaya gazeta*, January 28, 2016. URL: <https://www.rg.ru/2016/01/28/reg-sibfo/zerno.html> (in Russian).

⁸⁶ Protocol Signed by the Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation and Administration for Quality Supervision Inspection & Quarantine (AQSIQ) of the People's Republic of China on the phytosanitary requirements for corn, rice, soy, rapeseed exported from the Russian Federation to the People's Republic of China: Signed on December 17, 2015 // Federal Service for Veterinary and Phytosanitary Surveillance. URL: http://www.fsvps.ru/fsvps-docs/ru/importExport/china/files/protokol_rf_china.pdf (in Russian).

⁸⁷ Kunle M. 10 Years Later Russia Got a Permit for Grain Exports to China // *Vedomosti*, December 17, 2015. URL: <https://www.vedomosti.ru/business/articles/2015/12/17/621497-eksport-zerna-kitaj> (in Russian).

⁸⁸ Ibid.

⁸⁹ Uzbekova A. Russia Will Resume Meat Exports to China // *Rossiyskaya gazeta*, May 4, 2016. URL: <https://rg.ru/2016/05/04/rossiia-vozobnovit-postavki-miasa-v-kitaj.html> (in Russian).

of Russian poultry exports was only issued in late 2016.⁹⁰ The prospects of pork exports to China from the Mikhaylovskaya Priority Development Area will depend on how successful subsequent talks prove to be.

Russia does not have a developed system for transporting and storing foods, such as grain storages at overland checkpoints, which makes it difficult to ensure the rapid increase of deliveries if necessary.⁹¹ President Vladimir Putin was expected to discuss the possibility of building a grain terminal during his visit to China in 2016, but only a memorandum was signed as a result.

The unpredictable custom clearance and sanitary–hygienic inspection times at the border (varying from one week to two months) makes exporting food products with a shelf life of under six–months pointless. For this reason, foodstuff (including dairy products, which China bans the import of) weighing up to 20 kilograms are often exported illegally as foods for personal consumption.⁹² It would be advisable to develop a transportation and storage system for agricultural products in areas bordering China, ensure the transition to a universal railway track, improve the customs procedures, and to more speedily process commodities. It would also be advisable to simplify document flows by introducing a single shipment document⁹³.

In addition, most Russian manufacturers do not have a clear understanding of the peculiarities of the Chinese market. Russian companies do not have the financial resources⁹⁴ to open offices in China, conduct market research and organize advertising campaigns; they do not have experience working on e–trading platforms;⁹⁵ nor are they aware of the specific features of the Chinese internet or the role that social networks play in the lives of Chinese consumers.⁹⁶ As a rule, Russian companies are not involved in branding their products or promoting them via retail networks; their products are sold for them by Chinese distributors. As a result, it is Chinese companies, rather than Russian manufacturers, which carve out niches in the Chinese market by producing Russian commodities adapted for the local market.⁹⁷ In addition, Russian goods have to compete in China, not just against local

⁹⁰ Popova O., Antonov R.D. RF will not Initiate Meat Exports to China This Year – Experts // Forbes Kazakhstan, November 11, 2016. URL: http://www.forbes.kz/news/2016/11/11/newsid_126847 (in Russian).

⁹¹ Russia–China Trade in 2016: the Dance of Rates against a Background of Stagnation // Interfax, October 3, 2016. URL: <http://www.interfax.ru/world/530848> (in Russian).

⁹² Zuenko I. The Sweet Power: will Russian Goods Conquer the Chinese Market? // Lenta.ru, January 23, 2017. URL: <https://www.lenta.ru/articles/2017/01/23/soosweet> (in Russian).

⁹³ Russia Enters the Silk Road // Vedomosti, December 13, 2016. URL: <http://www.vedomosti.ru/business/articles/2016/12/13/669337-rossiya-viezzhaet> (in Russian).

⁹⁴ Zuenko I. The Sweet Power: will Russian Goods Conquer the Chinese Market? // Lenta.ru, January 23, 2017. URL: <https://www.lenta.ru/articles/2017/01/23/soosweet> (in Russian).

⁹⁵ AliExpress Refused to Consider Project “Fashion. Made in Russia” Failure // BBC Russian Service, June 20, 2016. URL: http://www.bbc.com/russian/news/2016/06/160620_alieexpress_russia_comment (in Russian).

⁹⁶ “WeChat’s world; China’s mobile internet.” The Economist, Vol. 420, Issue 9001, p. 52. 6 August 2016. URL: <http://www.economist.com/news/business/21703428-chinas-wechat-shows-way-social-medias-future-wechats-world>

⁹⁷ In Suifenhe, a Chinese city on the border with Russia, at least 10 companies manufacture the popular Russian cake called *Medovik*. Importing the cake from Russia is unprofitable because the product has a short shelf life, and the customs clearance procedure is time-consuming. The recipe of the Chinese version has been adapted to the local consumers’ tastes (the sugar content was reduced). A *Medovik* cake costs around \$1.90 (about 13 yuan) to make, and it sells for between \$3.8 and \$4.4 (26–30 yuan). The Suifenhe factories have thus created a market worth \$3.9 million (27 million yuan). Dudkina Y. Medovik-Batyushka: An Amazing Journey to Russia on the North of China // Sekret firmy (Company’s Secret), December 23, 2016. URL: <http://www.secretmag.ru/longread/2016/12/22/china> (in Russian).

manufacturers, but also against other, often bigger foreign brands that entered the Asian markets much earlier and have had the time to win consumer loyalty.⁹⁸

It would be advisable to develop a single strategy for promoting Russia⁹⁹ as a supplier of environmentally friendly products, and make the phrase “Made in Russia” synonymous with a seal of quality for Chinese consumers. This would simplify market entry for individual Russian companies. To increase the share of Russian products on the Chinese market, companies need to work with purchasing agents as well as with potential customers. Russian companies might want to pay more attention to studying the Chinese market, searching for and then carving out their own niches,¹⁰⁰ branding and promoting their products, and working with Chinese social media to maximise their sales. It would also be advisable to adapt products for the Chinese market in terms of trademark names, product composition and packaging.

For the purposes of diversifying the structure of Russian exports, talks need to continue making the Chinese market more accessible and on lifting existing restrictions. In addition to agricultural raw materials, Russia should also start exporting processed goods to China.¹⁰¹

Despite the growing trade in certain areas, cooperation in other spheres has decreased. At the same time, alongside the slowdown of the Chinese economy and industrial overproduction, Chinese purchases of non-ferrous metals from Russia dropped by 59.6 percent,¹⁰² while purchases of ferrous metals decreased by 36.5 percent and those of chemical products fell by 33.6 percent.¹⁰³

Chinese imports to Russia grew 9 percent in the past year, reaching \$38.1 billion.¹⁰⁴ The most frequently imported articles were machinery and equipment,¹⁰⁵ which accounted for 58.8 percent of total imports, followed by chemical products (9 percent), and clothes and footwear (8.7 percent).¹⁰⁶

⁹⁸ Zuenko I. The Sweet Power: will Russian Goods Conquer the Chinese Market? // Lenta.ru, January 23, 2017.
URL: <https://www.lenta.ru/articles/2017/01/23/soosweet> (in Russian).

⁹⁹ Zuenko I. The Sweet Power: will Russian Goods Conquer the Chinese Market? // Lenta.ru, January 23, 2017.
URL: <https://www.lenta.ru/articles/2017/01/23/soosweet> (in Russian);
Zyuzin S. To Any Taste and Color... // Rossiyskaya gazeta, March 23, 2017.
URL: <https://www.rg.ru/2017/03/23/reg-sibfo/chto-tormozit-eksport-sibirskogo-prodovolstviia-v-kitaj.html> (in Russian).

¹⁰⁰ Certain niche product groups appear to be particularly promising, such as commodities for children, including baby foods, the consumption of which may grow, especially if the decision to abolish the birth control policy bears fruit. Success stories in this area include the 2016 launch of the company *babystep.tv*, which specializes in the production of videos on how to bring up children. Rozhkov R. *Huivo* Became a Partner of *Babystep.tv* // Kommersant, May 31, 2016.
URL: <http://www.kommersant.ru/doc/3000787> (in Russian);
Gaysina I. Father's Path: How Russian Entrepreneur Teaches Chinese Upbringing of Children // RBC, September 19, 2016.
URL: http://www.rbc.ru/own_business/19/09/2016/57dfcd879a7947fc2ad7db28?from=newsfeed (in Russian).

¹⁰¹ Zyuzin S. Not by Raw Materials Alone // Rossiyskaya gazeta, January 28, 2016.
URL: <https://www.rg.ru/2016/01/28/reg-sibfo/zerno.html> (in Russian).

¹⁰² HS Codes 74–81.

¹⁰³ HS Codes 28–29, 38–40 and 54–55.

¹⁰⁴ Hereinafter, import data is calculated based on the following sources: Russian Foreign Trade Statistics – Country: China, Mode: Export, Period: 2015 // Federal Customs Service of the Russian Federation.
URL: <http://www.russian-trade.com/statistics/by-country/china/export/2015> (in Russian).

¹⁰⁵ HS Codes 84–90.

¹⁰⁶ HS Codes 61, 62 and 64.

In light of the generally positive foreign trade trends, the authorities of the two countries have decided not to abandon the earlier goal of bringing mutual trade up to \$200 billion, changing the fixed term (originally 2020), to a more flexible timeframe (three to seven years from 2016).¹⁰⁷

A relatively new trend in Russian Chinese trade and economic relations in 2016 has become cross-border online trade.

By late 2016, the share of Russians making purchases on Chinese online stores had grown to nearly 60 percent.¹⁰⁸ The popularity of Chinese online stores in Russia is explained by the broad range of products they offer and the low prices, which is particularly important to Russian users, who are seeing their incomes shrink. Many major Chinese online retailers operate on the Russian market, including *JD.com*, *LightInTheBox.com* and *Dhgate.com*.¹⁰⁹ The absolute leader is of course China's leading online hypermarket, *AliExpress*, which accounted for almost 90 percent of Russia's online orders from China in 2016.¹¹⁰ *AliExpress* quickly established partnerships with Russian banks¹¹¹ and payment services,¹¹² helping its clients get commodities faster and cheaper.¹¹³ It is thus having a positive effect on the development of the entire Russian online trading market and helps attract more consumers to online stores. Russia is among *AliExpress*'s top three markets,¹¹⁴ accounting for at least 35 percent of the company's sales structure.¹¹⁵ The attractiveness of the Russian consumer comes from the capacity of the market and the absence of an e-commerce tax. In addition, considering that the average bill on the website amounts to 980

¹⁰⁷ The decision was announced during Premier of China Li Keqiang's official visit to Russia in November 2016. Russia and China Plan to Increase Turnover to \$200 Billion in 3-7 Years // RIA Novosti, November 7, 2016. URL: <https://www.ria.ru/east/20161107/1480822361.html> (in Russian).

¹⁰⁸ Increase of Purchases in Chinese Online Shops Can Lead to Russia's Budget Losing Billions of Dollars // Association of Internet Trade Companies, December 27, 2016. URL: <http://www.akit.ru/пост-покупок-в-онлайн-магазинах-китая> (in Russian).

¹⁰⁹ Yuzbekova I. The Biggest Online Retailer of China will Sell Goods from Russia // RBC, January 15, 2016. URL: http://www.rbc.ru/technology_and_media/15/01/2016/5698e0579a7947ab0f090bfd (in Russian).

¹¹⁰ Increase of Purchases in Chinese Online Shops Can Lead to Russia's Budget Losing Billions of Dollars // Association of Internet Trade Companies, December 27, 2016. URL: <http://www.akit.ru/пост-покупок-в-онлайн-магазинах-китая> (in Russian).

¹¹¹ Tatarstan Bank Became *AliExpress* First Partner in Russia // RBC, November 4, 2016. URL: <http://www.rt.rbc.ru/tatarstan/04/11/2016/581c31439a79472d6f7795ecb?from=main> (in Russian).

¹¹² *AliExpress*'s Russian payment systems are Qiwi, Mastercard, and Yandex.Money. Russian buyers can also pay using their mobile phones and via the Chinese *AliPay* payment system. In 2016, *AliExpress* became the first foreign company to accept Mir cards issued by the Russian National Payment Card System. Eremina A., Ischenko N. *AliExpress* will Accept Mir Cards for Payment // Vedomosti, April 26, 2016. URL: <https://www.vedomosti.ru/business/articles/2016/04/27/639261-pokupki-aliexpress-mozhno-budet-oplachivat-kartoi-mir> (in Russian).

¹¹³ *AliExpress* collaborates with Russian Post, SPSP and DPD to provide clients with the most convenient delivery options. To expedite deliveries across Russia, new processing centres and a dedicated railway train have been launched, and that helped to reduce the time of delivery from China. Head of *AliExpress* Russia: Russia does not have Product Manufacturer Image // Interfax, November 10, 2016. URL: <http://www.interfax.ru/business/536432> (in Russian); Zykova T. Special Train for Parcels from China to Russia will be Launched // Rossiyskaya gazeta, September 30, 2016. URL: <https://www.rg.ru/2016/09/30/dlia-posylok-iz-kitaia-v-rossiiu-zapustiat-specialnyj-poezd.html> (in Russian).

¹¹⁴ Head of *AliExpress* Russia: Russia does not have a Product Manufacturer Image // Interfax, November 10, 2016. URL: <http://www.interfax.ru/business/536432> (in Russian).

¹¹⁵ Increase of Purchases in Chinese Online Shops Can Lead to Russia's Budget Losing Billions of Dollars // Association of Internet Trade Companies, December 27, 2016. URL: <http://www.akit.ru/пост-покупок-в-онлайн-магазинах-китая> (in Russian).

roubles (around \$17), almost all shipments from China fall within the duty-free category.¹¹⁶

In 2016, efforts were made to implement the Russian Presidential Address to the Federal Assembly to create Russian online platforms for exporting Russian commodities.¹¹⁷ In September 2016, the Russian national pavilion was inaugurated at *TMall Global* (part of *Alibaba Group*)¹¹⁸ as part of measures agreed at the 20th St. Petersburg International Economic Forum.¹¹⁹ Several other online platforms created in 2016 are also dedicated to the export of Russian products to China.¹²⁰ The majority of these platforms specialize in food products.¹²¹ Exact sales data was unavailable, but it is understood that they are infinitesimally small compared to the turnovers of AliExpress and other Chinese online services.

Russia and China should aim at ensuring solid institutional guarantees for stable and steady development of trade and economic cooperation and at eliminating trade and investment barriers limiting cooperation.

To ease trade formalities, it would be wise to utilize the regular meetings between the heads of government to simplify customs clearing procedures. Medium-term and long-term action plans should be discussed, and regular performance reviews of the simplification of procedures should be carried out. It would also be advisable to implement the “one stop shop” model in the customs inspection system, create an innovative and effective border control system, and use electronic customs declarations to improve the efficiency of customs clearing. The development of trade procedures would also benefit from the facilitation of cross-border road and trail freight. This could include simplifying international shipping bills, by using a universal transport documents, etc.

Cooperation in Investments and Finance

Russia and China have developed noticeable bilateral investment cooperation in recent years, but the level of interaction still does not meet the expectations of the two parties. Potential cooperation in power generation, infrastructure, transportation, agriculture, and so forth, will directly depend on how efficient the investment ties between the countries are.

¹¹⁶ Rozhkov R. Internet Trade is Growing due to China // *Kommersant*, September 23, 2016. URL: <http://www.kommersant.ru/doc/3096166> (in Russian).

¹¹⁷ Instructions on Implementation of Presidential Address to the Federal Assembly // Official Internet Resources of the President of Russia, December 8, 2015. URL: <http://www.kremlin.ru/events/president/news/50899> (in Russian).

¹¹⁸ REC Opened Russia's National Pavilion at *Tmall Global* // Russian Export Center, September 5, 2016. URL: <http://www.exportcenter.ru/news/rets-otkryl-rossiyskiy-natsionalnyy-pavilon-na-tmall-global> (in Russian).

¹¹⁹ Zubkov I. Russian Pavilion Was Opened at Largest China's Trade Platform // *Rossiyskaya gazeta*, September 5, 2016. URL <https://www.rg.ru/2016/09/05/na-krupneyshej-torgovoj-ploshchadke-kitaia-otkrylsia-rossijskij-pavilon.html> (in Russian).

¹²⁰ Effective Tool for Russia's Agricultural Producers on China's Market // *Dakaitaowa.com*. URL: <http://www.dakaitaowa.ru/news/item/30-dakaitaowa-com-effektivnyj-instrument-selkhoztovaroizvoditelya-rt-na-rynke-knr> (in Russian).

¹²¹ One of the indicators of growing sales is the fact that in 2016, the Chinese browser *Baidu* started to include links to Russian flour sales as a search result for “imported flour.” The Russian company *Makfa* successfully opened an online shop in China and has since sold 12,000 tonnes of flour. Another Russian company, *Aleiskzernoprodukt*, has sold around 10,000 tonnes of flour to China. Zyuzin S. To Any Taste and Color... // *Rossiyskaya gazeta*, March 23, 2017. URL: <https://rg.ru/2017/03/23/reg-sibfo/cto-tormozit-eksport-sibirskogo-prodovolstvii-v-kitaj.html> (in Russian).

Russia and China rank 133rd and 126th, respectively, on the market access measure in the WEF Global Enabling Trade Report 2016. According to tariff levels, both nations place below 100 other countries, with high tariffs representing one of the biggest obstacles to the development of bilateral trade. China's high entry threshold for foreign investment placed it at the 101st spot; while Russia ranks 112th¹²² because of the low level of openness of its domestic market. Insufficient development of Russia's domestic financial markets leads to the low availability of trade finance in Russia (ranked 112th, as opposed to China in 45th place). Complicated hiring procedures for foreigners also raise the cost of investing in Russia (ranked 85th, as opposed to China in 38th place). Lifting these barriers is important for the expansion of mutual investments.

Russia's investment climate has been adversely affected by the fall in energy prices and the economic sanctions imposed by western countries. China has also expressed dissatisfaction with the practices of the Russian government bodies. Factors raising the cost of doing business in Russia include: the insufficient protection of property rights and intellectual property; the complicated procedures for accessing financial services; the insufficient level of law enforcement; and the threat of terrorism.

Russia and China should increase the rate at which they are opening their markets. China believes it would be wise to consider establishing a free trade zone (FTZ) between the two countries. According to Chinese experts, the creation of an FTZ could provide important institutional guarantees for the growth of trade turnover and optimizing the trade structure. It will also help improve the investment climate by lowering the market access threshold, while at the same time, create a favourable environment for the expansion of mutual investments. The two countries need to deepen mutual trust and reach a consensus on this matter, as well as develop a joint feasibility study for the gradual advancement of negotiations on a Russia–China FTZ agreement.

Russia and China should increase the role of market mechanisms in advancing bilateral trade, economic cooperation, and regional interaction. The governments of both countries should actively promote the process of approving and implementing trade and investment regime regulations. Specifically, Russia and China should ensure compliance with the treaties on the promotion and mutual protection of investments, and on the elimination of double taxation. The level of protected trade links and investments should be raised and a joint web platform for data exchanges between companies to establish direct economic links should be created. Furthermore, the two sides should strive to cut costs and consider the possibility of creating a mechanism for minimizing investment risks. The development of investment could also benefit from the following measures: the introduction of a regional investment guide; the promotion of innovative formats for financial cooperation; and using public–private partnership mechanisms, funds and other models for commercial financing that facilitate the development of all kinds of direct investments, including cross-border mergers and acquisitions.

¹²² Global Enabling Trade Report 2016, World Economic Forum, pp. 11, 12.
URL: http://www3.weforum.org/docs/WEF_GETR_2016_report.pdf

Table 2. Russia's Investment Climate Indicators (2014 | 2016)

Country	Logistic competitiveness	Protection of property	Property rights	Protection of intellectual property	Compliance with government regulations	Accessibility of financial services	Reliability of law enforcement agencies	Costs to entrepreneurial activity caused by terrorism
China	35 27	46 51	48 49	48 61	14 21	66 45	55 54	89 81
Russia	79 73	119 119	124 121	105 115	110 101	86 112	112 105	102 99

In 2016, Russia and China completed major investment projects with the participation of the Silk Road Fund. The organization purchased a 9.9 percent stake in Yamal LNG from NOVATEK,¹²³ and also granted the Russian company a 15-year loan of around \$792.8 million (730 million euros).¹²⁴ In addition, the fund signed an agreement to jointly purchase a 10 percent share in the Russian company Sibur, with the *China Development Bank*.¹²⁵

On the whole, according to *PwC*, Russia demonstrated the highest increase in the number of announced international merger and acquisition deals with the participation of Chinese capital in 2016,¹²⁶ which indicates that Chinese investors have become more active in Russia. Nevertheless, in absolute terms, Russia was still significantly behind the leaders (the EU and the United States) in terms of the number of agreements signed, the size of the capital attracted from China, and the total accumulated investments. In addition, as in previous years, not all concluded deals will reach completion: in its 2016 report, *PwC* mentions 34 contracts under discussion, whereas the *China Global Investment Tracker* database, which lists the deals that have actually been concluded, mentions only two contracts; one for the sale of shares, and a single agreement dealing with a construction project. However, assessing the volume of investments is complicated by the Russian and Chinese companies using offshore jurisdictions.¹²⁷

As the Chinese economy moves towards increasing the provision of services and decreasing the role of heavy industry in generating GDP, areas of investment are also changing. Raw materials are gradually being replaced by tourism, high

¹²³ The deal was worth 1.087 billion euros.

¹²⁴ Earlier, 20 percent of Yamal LNG was sold to *China National Petroleum Corporation* (CNPC). Topalov A. One Third of Yamal LNG is Chinese // *Gazeta.ru*, March 15, 2016. URL: <https://www.gazeta.ru/business/2016/03/15/8125055.shtml> (in Russian); Fadeeva A. Novatek Sold 9.9% of Yamal LNG to China's Silk Road Foundation // *Vedomosti*, March 15, 2016. URL: <https://www.vedomosti.ru/business/articles/2016/03/15/633666-novatek-yamal> (in Russian).

¹²⁵ Sibur is the largest gas processing and petrochemical company in Russia. Its main shareholder is Novatek CEO Leonid Mikhelson. Source: Chinese Investors Close Sibur 10% Share Purchase Transaction // *TASS*, December 14, 2016. URL: <http://www.tass.ru/ekonomika/3870276> (in Russian).

¹²⁶ *PwC M&A 2016 Review and 2017 Outlook*. January 2017 Presentation, *PwC*. URL: http://www.careers.pwccn.com/webmedia/doc/636198371915780251_ma_press_briefing_jan2017.pdf

¹²⁷ Kashin V. More than a Partnership // *Vedomosti*, August 18, 2016. URL: <https://www.vedomosti.ru/opinion/articles/2016/08/17/653493-bolshe-chem-partnerstvo> (in Russian).

technologies, sports, entertainment, and so on.¹²⁸ These trends are less visible in Russia, due to the relatively small scale of the tertiary sector, and the fact that the country's hi-tech industry is closed to foreign investment.¹²⁹ Nevertheless, Chinese investors are already manifesting an interest in investing in online movie services,¹³⁰ as well as mobile games¹³¹ in Russia. Over the coming years, investment projects in the traditional areas of cooperation (power generation, construction, forestry, etc.) could be complemented by projects that bring information technologies and services together.

Several important financial and banking cooperation decisions were made in 2016 to stimulate Chinese investments into the Russian economy.

First, Russia ratified a new agreement on avoiding dual taxation with China.¹³² The importance of this document is explained by the fact that Chinese banks usually supply their loan agreements with a provision on compensating the taxes charged in Russia, which makes loans more expensive. In terms of attracting investments, one of the most important provisions stipulated by the new documents is that “the interest arising in one state which is to be paid to a resident of the other state is to be taxed in that other state only.” Seeing as the loan interests are no longer included in the bank's income basis and are exempt from taxes, the bilateral agreement will allow financial organizations to reduce their interest rates. In addition, Chinese loans are getting less expensive thanks to the gradual reduction in the interest rates established by the People's Bank of China.¹³³

Second, further to the agreements reached during President Putin's visit to China, the People's Bank of China has designated Russia's ICBC Bank¹³⁴ as the clearing bank for operations involving the Chinese yuan in Russia¹³⁵ for the purpose of conducting unhindered trade and financial payments in the Chinese currency.¹³⁶

¹²⁸ China Deal Watch. Bloomberg. URL: <https://www.bloomberg.com/graphics/2016-china-deals>

¹²⁹ Kulikov D. China No Longer Invests in Raw Materials // Analytical Credit Rating Agency, August 9, 2016. URL: <https://www.acra-ratings.ru/research/56> (in Russian).

¹³⁰ Rozhkov R. *LeEco* had seen Too Many Russian Movies // Kommersant, September 12, 2016. URL: <http://www.kommersant.ru/doc/3087165> (in Russian).

¹³¹ *Alibaba* and Mail.ru Made Agreement on Creating Global Alliance for Mobile Games Distribution // TASS, March 17, 2017. URL: <http://www.tass.ru/ekonomika/4103271> (in Russian).

¹³² Agreement between the Russian and Chinese Governments on Avoiding Dual Taxation and on Preventing Tax Avoidance as Applied to Income Tax // Information Legal Site “Garant”. URL: <http://www.base.garant.ru/70800622> (in Russian); Agreement Between the Government of the Russian Federation and the Government of Hong Kong Special Administrative Region of the People's Republic of China on Avoiding Dual Taxation and on Preventing Tax Avoidance as Applied to Income Tax: Signed in Hong Kong on January 18, 2016 (along with the Protocol to the Agreement Between the Government of the Russian Federation and the Government of Hong Kong Special Administrative Region of the People's Republic of China on Avoiding Dual Taxation and on Preventing Tax Avoidance as Applied to Income Tax: Signed in Hong Kong on January 18, 2016 // ConsultantPlus. URL: http://www.consultant.ru/document/cons_doc_LAW_201024 (in Russian).

¹³³ Popov E. Chinese Loans have Interest Rates Dropped // IA “East Russia”, January 31, 2017. URL: <http://www.eastrussia.ru/material/kitayskim-kreditam-ronyayut-stavku> (in Russian).

¹³⁴ Russian Arm of China's Largest State-Owned Commercial Bank, *Industrial and Commercial Bank of China (ICBC)*.

¹³⁵ *Industrial and Commercial Bank of China (ICBC)* Became Clearing Bank for Payments Settlement in Chinese Yuans in Russia // ICBC Bank, September 26, 2016. URL: <http://www.icbc.com.cn/icbc/海外分行/莫斯科网站/ru/客户服务/特别关注/ICBC20160926.htm>

¹³⁶ Zverev A. The First Settlement and Clearing Center on Transactions in Yuan is Opened in Russia // Reuters, September 23, 2016. URL: <http://www.ru.reuters.com/article/businessNews/idRUKCN11T0VY> (in Russian).

Table 3. Chinese investment deals in Russia in 2016

Month	Chinese investor	Value (million dollars)	Share in company	Russian company	Sector
June	China National Chemical Engineering	440	–	–	Chemical industry (construction contract)
November	Beijing Gas	1080	20%	Verkhnechonskneftegaz	Energy (gas industry)
December	SAFE/Silk Road Fund*	1150	10%	Sibur	Energy (gas industry)

Sources: <https://www.aei.org/china-global-investment-tracker>,* <https://www.sibur.ru/en/press-center/news/10stakeinSIBURtobesoldtoChinasSilkRoadFund>

Russia was granted the status of an important offshore centre for yuan operations, allowing the country to expand the range of available yuan-based instruments and to increase the liquidity of the Chinese currency.¹³⁷

What is more, in late 2016, the Central Bank of Russia issued ICBC Bank with a licence to attract deposits in foreign currencies from private individuals.¹³⁸ In the future, this will enable the bank to process money transfers as a clearing centre when opening accounts, as well as to diversify its liability structure.¹³⁹

The central banks of the two countries have tested the swap mechanism on the yuan derivatives market and made sure the mechanism is ready for implementation.¹⁴⁰ At present, almost all of the market players have liquidity problems, so derivatives play the role of an additional source of financing, enabling companies to obtain money in the other country's currency without needing to buy that currency on currency markets.¹⁴¹ In addition, swaps allow the risks associated with fluctuations of currency exchange rates to be hedged.¹⁴² Some experts note that, as the yuan has entered a period of volatility following a protracted period of

¹³⁷ Draconian Measures: Yuan VS Dollar // Banki.ru, October 18, 2016.
URL: <http://www.banki.ru/news/daytheme/?id=9289865> (in Russian).

¹³⁸ At the core of the bank's client base are Russian and Chinese companies that serve the trade turnover between the two countries. This is why the bank's liabilities were originally created in roubles and in foreign currencies at the expense of the crediting organizations and companies. *ICBC Bank* obtains license for attracting natural persons deposits // Banki.ru, November 17, 2016. URL: <http://www.banki.ru/news/lenta/?id=9372697> (in Russian); *ICBC Bank* in Russia will start working with natural persons // Vesti Finance, November 17, 2016.
URL: <http://www.vestifinance.ru/articles/77773> (in Russian).

¹³⁹ Aksenov P. China's *ICBC Bank* Enjoys Ruble "Taste" // Kommersant, November 17, 2016.
URL: <http://www.kommersant.ru/doc/3145107> (in Russian).

¹⁴⁰ The Central Bank of Russia and the People's Bank of China signed a three-year agreement in 2014 on swaps in national currencies worth up to 150 billion yuan (around \$21.8 billion). The agreement may be prolonged. The Central Bank of Russia and the People's Bank of China Signed an Agreement on the Currency Swap // Central Bank of the Russian Federation, October 13, 2014.
URL: http://www.cbr.ru/press/pr.aspx?file=13102014_154408if2014-10-13T15_39_28.htm (in Russian).

¹⁴¹ The Central Bank of Russia and the People's Bank of China Signed an Agreement on the Currency Swap // Central Bank of the Russian Federation, October 13, 2014.
URL: http://www.cbr.ru/press/pr.aspx?file=13102014_154408if2014-10-13T15_39_28.htm (in Russian).

¹⁴² Yuan and Ruble Strengthen Their Friendship // Bankir.Ru. March 14, 2015.
URL: <http://www.bankir.ru/novosti/20150314/yuan-i-rubl-ukrepyayut-druzhu-10100301> (in Russian).

strengthening, some market players are trying to make money by investing in these securities.

The yuan now has more applications in the Russian economy: in particular, the Central Bank of Russia has permitted its use to pay for the charter capital of crediting organizations, including Russian organizations.¹⁴³

Overall, the share of payments in national currencies between Russia and China stood at around 10 percent (the rouble exceeded 3 percent, whereas the yuan was greater than 9 percent).¹⁴⁴ The highest growth dynamics were seen in the common border regions of the two countries. More specifically, foreign payments by VTB Bank's Far Eastern clients in 2016 grew by a third in yuan, and by 11.4 percent in roubles. This allowed Russian companies to reduce their currency conversion expenses. Similar dynamics were reported in Sberbank's Far Eastern branches throughout 2016.¹⁴⁵

Promising aspects of financial and banking cooperation include the "joining" of the national payment systems of the two countries and the issuance of co-badged Mir and *UnionPay* cards, as well as evolving the Chinese infrastructure for Russian Mir cards.¹⁴⁶ Russia has implemented similar solutions to support the use of *UnionPay* cards. Other topics being discussed by the parties include the use of the *Chinese Cross-Border Interbank Payment System (CIPS)* as an alternative to the *SWIFT* international bank payment system, and listing the securities of Russian companies on the Chinese securities market.¹⁴⁷ The parties are also in talks about allowing Russian insurance companies into the Chinese re-insurance market and giving Chinese insurance companies permission to invest in the Russian financial market.¹⁴⁸

The risk of a decline in Chinese investments in the Russian economy is linked to the depreciation of the national currencies of the two countries. The low exchange rate of the rouble has affected the payoff times of a number of Russian investment projects, forcing Chinese companies to give up of some of the deals. The depreciation of the yuan, for its part, resulted in more expensive cross-border investments in the currencies of third countries.¹⁴⁹

In addition, as part of its fight against capital flight, the Chinese government has introduced stricter controls over the country's investments in foreign enterprises,

¹⁴³ Banks will be able to Replenish Their Funds with Yuan // *Kommersant*, May 18, 2016.
URL: <http://www.kommersant.ru/doc/2989741> (in Russian).

¹⁴⁴ Data of Late June 2016. National Currencies are a Little More than 10% of Russia-China Transactions // *Finmarket*, June 22, 2016. URL: <http://www.finmarket.ru/database/news/4309995> (in Russian).

¹⁴⁵ Amount of Yuan Transactions of the Far East Sberbank Clients Show a Rise of 30% // *Sberbank*, April 20, 2017.
URL: http://www.sberbank.ru/ru/press_center/all/article?newsID=6e281d02-b9b6-40a8-8b89-b5adbf84482&blockID=®ionID=&lang=ru (in Russian).

¹⁴⁶ Interview of Dmitry Medvedev to *China Central Television (CCTV)* // Government of the Russian Federation, November 4, 2016. URL: <http://government.ru/news/25191> (in Russian).

¹⁴⁷ In Early 2017 Rusal Became the First Russian Company to Place its Panda Bonds in China. Rusal Place Panda-Bonds of 10 Billion Yuan in China // *Vesti Finance*, February 8, 2017. URL: <http://www.vestifinance.ru/articles/81066> (in Russian).

¹⁴⁸ Review of the Financial Markets Regulation // Central Bank of the Russian Federation, September 17, 2016.
URL: https://www.cbr.ru/finmarkets/files/development/review_160217.pdf (in Russian).

¹⁴⁹ China Deal Watch. Bloomberg. URL: <https://www.bloomberg.com/graphics/2016-china-deals>

which may also result in a decrease in Chinese investments in Russia.¹⁵⁰ This same decision has affected financial cooperation between the two countries. The necessary investment infrastructure for floating Russian securities in Chinese yuan was prepared as early as 2016.¹⁵¹ The idea was to issue securities worth \$1 billion. Now that China has introduced measures to fight capital flight, panda bonds remain the only way of placing Russian securities in that country. Panda bonds prevent money generated by bond sales from being automatically transferred to the Russian budget,¹⁵² which means that Russian companies may consider the instrument to be useless at present.¹⁵³

To overcome these obstacles, the parties may want to discuss the introduction of an exclusive quota for investments in Russia, which would include the sales of Russian securities denominated in yuan¹⁵⁴. Russia is not among the largest recipients of Chinese foreign direct investments, so the measure would hardly result in any dramatic capital flight from Russia. On the other hand, it would enable companies interested in expanding their cooperation to stay in Russia.

Any further increase in payments in national currencies was also held back by the high cost of the trade financing denominated in the yuan that was obtained by Russian banks and companies from Chinese financial organizations, as well as by the reluctance of Chinese banks to use the money left on their rouble accounts to make investments and conduct operations on the interbank market. The underdeveloped state of Russian bank agency networks in Asia–Pacific, and the limited range of products they offer, are also factors.¹⁵⁵

In China, industrial enterprises with Russian capital are facing the same difficulties as their Chinese colleagues: increasingly strict environmental regulations,¹⁵⁶ ever-growing excess capacities and debts, and production cuts.¹⁵⁷

¹⁵⁰ Lingling Wei. "China Issuing 'Strict Controls' on Overseas Investment." *The Wall Street Journal*. 26 November 2016. URL: <https://www.wsj.com/articles/china-issuing-strict-controls-on-overseas-investment-1480071529>

¹⁵¹ The Chinese Office of the Central Bank of Russia Viewed Coordination of Work to Provide for the Issuance of Yuan-Denominated Russian Sovereign Bonds as Its Primary Mission. Sotnikov G. The Central Bank of Russia will Open an Office in Beijing // *Rossiyskaya gazeta*, June 24, 2016. URL: <https://www.rg.ru/2016/06/24/bank-rossii-otkroet-predstavitelstvo-v-pekine.html> (in Russian); The Central Bank of Russia will Open an Office in Beijing to Sell Bonds in Yuan // *Finanz.ru*, October 26, 2016. URL: <http://www.finanz.ru/novosti/obligatsii/cb-rt-otkroet-ofis-v-kitae-dlya-prodazhi-bondov-v-yuanyakh-1001481690> (in Russian).

¹⁵² Evgenia Pismennaya & Anna Andrianova. "Bond Pioneer Who Outsmarted Russian Sanctions Flops in China." *Bloomberg Markets*. 10 March 2017. URL: <https://www.bloomberg.com/news/articles/2017-03-09/bond-pioneer-who-outsmarted-sanctions-sees-yuan-quest-fall-short>

¹⁵³ The Ministry of Finance does not Exclude the Possibility of Placing the Federal State Bonds in Yuan in 2017 // *Vedomosti*, February 28, 2017. URL: <http://www.vedomosti.ru/newsline/top/economics/news/2017/02/28/679385-minfin-ofz-yuanyah> (in Russian).

¹⁵⁴ Andreev V.P. Yuan bonds as an Alternative Source of Borrowed Funds // Central Bank of the Russian Federation. URL: http://www.cbr.ru/publ/MoneyAndCredit/andreev_05_17.pdf (in Russian).

¹⁵⁵ Alexandrova M. Russian-Chinese Financial and Banking Cooperation // *Asia and Africa Today*, 2016, No 8, pp. 24–30.

¹⁵⁶ As an example, *Sinopec* and *Sibur* are postponing their joint project to build a rubber producing enterprise because the operation would have to be environmentally cleared and market-assessed in China. Given that the enterprise is situated close to Shanghai, the probability that China will not clear it to operate is high. Sokolova E., Mandrykina I., Konov D.: *Petrochemistry Feels Much Better when Oil Prices are Low* // *TASS*, June 18, 2016. URL: <http://www.tass.ru/pmef-2016/article/3380317> (in Russian).

¹⁵⁷ In 2016, Akron, one of Russia's major fertilizer manufacturers, was forced to sell the controlling stake in Hunzhi Akron, capacity of 800 thousand tons, its only Chinese enterprise, for the accumulated debts.

Russia and China should take advantage of the new opportunities provided by financial cooperation in order to promote the creation of new areas for investment interaction, including the tying of the Belt and Road and the Eurasian Economic Union together towards the speedier introduction of bilateral action plans.

Cross-border and Interregional Dimension of Cooperation

Interaction between individual Russian and Chinese regions is an important element of bilateral cooperation. The main trade partners on this scale are historically Russia's densely populated and economically developed Central Federal District and China's Heilongjiang Province.

Since 2013, the anti-Russian sanctions, combined with Russia's "Turn to the East," China's encouragement of its companies to break into foreign markets, and the change of certain power representatives in both countries, has meant that the parties have been paying special attention to developing cooperation between their regions on both sides of the common border.¹⁵⁸ This has mostly involved cooperation between China's Inner Mongolia and its north-eastern provinces and Russia's Siberian and Far Eastern federal districts.¹⁵⁹ Owing to the low population density and low economic performance of the latter, the two Russian regions play a relatively insignificant part in cross-border cooperation with China, despite their geographic proximity.

In 2016, China's share in trade with the Far Eastern and Siberian federal districts rose to 25.1 percent and 19.2 percent, respectively,¹⁶⁰ and China continued to be the largest trade partner of these regions by year-end.¹⁶¹ Thus, unlike Russia's national indicators, the two regions have formed a positive trade balance with China.

The Far Eastern Federal District mainly exported minerals to China (32.8 percent), as well as foods and agricultural products (32 percent, including 26.1 percent represented by fish and crustaceans), wood and wood products

¹⁵⁸ After Xi Jinping came to power in China, the regional and ministerial heads also were replaced. Russia reshuffled its Ministry for the Development of the Russian Far East. Russia–China Interregional and Cross-Border Cooperation: New Trends and Problems // China: Politics, Economics, Culture. Moscow: Institute of Far Eastern Studies, 2016, p. 221.

¹⁵⁹ In 2016, Russia adopted seven federal laws aimed at developing the country's Far East. Svedentsov V.L. Development of the Priority Development Areas and the Free Port Vladivostok at the Far East of Russia // Russian Institute for Strategic Studies, February 10, 2017. URL: <https://www.riss.ru/wp-content/uploads/2017/02/Doklad-na-sajt.pdf> (in Russian).

¹⁶⁰ Foreign Trade Statistics at the End of December 2016 // Federal Customs Service of the Russian Federation. The Far Eastern Customs Administration. URL: http://dvtu.customs.ru/index.php?option=com_content&view=article&id=20957:-2016-&catid=63:stat-vnesh-torg-cat&Itemid=282 (in Russian); Goods Export and Import of Countries-Counterparts of Russia of the Siberian Federal District at 2016 // Federal Customs Service of the Russian Federation. Siberian Customs Administration. URL: http://stu.customs.ru/index.php?option=com_content&view=article&id=15299:-----2016-&catid=170:2012-12-26-07-57-01&Itemid=241 (in Russian).

¹⁶¹ China also became the third largest trading partner of Russia's Far Eastern Federal District in terms of exports (after South Korea (26.1%) and Japan (25.7%)), and the region's largest partner in terms of imports (39.4%). Foreign Trade Statistics at the end of December 2016 // Federal Customs Service of the Russian Federation. The Far Eastern Customs Administration. URL: http://dvtu.customs.ru/index.php?option=com_content&view=article&id=20957:-2016-&catid=63:stat-vnesh-torg-cat&Itemid=282 (in Russian).

(19.2 percent), and machinery and equipment (10.7 percent). The Siberian Federal District exported mineral fuel (30.4 percent), machinery and equipment (22.3 percent), metallurgy products (11.5 percent), and food and agricultural raw materials (9.8 percent).¹⁶² China mainly exported machinery and equipment to the Far Eastern Federal District (36.8 percent), as well as food products (15.5 percent), and chemical and metallurgy products (14.3 percent and 11.5 percent, respectively). It exported chemical products (46.2 percent), metallurgy products (14 percent), and agricultural products (10.3 percent) to the Siberian Federal District.

Russia–China interregional cooperation is guided by the governments of both countries. To carry out intergovernmental cooperation, a Council of Cooperation was established between the Upper and Middle Reaches of the Yangtze River and the Volga Federal District, and also between the Far East and the Northeast of China.

Several important decisions were made in 2016 to encourage cross-border cooperation, including an agreement to establish the “Intergovernmental Commission on Cooperation and Development of the Russian Far East and Baikal Region and Northeast China” to manage the framework of regular meetings between the two countries’ heads of government.¹⁶³

In general, the Russian Far East has intensified efforts aimed at creating new mechanisms for investment support since 2015, including the Free Port of Vladivostok and the Priority Development Areas (PDAs).¹⁶⁴

Priority Development Areas are sections of the territory of constituent entities of the Russian Federation where a special legal regime has been established for an extendable term of 70 years to conduct entrepreneurial or other types of activity based on deregulation and large-scale fiscal incentives in order to raise investment from specific (anchor) investors, including from the People’s Republic of China.¹⁶⁵ The PDAs are different from special economic zones and territorial

¹⁶² Calculations based on the data provided by the Federal Customs Service: Foreign Trade Statistics at the end of December 2016 // Federal Customs Service of the Russian Federation. The Far Eastern Customs Administration. URL: http://dvtu.customs.ru/index.php?option=com_content&view=article&id=21181:2016-&catid=63:stat-vnesh-torg-cat&Itemid=282 (in Russian); Goods Export and Import of Countries-Counterparts of Russia and Product Goods of the Siberian Federal District at 2016 // Federal Customs Service of the Russian Federation. Siberian Customs Administration. URL: http://www.stu.customs.ru/index.php?option=com_content&view=article&id=15302:-----2016-&catid=203:2013-05-13-08-11-10&Itemid=279 (in Russian).

¹⁶³ The 21st Regular Meeting of Russian and Chinese Heads of Government // The Russian Government, November 7, 2016. URL: <http://www.government.ru/info/25224> (in Russian).

¹⁶⁴ Federal Law No. 212-FZ “On the Free Port of Vladivostok” came into force on October 12, 2015. The Free Port of Vladivostok area originally included all the key ports in the southern Far East from Zarubino to Nakhodka, as well as Vladivostok International Airport *Knevichi*. In June 2016, the Federation Council of the Russian Federation approved amendments to the Federal Laws on Priority Development Territories and the Free Port of Vladivostok, expanding the free port regime to include key Far Eastern ports: Vanino District in Khabarovsk Krai, Korsakovsky District in Sakhalin Region, Petropavlovsk-Kamchatsky in Kamchatka Krai, Pevek in the Chukotka Autonomous Region, and Lazovsky District in Primorsky Krai. The Federation Council of the Russian Federation expanded boundaries of the Free Port of Vladivostok // Prima Media, June 30, 2016. URL: <http://www.primamedia.ru/news/515460> (in Russian); The Official Site of the Far East Development Corporation. URL: <http://www.erdcr.ru> (in Russian); Federal Law of July 13, 2015 No. 212-FZ “On the Free Port of Vladivostok” // Official Internet Resources of the President of Russia. URL: <http://www.kremlin.ru/acts/bank/39906> (in Russian).

¹⁶⁵ For more details, see: Federal Law “On the Territories of Rapid Socio-Economic Development of the Russian Federation” of December 29, 2014. URL: <http://www.erdcr.ru/local/tpl/docs/473.docx> (in Russian).

Table 4. How Russia's Far Eastern Regions Traded with China in 2016 (Data provided by the Federal Customs Service of the Russian Federation)

	Trade		Export		Import	
	Millions of dollars	China's share in the foreign trade of the Russian Region (%)*	Millions of dollars	China's share in the export of the Russian Region (%)	Millions of dollars	China's share in the import of the Russian Region (%)
Far Eastern Federal District	6133	25.1	3,850.4	20.7	2,282.6	39.4
Including						
Amur Region	445.8	88.2	311.9	91.7	134	81
Jewish Autonomous Region	59.9	97	33.1	95.7	26.8	98.6
Kamchatka Krai	210	31.9	203.1	35.7	6.9	7.8
Magadan Region	33.6	7.6	12.1	3.1	21.5	44.3
Primorsky Krai	2,918.8	54.4	1,096.1	50.4	1,822.7	57.2
Yakutia	291	6.4	280.4	6.3	10.6	10.8
Sakhalin Region	992.3	9.3	922.2	10.3	70.1	4.1
Khabarovsk Krai	1070	54.6	899.9	58.2	170.2	41.1
Chukotka	111.5	75.3	91.6	95.6	19.9	38.1
Siberian Federal District	6,106.5	19.2	4,322.5	16.7	1,784.1	30.3
Including						
Altai Krai	183.5	19.1	98.6	14.8	84.9	28.9
Zabaykalsky Krai	488.8	79	93	44.8	395.8	96.3
Irkutsk Region	2,682.9	41.4	2,457.3	44.9	225.6	22.2
Kemerovo Region	525.0	5.2	423.6	4.4	101.4	20.2
Krasnoyarsk Krai	915.9	14.9	696.4	14.2	219.4	17.7
Novosibirsk Region	775.7	23	164.6	9.1	611.2	38.9
Omsk Region	54.2	7.1	21.4	4.3	32.9	12.2
Republic of Altai	15.5	34.1	11.5	38.7	4.0	25.3
Republic of Buryatia	246.5	24.2	208.4	21.7	38.1	64.5
Republic of Tuva	4.1	7.1	0.005	0.01	4.0	97.6
Republic of Khakassia	129.3	7.3	86.3	5.6	43.0	17.2
Tomsk Region	85.3	17.4	61.5	26.7	23.8	9.2

* Shares of foreign trade turnover in the Russian regions that are part of the Far Eastern Federal District and the Siberian Federal District, calculated based on each region's trade turnover, rather than the district as a whole. Based on data from the Far Eastern and Siberian sections of the Federal Customs Service of Russia (<http://www.dvtu.customs.ru>, <http://www.stu.customs.ru>).

Table 5. Conditions for PDA and Free Port of Vladivostok Residents

	Free Port of Vladivostok		Priority Development Areas	
	For residents	For non-residents	For residents	For non-residents
Financial exemptions				
Insurance premiums	7.6% for a period of 10 years	30%	7.6% for a period of 10 years	30%
Profit tax	0% for an initial period of 5 years (12% over the next 5 years)	20%	0% for an initial period of 5 years (12% over the next 5 years)	20%
Property tax	0% for a period of the initial 5 years (0.5% over the next 5 years)	2.2%	0% for an initial period of 5 years (1.1% over the next 5 years)	n/a
Land tax	0% for an initial period of 5 years	0.3–1.5%	0% for an initial period of 3 years	1.5%
Accelerated VAT refund	–	–	10 days	–
Administrative preferences	<ul style="list-style-type: none"> • Right to lease land lots at cadastre value without auctions • Foreign worker permits: up to 20% for all residents, above 20% at supervisory board's discretion, exempted from quotas • Shortened regular inspections (15 days maximum) • Shortened non-scheduled inspections (15 days maximum) • Partial exclusion from Rosselkhoznadzor (the agency in charge of agriculture supervision) and Rospotrebnadzor (consumer rights protection) regulation, in a departure from existing practices 	–	<p>“One stop shop” for investors</p> <p>Ready infrastructure</p> <p>Shortened inspection periods</p> <p>Customer-oriented government administration</p> <p>Management company has the right to defend residents in a court of law</p>	
Customs preferences	Free customs zone regime	–	Free customs zone regime	–
Simplified visa regime	Right to visit Russian territory for up to 8 days without a visa provided foreign citizens arrive in Russia via border crossings located in the Free Port of Vladivostok territory	–	–	–

Source: Based on the official website of the Far East Development Corporation, which is the PDA operator and Free Port of Vladivostok special entrepreneurial regime implementation and development agent (<http://www.erdc.ru>).

Table 6. Foreign investment in the Priority Development Areas and the Free Port of Vladivostok, million dollars

	PDA ^s	FPV
Total	2738.8	17.5
China	2422.2	17.3
Australia	183.4	–
Italia	46.7	–
Kazakhstan	43.3	–
Japan	31.1	0.2
Singapore	12.1	–

Source: Calculated based on the official website of the Far East Development Corporation. URL: <http://www.erdc.ru>. Official exchange rates were used.

development zones in that they offer longer term and more favourable conditions for doing business¹⁶⁶.

The Far East had 16 Priority Development Areas in April 2016,¹⁶⁷ with numbers expected to reach 17 or 18 by the end of 2017.¹⁶⁸

The PDAs and the Free Port of Vladivostok are vehicles for raising foreign direct investment into the region, which has never been a large recipient of investment from abroad, with China being the largest contributor by far. Chinese companies are carrying out a total of 23 projects in these territories.¹⁶⁹ The combined financing of the projects is \$2.4 billion (141 billion roubles).¹⁷⁰

Chinese capital is tied up in projects in the Russian Far East in areas such as energy, agriculture, manufacturing, tourism and transport.¹⁷¹ Specifically, Primorsky Krai – the leader among Russia's Far Eastern regions in terms of trade with China – has established four Priority Development Areas: the Nadezhdinskaya, Mikhailovsky, Bolshoi Kamen, and Neftekhimicheskyy, the latter being

¹⁶⁶ See: Kashina N.V. Priority Development Territories: a New Instrument for Attracting Investments to the Russian Far East // *Economy of the Region*. 2016, vol. 12, issue 2, pp. 569–585.

¹⁶⁷ On February 17, 2017, the decision to establish the priority development area Neftekhimicheskyy PDA (in Primorsky Krai) to support the Eastern Petrochemical Complex was made. The Eastern Petrochemical Complex will become its anchor investor, with Rosneft as the project operator. Talks are underway for *ChemChina* to buy an equity stake. In April 2017 Nikolaevsk PDA has been created. The establishment of the Svobodny PDA (Amur Oblast) has also been announced. Ministry for the Development of the Russian Far East.
URL: http://www.minvostokrazvitiia.ru/press-center/news_minvostok/?ELEMENT_ID=5028 (in Russian);
Government Decides on Creating 16th PDA on the Far East // *Rossiyskaya gazeta*, April 21, 2017.
URL: <https://www.rg.ru/2017/04/21/reg-dfo/pravitelstvo-prinialo-reshenie-o-sozdanii-16-j-tor-na-dalnem-vostoke.html> (in Russian).

¹⁶⁸ Verevkina V. PDA Multiplying Effect // *IA "East Russia"*, February 22, 2017.
URL: <http://www.eastrussia.ru/material/effekt-tormozheniya> (in Russian).

¹⁶⁹ Russia will Continue Developing Mutually Beneficial and Long-Term Cooperation with China in the Far East // *Xinhua*, December 28, 2016. URL: http://www.russian.news.cn/2016-12/28/c_135938333.htm (in Russian).

¹⁷⁰ The Official Site of the Far East Development Corporation. URL: <http://www.erdc.ru>

¹⁷¹ For more details, see: Drobysheva I. Celestial Empire Billions // *Rossiyskaya gazeta*, February 27, 2017.
URL: <https://www.rg.ru/2017/02/27/v-ekonomiku-dfo-velichat-pritok-kitajskih-investicij.html> (in Russian).

Table 7. Cost of Road and Rail Freight Shipments

Route from China's northern provinces to:	Grain, \$/tonne		Containers, \$/TEU	
	Rail	Road vehicle	Rail	Road vehicle
Dalian (China)	55	95	1185	1645
Zarubino	35	55	870	1050
Vladivostok	60	75	1350	1210
Nakhodka	65	90	1530	1400

Source: <http://www.vedomosti.ru/economics/articles/2016/03/24/634897-sozдание-transportnih-koridorov-kitai-primore-otsenili-315-mlrd-rublei>

approved by the Russian government in early 2017¹⁷². Two projects with Chinese investments are under way in the Nadezhdinskaya PDA: the SATO textiles company, and the paper mill and paper products manufacturer Aptamil Far East Rus.

Free Port of Vladivostok residents include six companies with Chinese investments. Corporation Prim Hunchun is building a vegetable, fish and seafood processing and storage plant, as well as a frog-breeding farm in the Ussuriysky District.¹⁷³

Cooperation in transportation and infrastructure is also growing. In 2016, the Government of the Russian Federation approved a set of measures to establish and upgrade the infrastructure facilities of the Primorye–1 and Primorye–2 international transport corridors (ITC) that link China's north-eastern provinces to ports in Russia's southern Far East.¹⁷⁴ Since the northeast of China is land-locked, Russian ports may become important freight transit outlets on routes to-and-from China,¹⁷⁵ and help take some pressure off China's ports in Tianjin and Dalian.¹⁷⁶ The Primorye–1 and Primorye–2 ITCs are expected to carry 45 million tonnes of grain and container shipments by 2030;¹⁷⁷ additional revenues of port operators and transportation companies are estimated at around \$1.6 billion

¹⁷² Medvedev Signed an Agreement on Establishing Four Priority Development Areas // TASS, March 6, 2017. URL: <http://www.tass.ru/ekonomika/407362> (in Russian).

¹⁷³ Drobysheva I. Celestial Empire Billions // Rossiyskaya gazeta, February 27, 2017. URL: <https://www.rg.ru/2017/02/27/v-ekonomiku-dfo-uelichat-protok-kitajskih-investicij.html> (in Russian).

¹⁷⁴ Primorye-1 ITC: Harbin–Mudanjiang–Suifenhe/Pogranichny; Suifenhe/Grodekovo; Dongning/Poltavka – Ussuriysk – the ports of Vladivostok/Vostochny/Nakhodka – on to sea shipping lines. Primorye-2 ITC: Changchun – Jilin – Hunchun/Kraskino – Hunchun – Makhhalino (Kamyshovaya) – port of Zarubino – on to sea shipping lines. On the Approval of the Concept of Development of the International Transport Corridors Primorye-1 and Primorye-2 // The Government of the Russian Federation, December 30, 2016. URL: <http://www.government.ru/news/25953> (in Russian); Drobysheva I. From Geography to Geoeconomics // Rossiyskaya gazeta, September 22, 2016. URL: <https://www.rg.ru/2016/09/22/reg-dfo/kak-integrirovat-mtk-primore-1-v-ekonomiku-atr.html> (in Russian).

¹⁷⁵ Governor of Primorsky Krai: We are Expecting a Crucial Breakthrough in the Investment from China // The Official Site of the Administration of Primorsky Krai, March 24, 2017. URL: <http://www.primorsky.ru/news/125439> (in Russian).

¹⁷⁶ Nekhaychuk Y. The Building of China– Primorye Transport Corridors are Estimated 315 Billion Rubles // Vedomosti, March 24, 2016. URL: <http://www.vedomosti.ru/economics/articles/2016/03/24/634897-sozдание-transportnih-koridorov-kitai-primore-otsenili-315-mlrd-rublei> (in Russian).

¹⁷⁷ 23 Million Tons of Grain and 22 Million Tons of Container Freight, 1.8 million. (Ibid.)

(91 billion roubles) annually.¹⁷⁸ Transport corridors could save Chinese shippers up to \$700 million a year thanks to shorter routes.¹⁷⁹ Despite the geographic proximity, transit via Russian ports currently takes more time because of sub-optimal processing at border crossings.

Much of the financing for ITC-related infrastructure facilities is expected to come from Chinese companies and banks, at 80 percent, with the Russian side picking up the remaining 20 percent.¹⁸⁰ According to *McKinsey* analysts hired to adapt old projects to modern realities, investments in ITCs should break even in ten years' time and yield an APR of 10 percent.¹⁸¹

Other important infrastructure projects in the region include the construction of a highway bridge across the Amur River that will cost around \$2.8 billion,¹⁸² and is expected to link Blagoveshchensk and Heihe by 2019.¹⁸³ Furthermore, work has started on the Russian portion of a railway bridge across the river at the Nizh-neleninskoye–Tongjiang crossing.¹⁸⁴ The Chinese side has already completed its part of the joint project; the Russian side has not. The bridge contract is valued at around \$1.3 billion.¹⁸⁵

According to expert estimates, key areas for investment in infrastructure development over the coming years will include high-ROI “bottlenecks,” such as the construction of highways, container terminals, and approach infrastructure, as well as containers and rolling stock with relatively short payback periods (three to four years).¹⁸⁶

As far as agriculture in the border regions is concerned, the Russian–Chinese Fund for Agro–Industrial Development signed its inaugural contract in 2016.¹⁸⁷

¹⁷⁸ Including Expected Additional Revenue of Ports at \$701.8 Million (Rub 40 Billion) and of Rail and Truck Transportation at \$894.8 Million (Rub 51 billion). The Press Statements Following the Russia–Japan Negotiations // Ministry for the Development of the Russian Far East, April 27, 2017.

URL: http://www.minvr.ru/press-center/news_minvostok/?ELEMENT_ID=4937 (in Russian).

¹⁷⁹ Andreev K. Green light to ITC // *IA “East Russia”*, November 23, 2016.

URL: <http://www.eastrussia.ru/material/zelenyy-svet-mtk> (in Russian).

¹⁸⁰ Ibid.

¹⁸¹ Primorye will Pave the New Way for China // *Rossiyskaya gazeta*, March 23, 2016.

URL: <https://www.rg.ru/2016/03/23/primore-prolozhit-novyy-put-dlia-kitaia.html> (in Russian).

¹⁸² Turovsky R. Primurye in 2016: Old Problems and New Expectations // *IA “East Russia”*, February 14, 2017.

URL: <http://www.eastrussia.ru/material/primure-v-2016-m-starye-problemy-i-novye-ozhidaniya> (in Russian).

¹⁸³ The Building of the Bridge across the Amur River to Connect Russia and China was Started // TASS, December 24, 2016.

URL: <http://www.tass.ru/ekonomika/3903231> (in Russian).

¹⁸⁴ Pasmurtsev V. “Rubikon” Moves to Docking // *IA “East Russia”*, June 14, 2016.

URL: <http://www.eastrussia.ru/material/rubikon-perekhodit-k-stykovke> (in Russian).

¹⁸⁵ The Far East and Baikal Region Development Fund is financing 25 percent of the project, with the remaining 75 percent being provided by the Russian Direct Investment Fund (RDIF) through the Russia–China Investment Fund. The investment will be recouped via bridge toll in 10 to 15 years. Jewish Autonomous Region Governor: Amounts of Platforms and Projects at PDA can Grow in 2017 // *EAOMedia*. URL: <http://www.eaomedia.ru/news/amp/528818/> (in Russian).

¹⁸⁶ Russia Enters the Silk Road // *Vedomosti*, December 13, 2016.

URL: <http://www.vedomosti.ru/business/articles/2016/12/13/669337-rossiya-viezshaet> (in Russian).

¹⁸⁷ 51 percent of its equity is owned by the Far East Development Fund (a subsidiary of Vnesheconombank), with 49 percent belonging to the Chinese side. The establishment agreement was signed as part of a 2015 meeting between Prime Minister of the Russian Federation Dmitry Medvedev and Premier of China Li Keqiang. Projects will Receive Support // *Rossiyskaya gazeta*, March 18, 2017. URL: <https://www.rg.ru/2016/03/18/rf-i-knr-investiruiut-v-apk-dalnego-vostoka-bolee-10-mlrd-dollarov.html> (in Russian).

The Fund was set up to promote export-oriented agricultural projects in Russia's Far East, using affordable long-term financing from the Asia-Pacific region. Some of its output is destined for China.¹⁸⁸

¹⁸⁸ According to the Agreement signed during the St. Petersburg International Economic Forum, ownership rights to land lots under joint projects in Russia must belong to Russian companies. The maximum quota for foreign workers is 20 percent. Russian companies will be given priority when selecting construction contractors and equipment vendors for the Fund's projects. If none are available, the terms and conditions for the localization and transfer of foreign manufacturing facilities to the Russian Far East will be offered. The Fund's initial capital was 13 billion roubles. Furthermore, under the agreement signed during the St. Petersburg International Economic Forum, the parties committed to the "non-depletive use of Russian land". Zykova T. Growth towards East // Rossiyskaya gazeta, September 1, 2016. URL: <https://www.rg.ru/2016/09/01/reg-dfo/start-10-selskhozajstvennyh-proektov-obsudiat-na-ekonomicheskoy-forume.html> (in Russian).

Eurasia as a Region for Cooperation between Russia and China

The Alignment of the Eurasian Economic Union and the Belt and Road Initiative

Discussing the possibilities for various countries – primarily China's neighbours – to participate in the Belt and Road Initiative is becoming a substantive part of China's bilateral relationships with virtually all Eurasian countries. In 2016, China's Ambassador to the Russian Federation, Li Hui, said that Russia, as the largest neighbour and strategic partner of China, is an essential participant of the initiative to build the Silk Road, for which it enjoys substantial benefits.¹⁸⁹ As a result, the issue of linking the Eurasian Economic Union (EAEU) and the Belt and Road Initiative announced by the administrations of Russia and China in 2015 became one of the most frequently discussed topics, both in the media and at the level of state officials and analysts in 2016 and early 2017.¹⁹⁰

Priority tasks within the framework of these alignment efforts include: the creation of a series of free trade areas; the promotion of investments; the simplification of trade procedures; and the construction of cross-border parks. However, according to some experts, there are differences in the priorities of the two countries in terms of how to go about aligning the EAEU and the Belt and Road Initiative. China prioritizes the simplification of a trade and investment regime between the parties, whereas the Eurasian Economic Commission (EEC) appears to be willing to develop cooperation with China and work to align the two projects in three main areas: 1) the construction of new, and the modernization of existing, transport corridors in Eurasia; 2) the conclusion of a comprehensive agreement on trade and economic cooperation between the EAEU and China; 3) the development of a roadmap incorporating specific projects and events to align the economic interests of the EAEU and China.¹⁹¹

The EAEU is interested in at least six transport routes on the Belt and Road Initiative: 1) the Beijing–Moscow high-speed railway corridor anticipated by Russia and China; 2) the China–Mongolia–Russia link; 3) the China–Central Asia–Western Asia route; 4) the China–Indo–China route; 5) the China–Pakistan route; and 6) the Bangladesh–China–India–Myanmar route.

Although Russian and Chinese researchers have identified alternative routes,¹⁹² the overall concept of the routes coincides in the two countries. Moreover, in

¹⁸⁹ China Considers Russia Important Participant of the New Silk Road Project // RIA Novosti, January 19, 2016. URL: <https://www.ria.ru/world/20160119/1361667155.html> (in Russian).

¹⁹⁰ Joint Declaration of the Russian Federation and the People's Republic of China Concerning the Alignment of the Development of SREB and the EAEU dated May 8, 2015 // Official Internet Resources of the President of Russia. URL: <http://www.kremlin.ru/supplement/4969> (in Russian).

¹⁹¹ Zubkov I. Become Silk // Rossiyskaya gazeta. December 5, 2016. URL: <https://www.rg.ru/2016/12/05/zhunusov-pekiny-vsegda-delaet-stavku-na-ekonomicheskuiu-cesloobraznost.html> (in Russian); Dialogue with the Business Community of EEU Member States // Official Site of the Eurasian Economic Commission. URL: http://www.eurasiancommission.org/ru/act/trade/catr/interaction/business_dialogue/Pages/default.aspx (in Russian).

¹⁹² Luzyanin S.G., Sazonov S.L. The Belt and Road Initiative: 2015 Model // Observer. No. 5 (304). May 2015. P. 40–43.

China, the network has already been conceptualized in the formula “Stabilize in the East – Strengthen in the North – Descend in the South – Advance in the West” (东稳北强南下西进). The doctrine can be regarded as China’s long-term stratagem for having transport access beyond its borders, which has been actively implemented by President Xi Jinping. For Moscow, the “Strengthen in the North” component seems to be most relevant. This is most likely because of Beijing’s willingness to establish – gradually and for a long period of time – transport and logistics centres in (the north of) Russia and invest in infrastructure projects, which is in line with Russia’s interests.

On June 25, 2016, the EEC and Ministry of Commerce of China signed a joint statement launching the negotiation process of drafting a comprehensive agreement on trade and economic cooperation between the EAEU and the People’s Republic of China.¹⁹³ The main provisions of the agreement include customs, technical, sanitary, veterinary and phytosanitary regulation, the protection of intellectual property and competition, and e-trade. The parties also plan to establish “institutions of integrated interaction.” In agriculture, industry, power engineering, transport and communications and infrastructure, “common formats for projects of joint interest” are expected to emerge.¹⁹⁴ According to the then Chairman of the EEC Board Tigran Sarkisian, negotiations between the two parties were quite intense. Following the coordination of joint approaches to the alignment of the EAEU and the Belt and Road Initiative, Beijing hosted the first round of negotiations in August 2016. Successive meetings will be organized once every two months as part of the working group under the direction of EEC Minister in Charge of Trade, Veronika Nikishina.¹⁹⁵

During the first phase, the possibility of a non-preferential agreement will be considered. Such an agreement would not only cover trade facilitation and the regulatory framework, but also inter-industry cooperation. Subsequently, a preferential agreement may be possible. According to a statement by Veronika Nikishina, a narrow non-preferential agreement is possible in the short term (within 24 months).¹⁹⁶

Russia is also ready to negotiate tariff regulation measures within the framework of drafting an agreement on trade and economic cooperation, which should result in the creation of a free trade area, and believes this process can be completed by 2030–2035.

China points to the fact that the EAEU is still evolving as an international entity: while the EAEU member states have agreed on the key issues of trade in com-

¹⁹³ Chairman of the Board of the EEC Gave an Exclusive Interview to TASS News Agency Following His Visit to China // Eurasian Economic Commission, August 25, 2016.
URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/25-08-2016-1.aspx> (in Russian).

¹⁹⁴ Edovina T., Korostikov M. Verbal Investment // Kommersant, June 27, 2016.
URL: <http://www.kommersant.ru/doc/3023535> (in Russian).

¹⁹⁵ Chairman of the Board of the EEC Gave an Exclusive Interview to TASS News Agency Following his Visit to China // Eurasian Economic Commission, August 25, 2016.
URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/25-08-2016-1.aspx> (in Russian).

¹⁹⁶ Agreement on EAEU and SREB Alignment can be Signed in 2 Years // Stanradar.com, March 24, 2016.
URL: <http://www.stanradar.com/news/full/20200-dogovor-obedinenija-eaes-i-sheikovogo-puti-mogut-podpisat-za-2-goda.html> (in Russian).

modities, there are no uniform rules for investments. Because of the various levels of openness among the EAEU countries to foreign investments, China sees difficulties in achieving an agreement with the EAEU on an investment regime. Furthermore, there are encumbrances in China–EAEU relations concerning the trade regime. The EEC sees major projects as its priority; however, in order to effectively implement these projects, institutional guarantees are required, and trade and investment barriers must be removed. Specifically, the low effectiveness and insufficient transparency of border control procedures is an obstacle to the promotion of regional trade and increased investment inflows. In the EAEU member states, the preparation of the requisite foreign trade documents and compliance with border control procedures requires considerable time and financial expense. Cooperation should focus on simplifying customs, quarantine and inspection procedures, promoting cross-border transport, and e-commerce. The WTO Trade Facilitation Agreement may serve as a foundation for interaction between China and the EAEU in this area.

Another essential area for increasing the level of trade and economic cooperation is the removal of tariff barriers. The creation of a free trade area will allow existing tariff barriers to be eliminated and non-tariff barriers to be reduced, which will ensure positive results not only for Chinese companies, but also for companies based in the EAEU member states. Through EAEU member exports to the Chinese market, it will boost the GDP growth of China and the EAEU countries.

When promoting interaction between China and the EAEU, Chinese experts suggest building on China's experience negotiating with the ASEAN and the EU concerning trade and investment regimes and rules. The focus of the negotiations between China and the ASEAN is free-trade area agreements. The comprehensive strategic partnership with the EU includes negotiations on a bilateral investment agreement and the development of feasibility studies for the establishment of a free-trade area between China and the EU. The parties have approved priority areas for cooperation: simplification of trade procedures; cooperation in finance, industry, transport, science and technology, IT, etc. The EU and China have agreed on mechanisms and principles of cooperation and are discussing the implementation of specific projects at the bilateral level. This scheme has produced positive results and may be taken into account in the course of aligning the EAEU and the Belt and Road Initiative.

Forming a roadmap that incorporates specific projects and events aimed at aligning the economic interests of the EAEU and China. The main source of this roadmap will be the medium- and long-term economic development plans of the states involved in the initiative. At the same time, these countries should promote the joint planning of the alignment process and introduce operational action plans as soon as possible. In order to promote alignment, Russia and China should create transnational research groups and develop academic exchanges and joint research projects on related issues, which should be capable of providing expert support and a high level of developmental work.

On August 24, 2016, the Chinese initiative to establish a joint database of upcoming and existing projects between the People's Republic of China and the EAEU

member states that help tie together the EAEU and the Belt and Road Initiative, was approved at a meeting between the Chairman of the EEC Board Tigran Sarkisian, and the Vice Premier of China, Zhang Gaoli. Work to establish the database is already under way.¹⁹⁷ In March 2017, the EEC announced that it had prepared a list of priority infrastructure projects that would be implemented by the EAEU and “support the formation” of the Belt and Road Initiative.¹⁹⁸

China has already created a robust system of bilateral contacts with EAEU member states, in which national development projects are in line with the construction framework of the Belt and Road Initiative. This work encompasses the pairing of the Belt and Road Initiative with Kazakhstan’s “Nurly Zhol – The Path to the Future” programme and the China–Kazakhstan Programme of Industrial and Investment Cooperation. The China–Belarus “Great Stone”(Industrial Park) special economic zone is one of the demonstration projects of the Belt and Road Initiative. Projects within the framework of these programmes are already underway, and China believes that they should not be included in the list of projects for alignment. Otherwise, coordinating processes at the regional and bilateral levels will be mixed, which will reduce the effectiveness of cooperation. Moreover, EAEU member states should concentrate on aligning areas in which they have already reached common agreement, because alignment processes at the bilateral and regional levels differ. These moves will allow even greater synergy. However, the approach may not be completely supported by Russia, since Moscow would like the EEC to act as a priority negotiating partner, asserting the national interests of all EAEU member states.

Both Russia and China believe that tying the EAEU and the Belt and Road Initiative together is not the only interactive format of creating a new environment for sustainable Eurasian development. The development of the region can also be promoted by implementing the Greater Eurasian Area initiative proposed by Russia.

The Greater Eurasian Partnership

The idea to build the Greater Eurasian Partnership was voiced on December 3, 2015, when Vladimir Putin, in his Presidential Address to the Federal Assembly, suggested opening consultations concerning the formation of an economic partnership among the member states of the EAEU, the ASEAN, and the SCO, as well as candidate states to the SCO.¹⁹⁹ Throughout 2016, the concept was repeatedly voiced at various multilateral platforms and essentially became a flagship Russian initiative to promote Eurasian integration.²⁰⁰

¹⁹⁷ Chairman of the Board of the EEC Gave an Exclusive Interview to TASS News Agency Following his Visit to China // Eurasian Economic Commission, August 25, 2016.

URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/25-08-2016-1.aspx> (in Russian).

¹⁹⁸ SREB–EAEU Alignment Acquires Real Framework: List of Infrastructure Projects was Approved // Official Website of the Eurasian Economic Commission. March 1, 2017.

URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/2-03-2017-1.aspx> (in Russian).

¹⁹⁹ Presidential Address to the Federal Assembly // Official Internet Resources of the President of Russia, December 3, 2015.

URL: <http://www.kremlin.ru/events/president/news/50864> (in Russian).

²⁰⁰ Plenary Session of St. Petersburg International Economic Forum // Official Internet Resources of the President of Russia, June 17, 2016. URL: <http://www.kremlin.ru/events/president/news/52178> (in Russian);

Russia–ASEAN Summit // Official Internet Resources of the President of Russia, May 20, 2016.
URL: <http://www.kremlin.ru/events/president/news/51953> (in Russian).

The initiative was to a great extent prompted by Russia's concern over the decreasing authority of the World Trade Organization (WTO) and the establishment of "closed" regional trade associations.²⁰¹ The proposed response involves the harmonization of various regional economic formats, subject to strict compliance with the principles of equality and openness. President Putin cited the positive experience of the EAEU and negotiations over its alignment with China's Belt and Road Initiative project, which in the long run may facilitate the creation of the Greater Eurasian Partnership open to interaction with China, Vietnam, Japan, India, Pakistan, Iran, the SCO and ASEAN member states, as well as other concerned countries and associations.²⁰² The ultimate goal is to assert the EAEU as the central unifying authority in the network of Eurasian regional integration.

Official statements invariably note that the initiative is not a closed or confrontational project. First, work to build the Greater Eurasian Partnership will be based upon the principles of openness that prevent the partnership from transforming into a closed trade and economic bloc; secondly, the partnership will operate based upon WTO standards – the principles of transparency and respect for the rights of all parties involved.²⁰³ Russia calls for the logic of "indivisibility" to be applied, not only to security, but also to the global economic space.²⁰⁴

During the initial phase, the partnership could focus on investment protection, streamlining the procedures for the movement of goods across borders, the joint development of technical standards for next generation technology products, and the mutual opening of markets for services and capital based upon the principles of equality and consideration for the mutual interests of all parties concerned.²⁰⁵ The formation of the partnership could begin with the simplification and unification of regulations in industrial cooperation and investments, as well as non-tariff, technical and phytosanitary regulation measures, customs administration, protection of intellectual property rights and the subsequent movement towards the reduction, and ultimately the cancellation, of tariff restrictions. At the same time, the network of bilateral and multilateral trade agreements with varying depths, speeds, levels of interaction, and market openness, could be used as the foundation, depending on the readiness of national economies for such joint work, in addition to agreements on joint projects in science, education and high technologies.²⁰⁶

²⁰¹ Informal Meeting of BRICS Leaders // Official Internet Resources of the President of Russia, September 4, 2016.
URL: <http://www.special.kremlin.ru/events/president/news/52819> (in Russian).

²⁰² Plenary Session of St. Petersburg International Economic Forum // Official Internet Resources of the President of Russia, June 17, 2016. URL: <http://www.kremlin.ru/events/president/news/52178> (in Russian);
Informal Meeting of BRICS Leaders // Official Internet Resources of the President of Russia, September 4, 2016.
URL: <http://www.special.kremlin.ru/events/president/news/52819> (in Russian).

²⁰³ Informal Meeting of BRICS Leaders // Official Internet Resources of the President of Russia, September 4, 2016.
URL: <http://www.special.kremlin.ru/events/president/news/52819> (in Russian).

²⁰⁴ Sergey Lavrov: Russia does not Consider EAEU and Other Integration Formats as Opposites // RIA Novosti, April 28, 2016. URL: <https://www.ria.ru/world/20160428/1422026395.html> (in Russian).

²⁰⁵ Presidential Address to the Federal Assembly // Official Internet Resources of the President of Russia, December 3, 2015.
URL: <http://www.kremlin.ru/events/president/news/50864> (in Russian).

²⁰⁶ V.V. Putin's Address at the Plenary Session of the St. Petersburg International Economic Forum. St. Petersburg International Economic Forum Plenary Session // Official Internet Resources of the President of Russia, June 17, 2016.
URL: <http://www.kremlin.ru/events/president/news/52178> (in Russian).

Some experts believe that Russia put forward the idea of the Greater Eurasian Partnership as a form of regional economic integration in response to the U.S. initiative to establish the Trans-Pacific Partnership (TPP) and China's Belt and Road Initiative programme. At the same time, the Greater Eurasian Partnership concept indicates the significance of consolidating relations between Russia and Asia, and can become a strategy for the Asian dimension of the country's development efforts. For Russia, the new partnership will create fundamentally new possibilities for increasing supplies of food and energy, as well as engineering, educational, medical and travel services to the Asia-Pacific Region. It will allow the state to play a leading part in forming new technology markets and turn major global trade flows towards Russia.²⁰⁷ The Greater Eurasian Partnership enables Russia to diversify and ensure a more balanced system of external ties, by consolidating cooperation with the ASEAN, Japan, India, Vietnam and other countries, in addition to China. Nevertheless, the economic partnership between Russia and China will play a crucial role in the Greater Eurasian Partnership, given the positions of the two countries in the Eurasian region.

The Russian project received the support of China during President Putin's visit to Beijing on May 25, 2016. The concluding document of the summit indicates that Russia and China favour of the creation of a comprehensive Eurasian partnership based upon the principles of openness, transparency and consideration of mutual interests, including the possible integration of EAEU member states, the SCO and the ASEAN.²⁰⁸

China supports the idea of cooperating within the framework of the Greater Eurasia macro-region because it builds on the concept of comprehensive partnership and the idea of openness, including towards China. Furthermore, in strengthening its relations with Eurasia, China is guided by ideas of coexistence and joint development, rather than the idea of its exclusivity. China believes Russia to be a strategic partner in the Eurasian region and hopes to pursue cooperation with Moscow for the comprehensive promotion of ties in Eurasia.

According to the Chinese side, the concepts of the Greater Eurasian Partnership and the Belt and Road Initiative are closely intertwined and can be regarded as partner initiatives. The Belt and Road Initiative and the Greater Eurasian Partnership correlate in terms of their substance and ideas; however, the Belt and Road Initiative does not aim to create a free trade area between the EAEU and the ASEAN, whereas the Greater Eurasian Partnership has no ambition to include the five development priorities of the One Belt, One Road initiative: political convergence, infrastructure cooperation, free trade, free capital movement, and humanitarian relations.

The Greater Eurasian Partnership concept is currently under development, and there is still no consensus on its substance and scope. At its present stage, the formation of a single cooperation mechanism within Greater Eurasia is not a pri-

²⁰⁷ Presidential Address to the Federal Assembly // Official Internet Resources of the President of Russia, December 3, 2015. URL: <http://www.kremlin.ru/events/president/news/50864> (in Russian).

²⁰⁸ Joint Statement of the Russian Federation and the People's Republic of China // Official Internet Resources of the President of Russia, June 25, 2016. URL: <http://www.kremlin.ru/supplement/5100/print> (in Russian).

ority task and is highly improbable in the current environment. Greater Eurasia is too vast and includes a multitude of countries with significant differences, which makes it impossible to work out a uniform framework for cooperation. However, in the long run, the Greater Eurasian Partnership can become a comprehensive concept for incorporating multilevel interaction with various mechanisms and forms.

Development of the Agenda of the Shanghai Cooperation Organization

In June 2017, Astana will host the 16th Summit of the Shanghai Cooperation Organisation (SCO), where the participants will complete the intricate process of accepting India and Pakistan as new permanent members, and examine a range of issues related to regional security.

The 15th jubilee summit of the organization took place in June 2016 and was an important landmark in terms of the accession of new members (India and Pakistan) to the organization, and recognizing the current trend in contemporary international relations to try and tackle regional challenges posed by regimes that harbour weapons of mass destruction (WMD), especially nuclear weapons, at the political and diplomatic level.²⁰⁹

SCO Enlargement. Compliance with international non-proliferation regimes has become a fundamental criterion for membership of the SCO. The fact that India and Pakistan, which are both *de facto* nuclear states, have not acceded to the Treaty on the Non-Proliferation of Nuclear Weapons, still remains an obstacle to their full membership in the SCO.²¹⁰

The approaches of India and Pakistan to the current nuclear non-proliferation regime mostly coincide: both countries consider the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) to be “inequitable,” arguing that it ensures nuclear monopoly for a small group of “chosen” countries. India and Pakistan are ready to consider joining the NPT only as internationally recognized nuclear nations. However, this remains unacceptable for the international community, including Russia and China, the founders of the SCO, which are NPT member-states, and therefore have special responsibility for the compliance with, and the consolidation of, the treaty. It is for this reason that the Declaration adopted following the SCO summit in Tashkent explicitly states that the member states call for strict observance of the provisions of the Treaty on the Non-Proliferation of Nuclear Weapons, in addition to the comprehensive and consistent promotion of all goals and principles reflected in the Treaty.²¹¹

At the Tashkent Summit, India and Pakistan signed memorandums of commitment to obtain SCO member status. There may be a compromise that enables

²⁰⁹ Petrovsky V. SCO Expanding and Non-Regional Aspects of Nuclear Non-Proliferation // International affairs. URL: <https://www.interaffairs.ru/jauthor/material/1707> (in Russian).

²¹⁰ Ibid.

²¹¹ Tashkent Declaration Following the 15th Anniversary of the Shanghai Cooperation Organization // Official Internet Resources of the President of Russia, June 24, 2016. URL: <http://www.kremlin.ru/supplement/5094> (in Russian).

both India and Pakistan to join the SCO without completely abandoning their positions on nuclear energy, through an official declaration by the two countries of their commitment to the goals and principles of nuclear non-proliferation regimes, but without reference to the NPT.

The matter is further complicated by the fact that India insists on being made part of the Nuclear Suppliers Group, which China, opposes, citing the rule that only officially recognized nuclear powers who are signatories to the NPT can be included. Russia has adopted a position of compromise, believing that India – with an enormous population that is facing substantial economic difficulties and energy and national security challenges – cannot be equated to other countries. Russia's approach comes down to the need to act in accordance with international law while at the same time looking for possibilities to assert India's interests. Russia is willing to have an open discussion with China and is ready to take concerns of all stakeholders into account in order to effectively settle all issues.²¹²

The accession of India and Pakistan to the SCO will open the organization's potential, increase its significance internationally and create a multilateral mechanism for addressing important regional issues and to ensure stability and sustainable development in the region. However, the expansion of the SCO also gives rise to many new challenges.

The expansion of the organization raises an important issue – will this move contribute to the construction of a new configuration of the SCO? Or will it lead to the deconstruction of the existing structure? Once India and Pakistan have been accepted as members, the SCO will transform into an organization that covers a huge area: from Russia in the North, across Central Asia (including China) and span South Asia. The international status of the organization will be upgraded, but the move towards expansion may make its structure less stable. Therefore, the SCO has an important task to address, namely, to prevent the weakening of its organizational structure.

The second challenge of expanding the SCO lies in the choices of how the member states want it to develop: will the SCO continue to position itself as a regional organization? Or will it seek the status of an organization with Greater Eurasia in its sphere of influence? Since its inception, the SCO has focused its efforts on Central Asia, despite spanning from Eastern Europe to East Asia. The accession of India and Pakistan will force the SCO to choose whether the organization is regional or global in nature. According to the Russian position, politically, the membership of India and Pakistan will “transform the SCO into a rapidly emerging centre of power in a multipolar world” and into a crucial geopolitical instrument that challenges the global order led by the West. One of the inevitable results will be the further expansion of the SCO into South Asia. As for China, it regards the SCO primarily as a regional organization with Central Asia being its main area of responsibility. China thus seeks to achieve the necessary stability and security near its western borders. At the same time, following the launch of the Belt and

²¹² Meeting with Heads of International News Agencies // Official Internet Resources of the President of Russia, June 17, 2016. URL: <http://www.kremlin.ru/events/president/news/52183> (in Russian).

Road Initiative, the SCO has become a key platform for implementing the initiative, with its coverage going well beyond the Central Asian region.

Russia focuses on the fact that the expansion of the organization should not be perceived in the context of a possible rivalry between Russia and China within the SCO. The nuances in the approaches of Moscow and Beijing to define the nature of the organization (global vs. regional) should not decisively influence the interests of Russia and China in this unique international framework. Central Asian countries are equally interested in both the globalization and regionalization of the SCO. This seems to be the basis for the consensus on the SCO within its new boundaries.

The expansion of the SCO also raises the question of reformatting relationships within the organization. Since its foundation, the member states have maintained a stable level of partnership relations. Because India and Pakistan are regional powers, the SCO will look increasingly like a “club of powers” after they are admitted into the organization, in which the links that exist between Russia, China and India will dominate. This may result in a marked decrease in the attention paid to Central Asian states.

Within the context of the SCO expansion, the priority direction for interaction needs to be defined, whether it is economic cooperation or providing security in the region. Two spheres represent pivots for interaction within the SCO. As key members of the organization, Russia and China enjoy advantages in both areas. Currently, the development of multilateral economic cooperation and regional integration within the SCO is moving forward very slowly. Back in 2003, China proposed the establishment of a SCO free trade area, and in 2011, it officially suggested launching a joint study of the proposed FTA; however, other member states are less interested in interacting in this area. The mechanism of regional economic cooperation in the SCO has not yet been shaped, and places the establishment of a free trade area within the organization under question. The slow development of multilateral economic cooperation is caused by many factors, one of the most important of which is the difference in how Russia and China view the development and positioning of the SCO. Even though a political agreement has been achieved between Russia and China on the alignment of the EAEU and Belt and Road Initiative, the issues of practically implementing this process from an economic perspective remains. After including India and Pakistan, the SCO might focus on functionally delineating cooperation in security from regional economic collaboration. Furthermore, additional difficulties may emerge concerning multilateral partnerships. Economically, the SCO may risk “running idle.”

The challenges of expanding the SCO are also associated with the possible reduction of the effectiveness of its decision-making procedures. The SCO Charter stipulates that decisions within the SCO are taken by approval without a vote, and any member-state is entitled to voice its point of view regarding various aspects and/or specific issues of decisions to be taken. During the operation of the SCO, decisions are taken based on a “consensus,” in which the issues that member states disagree on are not excluded from the agenda, but extended for

a longer period of the organizational agenda, or frozen. It is understood that if controversial issues are mentioned in declarations, this does not mean that decisions can be concretely realized. One example is the drawn-out decision on the establishment of the SCO Bank. Although the principle of consensus presumes political equality, its implementation can dramatically impact the effectiveness of the decision-making process: the more countries the organization includes, the harder it is to ensure a consensus. The SCO decision-making procedure may thus become irrational once India and Pakistan join the organization.

Disagreements between India and Pakistan may also affect the operation and integrity of the SCO. The SCO does not resemble the EU, with its deep “European idea.” Nor does it resemble the ASEAN, with its relatively strong “ASEAN spirit.” The complexity of combining the practical interests of the SCO member states, with their historical and cultural diversity, and plurality of civilizational values, complicate the establishment of the organization’s collective identity. The accession of India and Pakistan may substantially complicate the process. So far, the degree to which contradictions in the relationship between India and Pakistan will influence economic and security cooperation in the SCO remains vague. Furthermore, it is not clear whether the inclusion of India and Pakistan will create a situation whereby the other member states will have to take sides. As a result, differences may arise between Russia and China and may lead to the emergence of two factions within the SCO.

China and Pakistan. In the long run, Islamabad may try to use the SCO cautiously to internationalize the Kashmir conflict and expand the number of participants of the discussion. India will oppose such a move, as it believes that the issue is exclusively a bilateral matter. It would be advisable for the SCO to completely isolate itself from this discourse and discourage the inclusion of any sensitive bilateral issues from agendas being discussed in a multilateral format, to preserve the balance of interests and collective approach.

China and India. Although both countries are members of associations such as BRICS and RIC, the integration of India into the SCO may cause latent rivalry within the organization. The prospect for preserving stability is complicated by the Pakistan factor. In this framework, the developed and balanced Russia–India–China format may become an effective instrument to further equalize and smooth “discrepancies” between China and India, and maintain collective interests once India joins the SCO. As soon as India’s permanent membership has been finalized, the Russia–India–China format will be institutionalized within the organization. The positive experience of trilateral cooperation accumulated since the inception of the format can and must be successfully incorporated into the current SCO agenda for 2017 and beyond.

In the context of the organization’s expansion, the member states must avoid the hypothetical strengthening of separate informal pairings: China–Pakistan; Russia–India, etc. It appears that such “diversification”/“polarization” is neither beneficial to the organization as a whole, nor is it in the interests of individual states. Both new (India, Pakistan) and permanent members need to rethink traditional political orientations. The organization will develop only if all of its member states

work on equal terms, free from historical biases and within the framework of the “Shanghai spirit” of collectivism and equality.

The challenges of expanding the SCO are also associated with the vagueness of developing relations with the United States and other western states. The United States remains cautious about the SCO. It has voiced its concerns that the expansion of the organization’s influence may weaken the global political and economic order, and the country’s dominant role in the Central Asian region. The United States has been focusing on Central Asia for quite a long time now; the main aim of its policy in the region is to encourage Central Asian states to move away from the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO) and the SCO. Furthermore, there are considerable differences between the new concept of international relations of the SCO and the current conceptual policy of the United States. The SCO speaks out against the imposition of a “democratic human rights” system on Central Asian countries. It is highly likely that the expansion of the SCO, which supports the independent development of Central Asian countries, will complicate relations with the United States. Developing cooperation with the United States and other western countries has become a priority task for the SCO.

Discussions about the possible expansion of the Shanghai Cooperation Organisation space and the analysis of procedural complications are becoming less relevant now. The political decision has been made at the highest level, with the accession of India and Pakistan being approved by the leaders of the six permanent member states of the organization. Putting off the real involvement of India and Pakistan in the work of the SCO will be a serious blow to the organization’s authority, whatever the reason for the delays. For the SCO to continue to work effectively, all parties involved (including new members) must be responsible and demonstrate a desire for compromise. The full-scale interaction of India and Pakistan in the near future will confirm the effectiveness and openness of the SCO. On the other hand, the lengthy “transition syndrome” may serve as evidence of the inevitable extinction of the organization. Despite the complex relations between India and Pakistan, their participation in the Shanghai Cooperation Organisation will enrich its operation. The principles established during the creation of the SCO, however, must remain in place.²¹³

Cooperation in security. Security is the least developed aspect of cooperation within the SCO, and it is in this area that the most serious risks may arise – risks that are associated not only with the uncertainty around the future of Afghanistan, extremist activity in the region, drug trafficking, and cross-border crime, but also with the complicated relations among the countries in the region and the political instability in a number of them.²¹⁴

These bottlenecks are often disregarded, although a single glance at the transport corridor routes that cross virtually the entire continent, including Central Asia and the Middle East, is enough to see that risk management should be the primary

²¹³ Denisov I.E., Safranchuk I.A. Four SCO Enlargement Problems // Bulletin of MGIMO-University, P. 112-122.
URL: http://www.vestnik.mgimo.ru/sites/default/files/pdf/010_mp_denisovie_safranchukia_1.pdf (in Russian).

²¹⁴ Denisov I.E. Beijing to Walk out of Shadow on Silk Road // Russia in global affairs, February 19, 2015.
URL: <http://www.globalaffairs.ru/number/Puteshestvie-na-zapad-17315> (in Russian).

concern of the authors of the project. The main terrorist threat originates from the Islamic State (IS), and tensions are growing in the Middle East, which creates a fertile environment for the development of terrorism as a whole.²¹⁵

There is a long-felt need for the cautious military and political evolution of the SCO. All of the member states would benefit from strengthening the power component of the organization. The development of existing institutions (the Regional Anti-Terrorist Structure [RATS] of the Shanghai Cooperation Organisation, the Russia–China Peace Mission military exercises, and meetings of defence ministers), as well as the creation of new formats (the peacekeeping contingent, the military cooperation committee) makes it possible to build up the potential for anti-terrorist fight. It would be advisable to preserve the current two-tier regional security structure amid the promotion of cooperation between the SCO and the CSTO. This model must be built exclusively on the doctrine of defence and the pre-emption of foreign threats to the security and territorial integrity of the SCO member states.

In January 2017, China released a white paper outlining its “Policies on Asia-Pacific Security Cooperation.” The document notes that the system of regional security must be multilevel, integrated, and diversified, and appreciates China’s strategic cooperation with Russia.²¹⁶ However, as Russian experts indicate, the SCO is the second-to-last priority security mechanism for Beijing, and the RATS is not mentioned at all. The new antiterrorist mechanism involving China, Afghanistan, Pakistan and Tajikistan is placed higher on the list, and it neither involves Russia nor is it connected with the SCO. Russian experts see that as a potential sign that China may not believe in the effectiveness of the SCO and is looking for new high priority instruments of stabilization in the region, or China could be seeking to impose its own rules in the game of regional security.²¹⁷ Chinese experts indicate that the fourlateral mechanism is specifically tailored to the discussion of the Afghan problem. Considering that China has common borders with Afghanistan, Pakistan and Tajikistan, an all three states have common borders with Afghanistan, as well as taking account of common security challenges the states face because of their proximity, consultations in fourlateral format seem reasonable and do not have a hidden meaning.

The fact that numerous security institutions and mechanisms exist is not a negative thing. However, it sets serious tasks for regional players: they need to liquidate and prevent the emergence of “grey areas” in the Eurasian region, consolidate the coordination of security-building strategies, use an integrated approach that encompasses economic security and protects key commercial facilities, and also ensure a real contribution to the stabilization of the situation in the region, by mitigating its conflict potential, and repelling the entire range of threats in conventional and nonconventional security. In Central Asia, such reputable and time-tested organizations as the SCO and the OSCE remain irreplaceable.

²¹⁵ Li Wei. The International Fight against Terrorism Must become More Effective // People’s Daily Online, January 11, 2016.

²¹⁶ Chinese Government Published White Paper on Asia Pacific Security Cooperation for the First Time // Xinhua, January 11, 2017. URL: http://www.russian.news.cn/2017-01/11/c_135974257.htm (in Russian).

²¹⁷ Korostikov M. China Divided Asia into Large and Small // Kommersant, January 12, 2017. URL: <http://www.kommersant.ru/doc/3188700> (in Russian).

Trade and economic cooperation. An important topic at the SCO Summit in Tashkent was the discussion of trade and economic cooperation issues in the context of the Belt and Road Initiative and the project of the Greater Eurasian Partnership suggested by Russia.

Specifically, the heads of SCO member states confirmed their support of China's initiative to create the Belt and Road Initiative as a means of creating favourable conditions for the promoting regional economic cooperation, and stated that they would seek to pair national development strategies and strengthen the coordination of their trade and economic programmes.

The concluding document of the Tashkent Summit envisages the adoption of measures to provide sustainable socioeconomic growth, improve welfare and living standards, and build cooperation in trade, manufacturing, finance, investment, agriculture, customs, telecoms, and other sectors. Special attention will be paid to the introduction of innovative technologies, the promotion of a favourable investment and business climate, the implementation of long-term mutually beneficial projects in priority areas of cooperation, and infrastructure development. The SCO member states will advance multilateral cooperation in transport, facilitate the formation of international transport corridors, implement joint infrastructure projects, and seek to use the entire potential of the SCO Business Council and SCO Interbank Association. To ensure financial support for project documentation, the member states will consider establishing the SCO Development Bank and SCO Development Fund (Special Account).²¹⁸

Therefore, the relatively new challenges and risks associated with the expansion of the organization and traditional challenges remain relevant on the SCO agenda for 2017:

- Searching for effective mechanisms of multilateral trade, economic, investment and transport cooperation, which lags considerably behind bilateral political interaction formats.
- Strengthening cooperation in regional security, especially in light of the withdrawal of western coalition troops from Afghanistan, the growing Afghan challenge, and the spreading threat of IS.
- Establishing the Development Bank and Development Fund, as well as alternatives for the integration of China's banking capital in the Eurasian Development Bank.

The implementation of the 2017–2018 agenda will occur under the conditions of further escalating confrontations of modern world. For Russia, the SCO has acquired special significance. Thus, the updated agenda for the enlarged SCO in 2017 contains opportunities to develop cooperation potential, and works to partially renew relations with the West. The resources and capacity of the organization, especially in regional security, transport, investment and energy cooperation, correspond to the mission of restoring constructive dialogue with the global community.

²¹⁸ Tashkent Declaration of the 15th Anniversary of the Shanghai Cooperation Organization // Official Internet Resources of the President of Russia, June 24, 2016. URL: <http://kremlin.ru/supplement/5094> (in Russian).

Dialogue in Education, Culture, Media and Other Related Areas between Russia and China

The Development of Cooperation in Education and Culture

In 2016, Russia and China pursued active cooperation in student exchanges and educational, scientific, and cultural interactions.

Around 28,000 Chinese citizens currently study in Russia, and more than 16,000 Russians are enrolled in educational programmes in China. The governments of the two countries have tasked themselves with ambitiously increasing the combined number of students studying in higher education institutions of their partner country to 100,000 people.²¹⁹

On May 6, 2016, the foundational stone was laid in the campus of the first Russian–Chinese University, which is expected to soon open in the southern Chinese city of Shenzhen (the university was founded by Moscow State University [MSU] and Beijing Institute of Technology [BIT]).²²⁰ The ceremony was attended by Chairman of the State Duma of the Russian Federation, Sergey Naryshkin, and Vice Premier of the People's Republic of China, Liu Yandong. For a few years now, this joint Russian–Chinese university has been a priority of cooperation efforts in education and science between Russia and China. The project is supported at the highest level, although there have been obvious difficulties setting up the university, with long delays in terms of finalizing requisite documents. The MSU administration had noted earlier that the new joint university would open its doors on September 1, 2016, but that deadline has been shifted.²²¹ So far, only the temporary block has been completed (a revamped manufacturing facility), while the main buildings of the campus are still in the planning stages. On February 3, 2017, the website of the Joint MSU–BIT University officially went online.²²²

In Shenzhen – an important centre of the electronics and IT industries – the Chinese side is establishing a powerful cluster of scientific and educational cooperation with leading global universities. Joint universities already exist in the region, and talks with universities from the United States, the United Kingdom, Australia, Denmark, and other countries are under way.²²³ The first joint university in the history of bilateral Russia–China relations is expected to showcase both the highest level of education and the partners' capacity to understand each other com-

²¹⁹ Number of Russia–China Youth Exchange Participants is Expected to Increase to 100 Thousand People // Ministry of Education and Science of the Russian Federation, July 8, 2016. URL: <http://www.минобрнауки.рф/новости/8527> (in Russian).

²²⁰ Construction of Main Group of Buildings of MSU–BIT University in Shenzhen was Started // Lomonosov Moscow State University, May 11, 2016. URL: <http://www.msu.ru/news/dan-start-stroitelstvu-glavnogo-kompleksa-zdaniy-universiteta-mgu-ppi-v-shenchzhene.html> (in Russian).

²²¹ Joint Russian-Chinese University will be Opened in 2016 // TV Channel 360 "Podmoskovye", July 28, 2017. URL: <http://www.360tv.ru/news/sovmestnyj-rossijskokitajskij-universitet-otkroetsja-v-2016-godu-28458> (in Russian).

²²² Joint Russian-Chinese University. In Russian. URL: <http://msuinchina.org>; In Chinese (深圳北理莫斯科大学) URL: <http://www.szmsubit.edu.cn>.

²²³ Bukharova O. Twice a Master from Shenzhen // Rossiyskaya gazeta, July 3, 2015. URL: <https://www.rg.ru/2015/07/03/universitet.html> (in Russian).

pletely. The fate of similar projects between other Russian and Chinese universities might depend on the success of MSU–BIT. Currently, the founders of the joint university are focusing on teaching prospective students Russian and are holding events to popularize the Russian language and culture.

The dedicated effort to support the studies of the Russian and Chinese languages is what distinguishes the current development phase of bilateral contacts in education. In Russia, increasing numbers of people are showing an interest in the Chinese language: 37,000 people study Chinese in Russia.²²⁴ So far, 22 Confucius Institutes have been opened in Russia (including Confucius classes), while 22 Russian language centres operate in China.²²⁵ Russia and China will continue to facilitate the creation and operation of centres or classes to support the study of the Russian language in China and to promote Confucius Institutes in Russia.

Another modern trend is the creation of specialized associations of Russian and Chinese universities by industry. On July 5, 2016, an agreement was signed in Moscow within the framework of the Forum of University Rectors from Russia and China, on creating the Association of Classical Universities of Russia and China. Paving the way in this new organization will be MSU and Peking University. One of the priorities of the new association is to build an independent university rating system.²²⁶

Together with the previously established specialized associations of Russian and Chinese universities, there are now around 12 such organizations. The most successful of these is the Association of Technical Universities of Russia and China (ATURC), established by Bauman Moscow State Technical University and Harbin Institute of Technology. The association has accumulated significant experience and has moved on to implementing a series of specific projects. For example, on January 24, 2016, the city of Xi'an in China hosted a meeting of experts from 10 Russian and Chinese technical universities (members of the ATURC) dedicated to creating small satellites for the association.²²⁷ The programme for the joint creation and launch of small satellites is a direct result of the Qingdao Declaration signed in 2013 between the leading technical universities in Russia and China. The launch of the first satellites developed by the ATURC members is projected to take place by 2020.

At a later phase, the parties should focus their efforts on fleshing out the cooperation programmes of professional university associations. The impact of events within such a framework of associations is often insignificant, because a significant portion of efforts are directed towards mutual trips of rectors, student “friendship trains,” amateur art concerts and other activities. The parties need to

²²⁴ Number of Russia–China Youth Exchange Participants is Expected to Increase to 100 Thousand People // Ministry of Education and Science of the Russian Federation, July 8, 2016.
URL: <http://www.минобрнауки.рф/м/новости/8527> (in Russian).

²²⁵ Ibid.

²²⁶ Declaration of the Establishment of the Association of Universities of the Russian Federation and the People's Republic of China Signed in Moscow // Ministry of Education and Science of the Russian Federation, July 8, 2016.
URL: <http://www.минобрнауки.рф/новости/8526> (in Russian).

²²⁷ ATURC will Create Small Satellites // Bauman Moscow State Technical University, January 29, 2016.
URL: <http://www.bmstu.ru/plain/news/?newsid=3206> (in Russian).

develop criteria for assessing the effectiveness of these events and make full use of the potential offered by inter–university cooperation.

Discussions are also under way with regards to the model of operating the so-called “network universities” – the SCO University and BRICS University. Despite the optimism of some rectors, these projects have yet to prove their advantages against the traditional formats of international educational cooperation.

On the whole, according to the Ministry of Education of the Russian Federation, around 200 Russian and 600 Chinese universities have already established partnerships in strategically important areas, with 900 direct agreements being reached.²²⁸

Contacts are developing in youth exchanges as well. On July 6–16, 2016, Sochi hosted the World Choir Games, in which up to 1,500 Chinese artists participated.²²⁹ A series of events was organized in summer 2016: Barnaul hosted the First Russian–Chinese Youth Tourist Forum;²³⁰ Ryazan hosted the Russia–China Forum of Youth Leaders;²³¹ and Khabarovsk became the venue of the First Russia–China Congress of Young Entrepreneurs.²³²

Khabarovsk also hosted the opening of the Russian–Chinese student business incubator. The project was initiated by the Russian Union of Youth, the Sino–Russian Committee for Friendship, Peace and Development, and the All–China Youth Federation. Pacific National University became a co-founder of the business incubator and a primary platform for its activities. If this experience proves positive, the project will be implemented at other Russian and Chinese universities.²³³

Russian people are becoming increasingly familiar with various aspects of Chinese culture. In April 2016, Mayor of Moscow Sergey Sobyenin opened the Moscow Wushu Palace.²³⁴ The facility will operate at the Moscow Experimental School (MES) of the Moscow Sports Committee. Furthermore, MES is implementing a general education programme focusing on Chinese and English, as well as the history and culture of China.

Television channels in the two countries are also exploring new forms of interaction. Specifically, China’s *JSBC* purchased the rights from Russia’s TNT chan–

²²⁸ Declaration of the Establishment of the Association of Universities of the Russian Federation and the People’s Republic of China Signed in Moscow // Ministry of Education and Science of the Russian Federation, July 8, 2016. URL: <http://www.минобрнауки.рф/новости/8526> (in Russian).

²²⁹ World Choir Games, Sochi Russia 2016. Interkultur. URL: <http://www.interkultur.com/ru/events/world-choir-games/sochi-2016> (in Russian).

²³⁰ First Russia–China Youth Tourist Forum started in AltSPU // Altay State Pedagogical University, June 29, 2016. URL: <http://www.altspu.ru/main/2016-v-altgpu-nachal-svoyu-rabotu-pervyy-rossiysko-kitayskiy-molodezhnyy-turisticheskiy-forum.html> (in Russian).

²³¹ Russia–China Youth Leaders Forum // Ryazan Vesti, June 28, 2016. URL: <http://www.ryazan-v.ru/news/49331> (in Russian).

²³² International Congress Involving Russia and China Started // Pacific National University, June 30, 2016. URL: http://www.pnu.edu.ru/ru/news/2016-06-30-International_congress (in Russian).

²³³ Russian and Chinese Youth Strengthen Tourism, Media, Diplomacy and Business Cooperation // Ministry of Education and Science of the Russian Federation, July 13, 2016. URL: <http://минобрнауки.рф/новости/8551> (in Russian).

²³⁴ Mayor of Moscow Opened Biggest Martial Arts Center in Russia // Trud, April 13, 2016. URL: http://www.trud.ru/article/13-04-2016/1336432_mer_moskvy_otkryl_krupnejshij_v_rossii_tsentr_vostoch_nyx_edinoborstv.html (in Russian).

nel to produce its own version of the *Interns* sitcom. *JSBC* will adapt the series for *Beijing Nesound International Media Corp.*²³⁵ It is the first deal of its kind between the two countries. Russian movies have also proved to be successful on the Chinese market. The movie *On – Drakon* (“He’s a Dragon”) had an impressive opening day in Chinese theatres, earning 18.2 million yuan, the best among non-Chinese films.²³⁶

These achievements showcase the efforts of both countries to expand areas in which they have already experienced successful cooperation, and to develop the most effective mechanisms for intensifying cultural and humanitarian interaction in the new conditions.

On July 4, 2016, Moscow hosted the 17th meeting of the Russian–Chinese Commission on Humanitarian Cooperation. As part of the meeting, the parties addressed cooperation in education, culture, healthcare, sports, tourism, media, cinema, archive-keeping, and youth policy. The meeting also addressed the project to restore the venue of the 6th Congress of the Communist Party of China in the Moscow District. Russia and China also outlined a series of new topics for cooperation. For instance, a contract was signed for the Chinese ice hockey team Kunlun Red Star to play in the Kontinental Hockey League (KHL).²³⁷ Deputy Prime Minister of the Russian Federation Olga Golodets and Vice Premier of the People’s Republic of China Liu Yandong voiced their appreciation of the level and pace of cooperation between Russia and China in physical culture and sports. The parties supported the joint organization of the Russia–China Winter Youth Games and the Silk Road International Rally, which are expected to contribute to the consolidation of sports and tourist exchanges between the two countries. Olga Golodets also said that she hoped the Russia–China Winter Youth Games and the Silk Road International Rally would be held on a regular basis.²³⁸

Despite success in the promotion of humanitarian cooperation between Russia and China in 2016, certain difficulties remain in the interaction between the two countries in education and culture. These difficulties include the unbalanced functions of humanitarian cooperation entities. Humanitarian contacts between Russia and China encompass governmental institutions, companies, NGOs, and individuals. However, the roles of the various entities remain unbalanced; humanitarian cooperation between Russia and China mostly relies on state institutions. Central and local authorities, as a rule, initiate and participate in cultural exchanges, whereas NGOs perform secondary and auxiliary roles, which limits the capacity for cooperation. Humanitarian cooperation calls for support and direction by the state. But it is the peoples of the two countries that

²³⁵ Afanasyeva A. “Interns” have been Enrolled in China // *Kommersant*, April 28, 2016.
URL: <http://www.kommersant.ru/doc/2974872> (in Russian).

²³⁶ Fan S. Dragon Speaks Russian // *Rossiyskaya gazeta*, September 12, 2016.
URL: <https://www.rg.ru/2016/09/12/kitajcy-vysoko-ocenili-filmy-on-drakon-i-ekipazh.html> (in Russian).

²³⁷ It’s Official! Kunlun Red Star Joins the KHL // *Kontinental Hockey League*, June 25, 2016.
URL: <http://www.khl.ru/news/2016/06/25/308625.html> (in Russian).

²³⁸ Olga Golodets Held a XVII Meeting of Russia-China Intergovernmental Commission for Cooperation in Education, Culture, Tourism, Media and Sport // *The Russian Government*, July 4, 2016.
URL: <http://www.government.ru/news/23605> (in Russian).

should become the vehicles of interaction with a vision of consolidating friendship between Russia and China.

Furthermore, the ties between the two countries also span limited areas: intensive exchanges are typically concentrated along border areas, or between major cities like Beijing, Shanghai, Moscow, and St. Petersburg. The expansion of cultural and educational cooperation between other districts is very slow.

Even in areas of intensive exchanges, young people are not sufficiently involved in cooperation initiatives. This is particularly evident in higher education; although the number of students involved in exchange programmes between Russia and China has increased, cooperation in this area is still less attractive to students than cooperation with the United States and the European Union.

A priority task for cultural contacts between Russia and China is to spread Chinese culture in Russia and vice versa, to promote understanding between the two countries. Nevertheless, the limited humanitarian cooperation within the framework of bilateral cooperation does not contribute to its effective development. In the current international framework, promoting a positive image of Russia and China on the world stage is an important common task.

It is important to increase activity and ensure the growing importance of numerous actors, primarily NGOs – universities, think tanks, and humanitarian non-commercial organizations. The Russian and Chinese governments should adopt, direct, support, and monitor the necessary policies and rules, as well as provide the requisite resources, to promote participation in cultural exchanges and social organizations and enterprises. Subjectivity needs to be returned to cultural and educational cooperation; engaging in this area must not be used only as an instrument to achieve other interests. Simultaneously, to develop cooperation in culture, education and science, long-term investment is required; for this purpose, a cooperation fund should be established.

Bilateral Cooperation in Mass Communications and Building Mutual Trust

2016 and 2017 have been declared Years of Media in Russia and China. More than 200 joint media projects were developed in 2016.²³⁹ Collaboration with the participation of news agencies, newspapers, radio, film studios, TV channels, and internet media, is implemented in a variety of forms, and includes large-scale events, training of media representatives, and production cooperation.

In November 2016, Premier of the State Council of the People's Republic of China, Li Keqiang, noted that the media should serve as a bridge to draw together the souls of the two peoples. It should also focus on pairing the “One Belt, One Road” project with the development of the EAEU and other priority dimensions of cooperation.²⁴⁰ However, the experience of 2016 showed that this endeavour

²³⁹ Gusman M. We have the Broadest Common Interests // Rossiyskaya gazeta, November 6, 2016.
URL: <https://www.rg.ru/2016/11/06/premer-gossoveta-kr-li-kecian-u-nas-s-rossiej-shirokie-obshchie-interesy.html> (in Russian).

²⁴⁰ Ibid.

requires an improvement in the quality of cooperation between Chinese and Russian media, rather than the sheer scope of formal events. To this end, the recommendations put forward by the Forum of Media Participants of the BRICS Member States in October 2015 could be useful, specifically: the development of a common media space; the provision of adequate representation and proportional involvement in global information exchange; the consolidation of the strategic partnership in product development and distribution; the exchange of information and content; the mutual development of professional personnel; the organization of internships and youth exchanges; and the promotion of cooperation between schools of journalism and media studies.²⁴¹

The high level of political trust between the two countries, the large-scale projects of economic cooperation, and the favourable image of partnership in the eyes of both countries' citizens, ensure a unique framework for developing media cooperation between Russia and China. At the same time, there are natural obstacles to the close cooperation between Russian and Chinese media: the language barrier, the difference in the regulatory frameworks for mass communications, and differences in terms of genre and topic.

There are also conservative trends, as cooperation is mostly supported by the efforts of the leading state media in the two countries. They focus primarily on issues that are of major political significance, which remain at the centre of attention for the two administrations. The standard coverage of such topics, the fascination with politicized formats, and the introduction of tacit (and official) taboos on "sensitive" materials, do nothing to help strengthen the public base of the Russian–Chinese partnership.

The media of the two countries frequently report protocols of intentions, which are often never implemented. As a result, trust in the sources of information, as well as in trade and economic cooperation between the two countries, is compromised. The negative effect is further enhanced by abstract speculations about joint opposition to the West and the established "military union" of the two countries. Russian and Chinese media should provide more specific and detailed information on why the parties refuse to form a bloc against third countries while simultaneously promoting a strategic partnership. Simplifying the partnership between Russia and China down to primitive ideological patterns does not correspond to the current level of cooperation, and misleads public opinion in the two countries.

It would be wise to pursue joint projects focused on the key events in the history of the bilateral relationship that often evoke mixed evaluation. The deepening of the Russia–China partnership calls for the historical experience of cooperation to be raised; however, the omissions, simplifications, and distortions of history in Russian and Chinese media publications and fictional stories become sources of mistrust in relations between the two countries.

²⁴¹ Declaration of the Forum of the Heads of the BRICS Countries' Leading Media Outlets "Towards Creating a Common Information Space for the BRICS Countries" // Official Website of Russia's Presidency in BRICS, October 8, 2015. URL: <http://www.brics2015.ru/program/20151008/540102.html> (in Russian).

Russia and China should make use of the Years of Russian and Chinese Media to ensure favourable conditions for forming a new model of cooperation for the media, and take it to a new level so media outlets can spread positive information about the two states and the bilateral relations between them. Russian and Chinese media could jointly develop cultural products and promote them internationally. The two countries could benefit from cooperation among media outlets, as well as humanitarian exchanges and interaction among experts, governments, and other channels to promote the role of an international agenda, and actively fight for the “right to participate” in the international arena. They could also make efforts to foster public opinion in the interests of Russia and China to develop and deepen their bilateral relationship and practical cooperation.²⁴²

Moscow and Beijing should make use of bilateral exchanges in 2017 to create and develop an environment conducive to the exchange of ideas, which would allow misunderstandings connected with the theory of the “Chinese threat” and “paradoxes in the interests of Russia and China” to be discussed. Such phenomena emerge from public opinion of the two countries in connection with external and internal factors. Specifically, part of the population from both countries agrees with western media outlets that critically describe Russia–China relations. As a result, ultranationalist rhetoric can be heard from both sides, which prevents the successful development of a relationship between Russia and China. The two countries need to prevent the negative influence of these factors on the favourable environment for bilateral relations.

The success of the Russia–China Media Forum held in St. Petersburg in July 2015, and of the Forum of the Heads of the BRICS Countries’ Leading Media Outlets in Moscow in October 2015, and Beijing in December 2015, paved the way for the Years of Russian and Chinese Media. Because these events were held for central nationwide print and digital media outlets, it would be logical to build on their success and organize cooperation between Chinese and Russian media at the regional and local levels.

On June 29–30, 2016, the First Russian–Chinese Forum of Young Journalists was held in Ulyanovsk as part of the programme of events of the Years of Media.²⁴³ A Forum of Young Chinese and Russian Journalists was also proposed, and it could be expanded to include journalists from Kazakhstan and other Central Asian countries, within the structure of a youth forum that will be held on a regular basis starting in September 2016. As part of the forum, it would be advisable to discuss the scope of the project to tie together the EAEU and the Belt and Road Initiative, through journalists of the two countries.

In addition, a forum of Russian and Chinese media outlets from border regions has also been proposed, to address specific issues of cooperation (the joint pro-

²⁴² Ambassador of China to Russia: Bilateral Trade Decreases Temporarily // RIA Novosti, January 19, 2016.
URL: <https://www.ria.ru/interview/20160119/1361633810.html> (in Russian).

²⁴³ First Russia-China Youth Journalists Forum will Take Place in Ulyanovsk Region // Ulpressa, June 28, 2016.
URL: <http://www.ulpressa.ru/2016/06/28/rossijsko-kitayskiy-forum-molodyih-zhurnalistov-v-pervyye-proydyot-v-ulyanovskoy-oblasti> (in Russian).

duction of media products, the mutual exchange of trainees, etc.). The forum could be held in one of the following cities:

- Khabarovsk (where the Russia–China Conference, marking the 70th Anniversary of the Chinese People’s Victory in the War of Resistance against Japan and the End of World War II, was successfully held in September 2015);²⁴⁴
- Vladivostok (at the Confucius Institute of Far East Federal University);
- Chita – Manzhouli (at the emerging Daur Club, involving representatives of China, Russia, Mongolia, Japan, and the Republic of Korea);
- Blagoveshchensk – Heihe (at the Confucius Institute of Blagoveshchensk State Pedagogical University);
- Novosibirsk (at the Confucius Institute of Novosibirsk State Technical University, which will start organizing such a forum in autumn 2017).

Russia–China Expert Dialogue

An expert dialogue involving representatives of political, business, academic and public circles should become an important resource for developing relations between the two countries.

The concept of the Russia–China expert forum suggested in 2013–2015 by the Russian International Affairs Council (RIAC) and the Institute of Far Eastern Studies at the Russian Academy of Sciences (RAS) was supported by the partner institution – Chinese Academy of Social Sciences and later by the political leadership of the two states. RIAC and the Chinese Academy of Social Sciences signed a Memorandum of Cooperation during President of Russia Vladimir Putin’s visit to China in June 2016.²⁴⁵

Expert dialogue structures already exist in Russia–China relations (the Russia–China Business Council, the Sino–Russian Committee for Friendship, Peace, and Development, etc.), yet they have not become an indispensable factor of Russia–China relations in general.

Using the unique experience of RIAC and CASS in concentration of expertise in many areas, and promptly using this knowledge to solve specific foreign policy tasks, may help the Russia–China expert forum become a “hub of expert knowledge,” and serve as an expert–analytical part of the Russia–China intergovernmental commission system. The forum will include a series of regular and strategic meetings, conferences and round tables focused on open and pragmatic discussions toward achieving specific results. Leading Russian and Chinese academics and experts, currently serving and retired politicians, diplomats, public figures, and business people, could all take part in regular meetings hosted by

²⁴⁴ On September 30, 2015 International Academic and Practical Conference “The end of the Second World War at the Russia’s Far East: historical results and modern tendencies of world peace” will Take Place in Khabarovsk // Khabarovsk Administration, September 23, 2015.
URL: https://www.khabarovskadm.ru/news/index.php?ELEMENT_ID=155100&sphrase_id=696621 (in Russian).

²⁴⁵ Joint Documents Signed During the Official Visit of President of the Russian Federation Vladimir Putin to China // Official Internet Resources of the President of Russia, June 25, 2016. URL: <http://www.kremlin.ru/supplement/5101> (in Russian).

China and Russia on a rotating basis. It would be wise to prepare special topic-based newsletters containing discussion bullet points and final reports on the results of each meeting, to be presented to the foreign-policy establishments and political leaders of both countries.

A concrete example of the expert work being executed in this direction is the experience of RIAC's annual international conference "Russia and China: Towards a New Quality of Bilateral Relations," which has for several years become one of the leading discussion platforms on topical issues of Russian–Chinese cooperation, and has become an integral part of the bilateral dialogue²⁴⁶.

Acting as a discussion platform enabling sectoral experts who span the entire spectrum of bilateral relations in general, the forum may be granted official status under existing intergovernmental commissions. This requires mutual political will and awareness among government bodies (especially in Russia) of the need for a full-fledged expert assessment of decisions that are made.

In addition, the internet should become the medium that supports the dialogue between Russian and Chinese experts. It would be wise to create joint bilingual platforms to make the conclusions of Russian and Chinese experts available to the analytical community and the general public of both countries. By engaging social media, such platforms will be able to respond promptly to the most discussed topics on the internet. The availability of accurate and valuable expert estimations is the only way to combat distorted, inaccurate, or incomplete information.

Tourism as a Tool for Strengthening Ties

International tourism is a complex socio-psychological process that enables foreigners to begin to better understand the specific features of the culture, history and way of thinking of the host country,²⁴⁷ and to become more tolerant of the religious and moral beliefs of its citizens.²⁴⁸ It is, therefore, traditionally considered to be an important soft power tool and acts as a driver of developing the Russia–China partnership.

According to the Federal State Statistics Service (Rosstat), in January–September 2016, China retained its top position among non-CIS countries in terms of the number of tourists visiting Russia²⁴⁹ (1.072 million people, an increase

²⁴⁶ The Second International Conference "Russia and China: Towards a New Quality of Bilateral Relations": Conference Report // Russian International Affairs Council. URL: <http://www.russiancouncil.ru/rucn2016> (in Russian).

²⁴⁷ Tourism as a form of Soft Power. Problems of Chinese Tourist in Russia // Odnako, November 1, 2014. URL: <http://www.odnako.org/blogs/turizm-kak-forma-mygkoy-sili-problemi-kitayskogo-puteshestvennika-v-rossii> (in Russian).

²⁴⁸ Key Thrusts of the Russian Federation Policy on International Cultural and Humanitarian Cooperation // Ministry of Foreign Affairs of the Russian Federation, December 18, 2010. URL: http://www.mid.ru/foreign_policy/official_documents/-/asset_publisher/CptCk6B6Z29/content/id/224550 (in Russian).

²⁴⁹ According to Rosstat Order No. 510 dated August 12, 2014, an inbound tourism-related trip is defined as a trip to the Russian Federation made by a foreign citizen during the reporting period. The primary purpose of the visit can be anything (business trip, holiday, or any other personal purpose), with the exception of employment at a company registered in the Russian Federation, or long-term study in the Russian Federation. Trips made by Foreign Service personnel (crew/team) of public transport, diplomats, consular employees, servicemen, and their dependents do not qualify for the category of inbound tourism-related trips. Rosstat Order No. 510 dated August 12, 2014 "On the Approval of the Official Statistical Methodology of the Number of Entry/Departure Tourist Travels Assessment" // ConsultantPlus. URL: http://www.consultant.ru/document/cons_doc_LAW_167298 (in Russian).

Table 8. Inbound and Outbound Tourism-Related Travel Statistics for January–September 2015 and 2016 (by the five most popular non-CIS destinations)

Number of tourism-related trips to the Russian Federation made by citizens from non-CIS countries				Number of tourism-related trips made by citizens of the Russian Federation to non-CIS countries							
January-September 2015	Share in the number of inbound trips to Russia from non-CIS countries	January-September 2016	Share in the number of inbound trips to Russia from non-CIS countries	Growth	January-September 2015	Share in the number of outbound trips from Russia to non-CIS countries	January-September 2016	Share in the number of outbound trips from Russia to non-CIS countries	Growth		
thousands	%	thousands	%	%	thousands	%	thousands	%	%		
Total	6,788.40	100	6,586.58	100	-3▼	Total	16,639.30	100	15,038.40	100	-10▼
including:						of them:					
1. China (including visa-free exchanges)	929.8	13.7	1,072.60	16.3	15▲	1. Finland	2,352.40	14.1	2,114.50	14.1	-10▼
2. Finland	1,072.40	15.8	1,052.30	16	-2▼	2. China (including visa-free exchanges)	904.7	5.4	1,183.00	7.9	31▲
3. Poland	1,299.30	19.1	835.4	12.7	-36▼	3. Estonia	1,109.00	6.7	1,122.00	7.5	1▲
4. Germany	469.3	6.9	479.4	7.3	2▲	4. Poland	1,008.00	6.1	840.2	5.6	-17▼
5. Mongolia	279.7	4.1	415.5	6.3	49▲	5. Germany	855.8	5.1	772.6	5.1	-10▼

Sources: Rosstat, the author's calculations (<http://www.russia-tourism.ru/contents/statistika/statisticheskie-pokazateli-vzaimnykh-poezdok-grazhdan-rossiyskoy-federatsii-i-grazhdan-inostrannykh-gosudarstv/vyborochnaya-statisticheskaya-informatsiya-rasschitannaya-v-sootvetstvii-s-ofitsialnoy-statisticheskoy-metodologiyey-otsenki-chisla-vezdnykh-i-vyezdneykh-turistikkh-poezdok>)

of 15 percent).²⁵⁰ In addition, the number of trips made by Russian citizens to China grew after a four-year decline,²⁵¹ and China became the second most popular non-CIS destination country among Russian tourists (1.183 million people, an increase of 31 percent).²⁵² The largest share²⁵³ of the tourist flow is accounted for by organized short-term visa-free trips (up to 15 days) in groups of between five and 50 people made under the intergovernmental agreement.²⁵⁴

The 2016 increase of inbound tourism in Russia can be attributed to several factors. Tours for groups are widespread in Chinese market. As the economy grows in China, incomes gradually increase. There is an emerging middle class²⁵⁵, who shows a great interest in foreign travel, as well as in purchasing luxury brand products. The devaluation of the rouble has turned Russia into a country where Chinese tourists may be introduced to the rich cultural and historical heritage, and enjoy quality shopping at the same time.²⁵⁶ The favourable political environment, guaranteed public security, and the general pro-Russian sentiment, primarily among the older generations, also have a positive effect.

Tourism is gradually expanding in terms of the number of destinations people visit. Thus, there are traditionally two types of destinations: the border areas of the Far East and European Russia.²⁵⁷ Moscow and St. Petersburg are the top

²⁵⁰ Only tourists from mainland China are taken into account in this case. Federal Agency for Tourism. URL: <http://www.russiatourism.ru/%D0%92%D1%8A%D0%B5%D0%B7%D0%B4%20%D0%B8%D0%BD%D0%BE%D1%81%D1%82%D1%80%D0%B0%D0%BD%D0%BD%D1%8B%D1%85%20%D0%B3%D1%80%D0%B0%D0%B6%D0%B4%D0%B0%D0%BD%20%D0%B2%20%D0%A0%D0%A4%209%D0%BC2016%20%D0%B4%D0%B0%D0%BB%D1%8C%D0%B%D0%B5%D0%B5%20%D0%B7%D0%B0%D1%80%D1%83%D0%B1.xls> (in Russian).

²⁵¹ Su Zhou. Russian tourists rushing back to China // China Daily. URL: http://www.m.chinadaily.com.cn/en/2016-03/01/content_23694209.htm

²⁵² Federal Agency for Tourism. URL: www.russiatourism.ru/%D0%92%D1%8B%D0%B5%D0%B7%D0%B4%20%D0%B3%D1%80%D0%B0%D0%B6%D0%B4%D0%B0%D0%BD%20%D0%A0%D0%A4%209%D0%BC2016%20%D0%B4%D0%B0%D0%BB%D1%8C%D0%BD%D0%B5%D0%B5%20%D0%B7%D0%B0%D1%80%D1%83%D0%B1.xls (in Russian).

²⁵³ According to data for January–September 2016, visa-free visits accounted for 62 percent of the total number of tourism-related trips made by Chinese citizens to Russia. However, according to estimates by experts at Borderless World, if we exclude those who come to Russia on holiday, then the share of the visa-free exchange participants will grow to around 80 percent (The author's estimates). Kryukov D., Parfentyeva I., Demidova A. Made for China: Chinese Tourists Grew Luxury Brands Share of Sales // RBC, October 13, 2016. URL: <http://www.rbc.ru/newspaper/2016/10/14/57ffa7209a79472af90a284c> (in Russian).

²⁵⁴ Agreement between Russian and Chinese Governments on Visa-Free Group Tourist Travels // Tourist Association "World without borders", November 17, 2006. URL: <http://www.visit-russia.ru/soglashenie-mezhdu-pravitelstvom-rossiyskoy-federacii-i-pravitelstvom-kitayskoy-narodnoy-respubliki> (in Russian).

²⁵⁵ According to different estimates, middle class accounts for from 15 up to 25 percent of China's population. At the same time, whereas in the U.S. and EU middle class represents the majority of population with median levels of income, China's middle class are representatives of the elite, and their incomes are lower than those of the middle class in Western countries. Kroeber A. China's economy: what everyone needs to know. Oxford University Press. P. 186–188.

²⁵⁶ Chinese tourists' holiday spending exceeds that of visitors from other countries, and keeps growing. Kryukov D., Parfentyeva I., Demidova A. Made for China: Chinese Tourists Grew Luxury Brands Share of Sales // RBC, October 13, 2016. URL: <http://www.rbc.ru/newspaper/2016/10/14/57ffa7209a79472af90a284c> (in Russian); "Chinese tourists' overseas spending ranks first in the world." China Daily. 13 May 2016. URL: http://www.chinadaily.com.cn/business/2016-05/13/content_25253913.htm

²⁵⁷ In Q1–Q3 2016, more than 286,000 tourists (up 48 percent) visited the Primorsky, Khabarovsk and Zabaykalsky kraia and the Amur Oblast and the Jewish Autonomous Oblast. The region is especially popular among residents of the border provinces of China. In 9 Months of 2016 Visa-Free Tourist Flow from China Increased by 40% // Vesti, November 22, 2016. URL: http://www.travel.vesti.ru/article_23653 (in Russian).

destinations,²⁵⁸ accounting for 42 percent and 47 percent of the visa-free tourist flow, respectively.²⁵⁹ However, in the last few years, Russia has been proactively developing new routes, with the interests of Chinese tourists in mind. These initiatives help introduce them to the cultural diversity of Russian regions, demonstrate a common history,²⁶⁰ and unlock the potential of ecotourism.²⁶¹

In addition, since 2015, upon the initiative of the Ulyanovsk Region, Russia has been implementing the Red Route federal project, which enables tourists from China to familiarize themselves with the history of the communist movement. The project involves trips to Moscow and St. Petersburg, as well as to Ulyanovsk, the birthplace of Vladimir Lenin, and Kazan, where he attended university. According to China's Ambassador to the Russian Federation, the "red tourism" development is integral to the process of strengthening humanitarian cooperation.²⁶² The project is growing constantly. The Museum of the 6th Congress of the Communist Party of China (CPC), which was opened in New Moscow in 2016, is expected to become part of the sightseeing route. "Red tours" are also being developed in Sakhalin, where tourists arrive from Harbin by air. Given that 2017 will mark the 100th anniversary of the 1917 revolution, "red tourism" may grow in importance.

Other factors contributing to tourist exchange growth include the increase in the number of regular air routes linking the regions of Russia and China²⁶³ (including

²⁵⁸ According to Borderless World Foundation data, of the 670,000 visa-free tourists who visited Russia in January–September 2016, around 320,000 chose Moscow and St. Petersburg. These cities are generally visited within a single hop-on hop-off tour, or as part of trips to EU countries, as transit locations. In 9 Months of 2016 Visa-Free Tourist Flow from China Increased by 40% // Vesti, November 22, 2016. URL: http://www.travel.vesti.ru/article_23653 (in Russian).

²⁵⁹ Solovyeva O. Chinese Tourists will Improve Russia's Economy // Nezavisimaya gazeta, February 10, 2017. URL: http://www.ng.ru/economics/2017-02-10/4_6926_china.html (in Russian).

²⁶⁰ Attempts were made in 2016 to attract Chinese tourists to the North Caucasus. The developers of the route highlighted the distinctive culture of the region and its historical links to the Silk Road. A new brand, *The Eastern Ring of Russia*, is being developed for the positioning of the Far Eastern regions. In July 2016, China, the Russian Federation, and Mongolia chose the multilateral cooperation format to set up a tourist union, the Great Tea Road, which is also based on the common history of the participating countries. Andreeva Y. The Caucasus Seven: How Chinese Explore New Silk Road in Caucasus Mountains // TASS. URL: <http://www.tass.ru/spec/silkway> (in Russian); Tourist Route "The Eastern Ring of Russia" will get a New Impulse for the Development // Federal Agency for Tourism of the Russian Federation. URL: <http://www.russiaturism.ru/news/11081> (in Russian); Tourist Alliance of China, Russia and Mongolia "The Great Tea Road" was Established in Hohhot // Xinhua, July 22, 2016. URL: http://www.russian.news.cn/2016-07/22/c_135533397.htm (in Russian).

²⁶¹ The number of Chinese tourists who visited Irkutsk Region and Lake Baikal (located in Irkutsk Region) in January–September 2016 went up by 166 percent. In 9 Months of 2016 Visa-Free Tourist Flow from China Increased by 40% // Vesti, November 22, 2016. URL: http://www.travel.vesti.ru/article_23653 (in Russian).

²⁶² Solovyeva O. Moscow and Beijing Tries to Grow Tourist Incomes // Nezavisimaya gazeta, May 18, 2016. URL: http://www.ng.ru/economics/2016-05-18/4_pekin.html (in Russian); Museum of VI Summit of the Communist Party of China was Opened in the Village in Novaya Moskva // RIA Novosti, July 4, 2016. URL: <https://www.ria.ru/society/20160704/1458506109.html> (in Russian); Red Route // Tourist Association "World without borders". URL: <http://www.visit-russia.ru/rossijsko-kitayskiy-turizm/krasnyy-marshrut> (in Russian); Tourist Association: Arctic, Baikal and Crimea Become Popular among Tourists from China // TASS, November 10, 2016. URL: <http://www.tass.ru/obschestvo/3774132> (in Russian).

²⁶³ In 2016, Visa-Free Tourists from China Crossed the Border in Bashkortostan, Tatarstan, and Yakutia for the First Time. In 9 Months of 2016 Visa-Free Tourist Flow from China Increased by 40% // Tourist Association "World Without Borders", November 21, 2016. URL: <http://www.visit-russia.ru/rossijsko-kitayskiy-turizm/krasnyy-marshrut> (in Russian); In 2017, direct flights between the Ulyanovsk Oblast and central Chinese provinces are expected to be launched under the auspices of the National Tourism Administration of The People's Republic of China. Charter Flights Ulyanovsk Oblast – China are Expected to be Launched // The Government of Ulyanovsk Region, March 13, 2017. URL: <http://www.inter.ulgov.ru/news/241.html> (in Russian).

from St. Petersburg²⁶⁴ and Yekaterinburg²⁶⁵), and charter flights for tourist packages offered by Russian²⁶⁶ and Chinese tour operators.²⁶⁷

What is more, Russia's major tourist hubs have made attempts to solve the language problem: advertising signs have been put up in Chinese; shops are now staffed by consultants who are also interpreters; arrival and departure boards at certain airports have been upgraded to support Chinese characters.

In order to improve the quality of services provided to Chinese tourists, Russia launched the "*China Friendly*" programme in 2014, which is targeted at bridging the language and cultural barriers that may be experienced by Chinese tourists in Russia.²⁶⁸ The programme involves certifying tertiary industries (hotels, restaurants, places of interest, shopping malls, and travel companies) which meet the criteria of Chinese tourists for enjoying a comfortable stay in Russia. The availability of Chinese-speaking staff, *UnionPay* POS terminals, and unlimited access to hot drinking water, are among the essential requirements.²⁶⁹

As far as China is concerned, the northern and north-eastern regions, as well as Hainan Island, are traditionally proactive in attracting Russian tourists.²⁷⁰ Since 2016, the authorities in the province have employed a special marketing strategy on the Russian market, as Russians are not only interested in learning about the cultural and historical heritage, but also seek health resort therapy and beach holidays.²⁷¹ The Sanya resort has put up signposts and signs in Russian. Sanya healthcare centres have hired Russian-speaking translators, and the number of charter flights to the region has been increased. Russians ranked first in terms of foreign tourists at the resort at year end.²⁷²

In July 2016, the north-eastern province of Heilongjiang started an experimental procedure of refunding taxes on purchases made by foreign citizens (11 per-

²⁶⁴ *China Eastern Airlines Direct Flight St. Petersburg – Shanghai was Launched* // TASS, June 23, 2016. URL: <http://www.tass.ru/transport/3393608> (in Russian).

²⁶⁵ Pozdnyakova Y. Ural Airlines will Bring Chinese to Europe // *Kommersant*, May 31, 2016. URL: <http://www.kommersant.ru/doc/3000792> (in Russian).

²⁶⁶ Yakutia Airlines Launched Khabarovsk – Fuyuan Flights // *RIA Novosti*, April 12, 2016. URL: <https://www.ria.ru/east/20160412/1408718998.html> (in Russian).

²⁶⁷ Gorbukova L. *Royal Flight* Places Stakes on Tourists from China // *Kommersant*, May 23, 2016. URL: <http://www.kommersant.ru/doc/2994215> (in Russian).

²⁶⁸ China Friendly. URL: <http://www.chinafriendly.ru> (in Russian).

²⁶⁹ Within the framework of implementing the Memorandum of Understanding between the Federal Agency for Tourism and the operator of China's *UnionPay* International national payment system signed in December 2015, the number of facilities which accept the cards of the Chinese payment system is increasing. Memorandum between the Federal Agency for Tourism and *UnionPay* will Make China Friendly More Attractive // Federal Agency for Tourism of the Russian Federation. URL: <http://www.russiaturism.ru/news/9963> (in Russian).

²⁷⁰ China and Russia Jointly Develop New Routes of Crossborder Individual Car Trips // *CRIOnline*, April 12, 2016. URL: <http://www.russian.cri.cn/1281/2016/04/12/1s578809.htm> (in Russian); Balandin R. Neighborhood *Russian Town* was Opened in Dalian, China // TASS, September 26, 2016. URL: <http://www.tass.ru/obschestvo/3653856> (in Russian).

²⁷¹ For reference: among potential tourists from the Republic of Korea, the same island is promoted as a good destination for golfers and honeymooners. "China's Hainan sees robust tourism growth from foreign visitors." *China Daily*, Europe. 20 April 2016. URL: http://www.europe.chinadaily.com.cn/business/2016-04/20/content_24698944.htm.

²⁷² After the Crisis Russian Tourists Come Back to Popular Hainan // *IA Regnum*, February 6, 2017. URL: <https://www.regnum.ru/news/economy/2235265.html> (in Russian).

cent) on departure from China, which is expected to motivate Russians tourists to return to the country.²⁷³

A similar experiment is set to start in Russia in 2017. The biggest high-end shopping malls (GUM, Petrovsky Passage, TSUM, etc.) are set to join in the experiment ahead of everyone else. The VAT refund will also apply to food products.²⁷⁴ VAT will be refunded where the purchases made in the shop amount to at least 10,000 roubles, approximately \$170.²⁷⁵

In addition, in order to further cultural and other ties, the countries are gradually relaxing the visa regime. For instance, in 2016, citizens of the Russian Federation were allowed to transit visa-free for a total of 144 hours through the territory of Shanghai, and provinces of Zhejiang and Jiangsu.²⁷⁶ The 72-hour visa-free transit rules still apply to people transiting through Beijing, Guangzhou, Chengdu, Chongqing, Dalian, Shenyang, Xi'an, Guilin, Kunming, Wuhan, Xiamen, Tianjin, Harbin, Qingdao, and Changsha.²⁷⁷

As for Russia, in February 2017 the Head of the Federal Agency for Tourism of Russia Oleg Safonov claimed that in order to raise the number of tourists coming to Russia, it is necessary to simplify border control formalities, including considerably lowering the visa fee or making the visas free. According to the data of the China National Tourist Office in Moscow, point out that individual tourists have difficulties visiting the Russian Federation due to high visa processing fees: the visa application centre fee is approximately \$50, the same amount is charged by the consular section and middlemen, i.e., it costs around \$150 to apply for a visa.²⁷⁸ The initiative tailored for boosting inbound tourism introduced by the Federal Agency for Tourism in the Government of Russia, envisages simplifying visa, customs and border control formalities including the development of checkpoints and improvement of legislation. The focus is to be placed not on visa-free regime, but on simplifying visa procedures.²⁷⁹

A bill was passed in March 2017 to simplify the entry of foreign tourists and investors to the Russian Far East.²⁸⁰ The bill introduces a simplified procedure for

²⁷³ Moscow and Beijing Tries to Increase Tourist Incomes // *Nezavisimaya gazeta*, May 18, 2016.
URL: http://www.ng.ru/economics/2016-05-18/4_pek.html (in Russian).

²⁷⁴ Khetagurova E., Ivushkina A., Pertseva E. Taxfree will be Expanded to All Categories of Goods // *Izvestiya*, January 27, 2017. URL: <http://www.izvestia.ru/news/660315> (in Russian).

²⁷⁵ Fomchenkov T. Ministry of Finance of the Russian Federation Drafted a Law on Taxfree Introduction // *Rossiyskaya gazeta*, February 16, 2017. URL: <https://www.rg.ru/2017/02/16/minfin-rf-podgotovil-zakonoproekt-o-vvedenii-tax-free.html> (in Russian).

²⁷⁶ The new rule applies to citizens of 51 countries and provides for transit through specified transport hubs: the Shanghai, Hangzhou and Nanjing airports, the Port of Shanghai, Shanghai Railway Station.
URL: http://www.cnlegal.ru/china_visa_tourism/144_hours_visa_free_transit/ (in Russian).

²⁷⁷ Ibid.

²⁷⁸ Deryabina A. China Asked Russia to Simplify Visa Regime // *RBC*, June 14, 2016.
URL: <http://www.rbc.ru/ratings/business/14/06/2016/575ad4af9a79470d9896571e> (in Russian).

²⁷⁹ Head of the Federal Agency for Tourism Calls on to Reduce Russia Entry Visa Cost or to Make It Free // *Interfax*, February 15, 2017. URL: <http://www.tourism.interfax.ru/ru/news/articles/39335> (in Russian).

²⁸⁰ Federal Law No. 28 "On Amending Certain Legislative Instruments of the Russian Federation Regarding to the Regulation of the Specifics of the Entry of Foreign Citizens to the Russian Federation through the Russian Federation Border Checkpoints Situated on the Territory of the Free Port of Vladivostok, their Stay in the Russian Federation and Exit from the Russian Federation" // The State Duma of the Federal Assembly of the Russian Federation.
URL: [http://www.asozd2.duma.gov.ru/main.nsf/\(Spravka\)?OpenAgent&RN=67439-7](http://www.asozd2.duma.gov.ru/main.nsf/(Spravka)?OpenAgent&RN=67439-7) (in Russian).

foreign citizens, allowing the visitation of five Far Eastern regions covered by the free port regime: Primorsky Krai, Khabarovsk Krai, Sakhalin Region, Chukotka and Kamchatka. In order to get a visa, foreign citizens will have to visit a special website and fill in a form. If the application is successful, the visa will be stamped in the passport at the Russian border, without any visa fee. The visa is valid for 30 days from the date of issue and allows the holder to stay in Russia for up to eight days.²⁸¹ The fast-track entry procedure in the free port territory was set to be launched on January 1, 2016, yet the relevant security agencies failed to prepare the regulatory framework and technologies needed for implementing this part of the bill in time. The introduction of the fast-track entry procedure was put off several times, initially to July and then to September 2016.²⁸²

The lasting positive effect of the above measures will largely depend on the quality of the services offered, the experiences of foreign citizens when travelling to the other country, and development of a positive attitude in them towards the culture and people of the host country after the visit. Therefore, some aspects of the organization of tourist exchanges between Russia and China need further improvement.

Many countries around the world, including Russia, have adopted a special Chinese model for hosting tourists. The central role in this model is played by the diaspora whose representatives cooperate with Chinese travel agencies to offer a full range of services, such as accommodating guests at their own hotels, organizing sightseeing tours, taking tourists to special souvenir shops and restaurants which are frequently run for this purpose only. Sightseeing tours are often guided by uncertified guides – mainly Chinese students who have no right to work in Russia, according to the migration legislation of the Russian Federation.²⁸³ Meanwhile, the Tourism Law of the People's Republic of China states that only Chinese citizens may work as tour guides. Tourist groups of more than 15 people may not travel to the People's Republic of China without a local guide. Chinese guides frequently oust certified home-grown experts from the Russian market, provide false information about the country's history and culture,²⁸⁴ charge tourists high fees for the services that should be provided for free or at low rates,²⁸⁵ and take them to shops that sell counterfeit goods at high prices.²⁸⁶ At the same time, some Russian regions are in dire need of certified guides, while many travel agencies cannot endure China's undercutting and only handle the paperwork connected

²⁸¹ Alexander Galushka: the Future is Being Built at the Forum "One Belt – One Road" // Ministry for the Development of the Russian Far East, May 13, 2017. URL: http://www.minvr.ru/press-center/news_minvostok/?ELEMENT_ID=5046 (in Russian).

²⁸² Krepskaya D. Visa Free Regime at the Free Port Vladivostok will be Launched in 2017 – Alexander Galushka // Novosti Vladivostoka, October 28, 2016. URL: <http://www.news.vl.ru/vlad/2016/10/28/153014/#xzz4YjoXz1qK> (in Russian).

²⁸³ Dishonest Russian market players also hire such "employees" in an attempt to cut group service costs. Tourism as a Form of Soft Power. Problems of Chinese Tourist in Russia // Odnako, November 1, 2014. URL: <http://www.odnako.org/blogs/turizm-kak-forma-mygkoy-sili-problemi-kitayskogo-puteshestvennika-v-rossii> (in Russian).

²⁸⁴ Gorshkova O. Russian and Chinese Guides Divide Moscow Market // Kommersant, March 22, 2016. URL: <http://www.kommersant.ru/doc/2944825> (in Russian).

²⁸⁵ Kuznetsova E. Tourism in the Red Chamber // Vedomosti, July 6, 2016. URL: <http://www.vedomosti.ru/opinion/articles/2016/07/06/648112-turizm-krasnom-tereme> (in Russian).

²⁸⁶ Useless Guests: why Chinese Tourists will not Support Russian Economy // Lenta.ru, November 29, 2016. URL: https://www.lenta.ru/articles/2016/11/29/china_down (in Russian).

with visa-free group travel.²⁸⁷ Regional travel agencies also complain that their Chinese counterparts copy and sell the programmes of tours that they developed.²⁸⁸ It is important that the migration law procedures related to illegal guides be observed as strictly as in China. They can be legalized only if the Chinese side takes the similar measures.

Furthermore, there was a severe lack of tour buses in summer 2016, when there happened to be an increase in the number of Chinese tourists. In addition, Moscow and St. Petersburg hotels did not have spare rooms.²⁸⁹

More attention should be paid to ensure that Chinese and Russian tourists (travelling in groups and individually) enjoy comfortable stays when visiting the other country. This means ensuring a sufficient number of available rooms (primarily in the medium pricing category) and tour buses, simplifying logistics and reducing their costs by organizing additional charter flights during peak season, expanding the geography of direct transport links between the countries' regions, lowering the minimum requirement for the number of members of an organized group for a visa-free stay on the territories of Russia and China²⁹⁰, monitoring and constantly improving the quality of services.

The “*China Friendly*” programme is still very limited in scope,²⁹¹ Chinese tourists still know very little about it. Though failing to meet the requirements, some facilities have been awarded the certificates.²⁹² There are often gross errors in ad translations in Chinese.²⁹³

It is desirable to correct the numerous errors on signposts and advertising texts in the Chinese language in Russia. It would be advisable to introduce principles similar to “*China Friendly*” for Russian tourists in Chinese cities that are most

²⁸⁷ 70 Chinese-speaking specialists are listed on the website of the Russian Tourist Guides Association. Gorshkova O. Russian and Chinese Guides Divide Moscow Market // Kommersant, March 22, 2016.

URL: <http://www.kommersant.ru/doc/2944825> (in Russian);

The Russian Tourist Guides Association. URL: <http://www.agipe.ru/registry/chinese> (in Russian).

²⁸⁸ Kharitonova O. Closed Cycle: Chinese Travel Companies take on Organization of Their Clients' Vacations in Russia More Often // STP – Siberian Tourist Portal, September 21, 2016.

URL: <http://www.sibtourport.ru/sti-info/news/sti/content/20175> (in Russian).

²⁸⁹ Round table: “The Celestial Empire Becomes Closer: what can Moscow Suggest Chinese Tourists” // Vechernyaya Moskva.

URL: <http://www.vm.ru/news/2016/12/01/kruglij-stol-podnebnaya-stanovitsya-blizhe-cto-gotova-predlozhit-moskvaturistam-iz-kitaya-342143.html> (in Russian); Tourist Association: Arctic, Baikal and Crimea Become Popular among Tourists from China // TASS, November 10, 2016. URL: <http://www.tass.ru/obschestvo/3774132> (in Russian).

²⁹⁰ Parties consider relevant amendments to intergovernmental agreement aimed at decreasing minimum number of people in a group to three, and increasing of maximum duration of stay from 15 to 21 days. In 9 Months of 2016 Visa-Free Tourist Flow from China Increased by 40% // Tourist Association “World Without Borders”, November 21, 2016.

URL: <http://www.visit-russia.ru/news/za-9-mesyacev-2016-goda-bezvizovyy-turpotok-iz-kitaya-vyros-na-40> (in Russian).

²⁹¹ According to the list posted on the programme's official website, only 50 facilities in 11 Russian regions have been certified. Most of these facilities are based in Moscow. Program participants // China Friendly. URL: <http://www.chinafriendly.ru/#participantscf> (in Russian).

²⁹² For example, the Fires of Murmansk Hotel received *China Friendly* status, even though its website information had been incorrectly translated into Chinese. The hotel later lost its status and was reinstated only after the translation errors had been corrected. Zuenko I. The Sweet Power: Will Russian Goods Conquer the Chinese Market // Lenta.ru, January 23, 2017. URL: <https://www.lenta.ru/articles/2017/01/23/soosweet/> (in Russian); Program participants // China Friendly. URL: <http://www.chinafriendly.ru/#participantscf> (in Russian).

²⁹³ Zuenko I. The Sweet Power: will Russian Goods Conquer the Chinese Market? // Lenta.ru, January 23, 2017. URL: <https://www.lenta.ru/articles/2017/01/23/soosweet/> (in Russian).

popular among Russians.²⁹⁴ In addition, it would be useful to update the staff training system by developing new programmes to train sinologists in tourism and the hotel business, adapting Chinese language courses to the modern needs of the interpreter–guide job,²⁹⁵ starting to build talent pools in the regions, and establishing a system of interregional and international internship programmes for tourism workers for the purposes of exchanging experience.

Russian and Chinese travel agencies should be more focused on studying the interests and needs of would-be tourists. They should also invite local history experts who speak the relevant languages to create new routes and adapt existing ones for tourist exchanges.

Russia as a whole, not only just its separate regions, should be branded as an attractive destination for summer and winter holidays. It is also important to promote exchanges not only at professional exhibitions and conferences, but also via traditional Chinese media, as well as new media, where the information should reach would-be tourists.²⁹⁶ Attention should be paid to the localization of websites of hotels, shopping malls, museums, and other important attractions to make them friendly for Chinese visitors.

For now, because of persisting problems in Russian tourist sector many Chinese tourists still have negative impressions of their visit to Russia. It is highly probable that they will not want to return to Russia. Nor will they want to advise their friends to go to the country. Many Chinese people share their travel experiences on popular social media networks, which means that the negative feedback about Russia will be seen by even more people. There is an urgent need for a systemic state-supported work aimed at resolving those problems.

²⁹⁴ Although the Russian Friendly program exists, it does not cover Chinese facilities.
URL: <http://www.russian-friendly.com> (in Russian).

²⁹⁵ Solovyeva O. Moscow and Beijing Tries to Increase Tourist Incomes // *Nezavisimaya gazeta*, May 18, 2016.
URL: http://www.ng.ru/economics/2016-05-18/4_pekin.html (in Russian).

²⁹⁶ Represented by Rosturizm, Russia is developing a strategy to promote the Russian tourism potential on the Chinese market via Chinese social media (Weibo, WeChat) in 2017. Oleg Safonov, Head of the Federal Agency for Tourism of the Russian Federation Held a Working Meeting with New Head of the Moscow Office of China National Tourism Administration // Federal Agency for Tourism of the Russian Federation. URL: <http://www.russiatourism.ru/news/11488> (in Russian).

Conclusions and Recommendations

Russia–China relations continued to develop steadily in 2016 and early 2017, with individual indicators such as bilateral trade, the development of new forms of political dialogue, and humanitarian cooperation demonstrating positive dynamics. At the same time, the two countries still face the challenge of ensuring that these relations continue to strengthen systematically, and of “converting” the high level of mutual political trust into stable and steady work by bilateral cooperation institutions to achieve practical results. For these purposes, it would be advisable to consider adopting the following measures.

Political Dialogue and Global Governance Issues

Russia and China need detailed and comprehensive **strategic planning of bilateral cooperation** in its key areas. Comparative analysis of the legislation and state governance mechanisms in China and Russia could help shape “compliance matrices” in various areas of bilateral cooperation, and serve as a foundation for creating appropriate bilateral bodies to ensure the coordination of strategic planning processes in the two countries.

The dynamics of international relations, which have been characterized by crisis phenomena with increasing frequency in recent times, confirms the need for the **deep coordination of the foreign policy efforts** of the two countries, particularly with regard to issues of global politics that require long-term efforts to resolve: reform of global governance institutions; reform of the United Nations; strengthening WMD non-proliferation regimes; and creating trade and economic regimes and collective security mechanisms in the Asia Pacific Region and around the world. The emergence of new shared threats in neighbouring regions requires precise coordination on specific regional problems as well.

Military–Technical Cooperation

Russia conducts **an expressly unbiased policy** in military–technical cooperation in the Asia Pacific Region, supplying state-of-the-art weapons systems both to China and to its neighbours, notably, to India and Vietnam. Such a balanced policy has not encountered any significant obstacles thus far, since Russia’s refusal to engage in military–technical cooperation with other Asian countries would only enhance the influence of the United States on them, which would be disadvantageous for China. Maintaining Russia’s diversified approach to regional ties in military–technical cooperation will continue to be important moving forward.

Russia–China military–technical cooperation continued to expand steadily in 2016. However, to create a solid foundation for bilateral relations in this area, the two countries need to find forms of **more in-depth military industrial integration** and transition towards implementing long-term **joint R&D in key areas of military equipment development**. Both parties need to scale up their military–technical cooperation and in particular, need to start implementing long-term joint projects in the field of promising military and dual-purpose technologies (artificial intel-

ligence, laser weapons, robotics, hypersound, etc.). The process has been set in motion, but it has thus far been held back by a lack of mutual trust and the absence of a vision on long-term cooperation prospects. Overcoming these difficulties requires in-principle agreements on collaboration in science, technology, and military and technical areas to be signed at the highest level. As information technology begins to play a central role in the development of military equipment, Russian experts believe that insufficient protection of the intellectual property rights offered to foreign partners in China is becoming an ever-greater problem. Since IT products are particularly vulnerable to breaches of intellectual property rights, such violations could become an obstacle to developing promising areas of the Russia–China military–technical cooperation. Therefore, it is imperative that they be resolved as quickly as possible.

The 2014 break of Russia's military–technical ties with the European Union and Ukraine opened opportunities for Russia–China cooperation to transition to a qualitatively new level. In many areas, Chinese suppliers of equipment and technologies could replace their European counterparts. Although these ties were established during a time of crisis, they could very well be preserved after relations with the West are normalized. However, the process of **re-orienting toward Chinese suppliers** is not moving as quickly as expected, due to, among other things, the lengthy negotiations on complex technical projects and the dearth of information Russian weapons manufacturers have on the capabilities of China's industry.

Russia and China still need to realize that, for an unspecified length of time, co-existence of the military industries of the two countries will take the form of cooperation, since this co-existence is necessary to **ensure their defence capabilities**. The parties should move toward creating joint long-term plans for the development of military technologies, which could serve as a response to similar long-term programmes developed in the United States (the Third Offset Strategy, the Defense Innovation Initiative, etc.). From analysing the strengths and weaknesses of the Russian and Chinese defence industries, it is necessary to formulate stable cooperation mechanisms for key breakthrough areas in science and technology. Economic logic cannot dominate such cooperation entirely, since this cooperation is required to ensure the national security of both parties in the face of new threats and growing external pressures.

Collaboration in Cyber Security

The previous calendar year (2016) demonstrated that the strategic partnership between Russia and China in cyber security could transition to a new level. This partnership is based on respect for and compliance with internet sovereignty; however, certain western observers believe that the stance adopted by China and Russia on the **sovereign right of states to manage the internet** in their national segments threatens the openness and freedom of self-expression on the internet. What is more, Russia and China are often accused of launching hacker attacks. The two countries should staunchly defend their principled position at various international platforms and undertake joint efforts to improve

their international cyber security image. Common problems in legislative regulation of the ICT could also become a constant subject for inter-parliamentary exchanges.

The two parties should also strengthen **mutual trust in cyberspace management**, the current lack of which is evidenced by reports in the Russian media about hacker attacks from China. To do this, it would be advisable to sign intergovernmental agreements intended to prevent the theft of confidential commercial information. China has already signed such agreements with Germany, the United Kingdom and the United States.

It would be advisable for the two countries to take **preventive measures against the use of the internet for committing acts of terror and other crimes**, to participate in fighting terrorism and crime on the internet, and to demonstrate an initiative to establish a UN-based cooperation mechanism that would involve academic research into, and the development of, global legal instruments. In addition, the parties should develop a system to exchange information on cyber threats and improve their response mechanisms in cases of emergencies. They should promote the establishment of a framework for exchanging information and experience between ministries.

It is important for Russia and China to ensure **effective implementation of the achieved agreements on cyber security**, since success in this area could draw universal attention. Russia and China should specify areas of cooperation and move to coordinate among the specific administrative bodies. The strategic agreements that have been signed should not remain at the level of statements made by the top leaders.

The two countries should provide governmental support for **joint cyber projects carried out by academic institutions in both countries**, that aim to guarantee the security of internet payments, counteract hacker attacks, and fight the spread of computer viruses. Developing a set of measures to protect critical infrastructure facilities, and safeguard the fail safe behaviour of information and communication networks, could be an important subject for joint R&D in the near future.

The two parties should be more active in using **opportunities offered by the internet for increasing economic collaboration**. In the future, it would be wise to involve a broader professional community in the cooperation between China and Russia in cybersecurity, for example, internet providers, telecommunications companies, and hardware and software manufacturers. This could be done by creating individual dialogue platforms and involving governmental regulators in their work when needed.

A promising area of Russia–China cooperation is the joint promotion of building the **Digital Silk Road**, a worldwide e-commerce platform based on digital free trade zones. China hopes that Russia will support this concept and participate actively in the joint work to set it up, contributing to the development of cyber security and the informatization of the countries in the region, overcoming the digital gap, and promoting the construction of the Digital Silk Road.

Russia–China Trade and Economic Cooperation

Given the specific political and economic features of Russia and China, the long-term bilateral partnership will mostly likely still be based on cooperation at the highest level and between major companies. At the same time, instead of specific transactions, inter-governmental negotiations should focus more on creating a **favourable environment for business cooperation**, especially given the global economic crisis that has served as a background for Russia–China economic collaboration in recent years.

In 2016, China was Russia's top trading partner in terms of **food and agricultural exports**; however, further trade expansion is limited by a whole series of restrictions. Russia does not have a developed system for transporting and storing products, such as grain storage facilities at overland crossing points, which makes it difficult to ensure a rapid increase in deliveries if necessary. The unpredictable custom clearance and sanitary-hygienic inspection times at border crossings (varying from one week to two months) makes exporting food products with a shelf life of under six-months pointless. For this reason, foodstuff (including dairy products, the export of which to China are banned) weighing up to 20 kilograms are often exported illegally as foods for personal consumption. It would be advisable to develop a **system for transporting and storing agricultural products** at the border regions, ensure the transition to universal railway track gauge, improve customs procedures, and ensure speedy cargo transit. It would also be advisable to simplify document flows by introducing a single shipment document. In addition, to diversify the composition of Russia's food exports, it is necessary to continue negotiating the broader access to the Chinese market and the removal of existing restrictions, as well as emphasizing the supply of both agricultural raw materials and processed goods.

In addition, most Russian manufacturers do not have a clear **understanding of the specific features of the Chinese market**. Russian and Chinese companies note the lack of quality information on the specifics of doing business in the other country, particularly on local legislation. Small and medium-sized businesses run into administrative barriers more often than large state-owned companies do. Russian companies frequently do not have financial resources to open an office in China, conduct market research and organize advertising campaigns. Furthermore, they do not have experience working on e-trading platforms, nor are they aware of the specific features of the Chinese internet or the role that social networks play in the lives of Chinese consumers. As a rule, Russian companies are not involved in branding their products or promoting them via retail networks, as sales are carried out by Chinese distributors. As a result, it is Chinese companies, rather than Russian manufacturers, which carve out niches in the Chinese market by producing Russian commodities adapted for the local market. In addition, Russian goods must compete in China, not just against local manufacturers, but also against other, often bigger, foreign brands that entered the Asian markets earlier and have had the time to win consumer loyalty.

It would be advisable to develop a single strategy for promoting Russia as a supplier of environmentally friendly products, to make the phrase "Made in

Russia” synonymous with a seal of quality for Chinese consumers. This would make it easier for individual companies to enter the Chinese market. To increase the share of Russian products on the Chinese market, companies need to work with both purchasers and potential consumers. Russian companies might want to pay more attention to studying the Chinese market, searching for, and then carving out, their own niches, brand and promote their products, and work with Chinese social media to maximize sales. It would also be advisable to adapt products for the Chinese market in terms of brand names, ingredients, and packaging. The Russian Export Center, in partnership with academic bodies and businesses experienced with working in China, could develop relevant training programmes.

Trade is the principal form of bilateral economic collaboration between Russia and China. Due to the undervaluation of customs value in Russia and the overvaluation of export value in China, as well as different methods for calculating and determining a commodity’s country of origin, the **statistical data** of the two countries on the trade turnover differ. In this situation, it would be useful for the customs and statistical agencies of Russia and China (especially given the agreements on tying together the Belt and Road Initiative and the EAEU, China, Russia, and other countries in the Union) to discuss the possibility of aligning statistical reports on bilateral cooperation and to create a single online database on the dynamics of mutual cooperation.

Russia and China should strive to ensure solid **institutional guarantees** for the sustainable development of trade and economic cooperation, and to eliminate trade and investment barriers that restrict and reduce the level of cooperation. Russia and China have noticeably developed bilateral investment cooperation in recent years, but the level of interaction still does not meet the expectations of the two parties. Potential cooperation in energy, infrastructure, transportation, agriculture, etc. will depend directly on the effectiveness of investment ties.

The parties could discuss introducing an **exclusive quota on investments into Russia**, such as purchasing Russian yuan-denominated bonds. Russia is not among the largest recipients of Chinese foreign direct investments, so the measure would hardly result in any dramatic capital flight from Russia. On the other hand, it would enable companies interested in expanding their cooperation to stay in Russia.

China believes it would be wise to consider the possibility of **creating a free trade zone** between Russia and China. According to Chinese experts, establishing a free trade zone could provide important institutional guarantees for increasing trade turnover and optimizing the trade structure. It would also help to improve the investment climate by lowering the market access threshold, thereby creating a favourable environment for expanding mutual investments. The two countries also need to deepen mutual trust and reach a consensus on this issue, and they should also develop joint feasibility studies for the gradual advancement of negotiations on a Russia–China free trade zone agreement.

Cooperation in Eurasia

Tying together the EAEU and the Belt and Road Initiative has significant value for Russia–China relations: it will help reduce mutual suspicions and competition in border regions, and it will produce a mechanism and the legal foundations for cooperation to be established. This will lead to greater effectiveness and mutual complementarity when it comes to bilateral and multilateral cooperation. The parties should promote the **general plan to link the two projects together** and introduce **immediate action programmes** as quickly as possible. To move forward with the project, Russia and China should create transnational research groups and develop academic exchanges and joint research on related subjects that could ensure the necessary expert support and a high degree of development.

In the context of tying the two projects together, the EAEU countries give priority to large-scale projects. However, to effectively implement these projects, institutional guarantees are required, and trade and investment barriers must be removed. In particular, the low effectiveness and insufficient transparency of border control procedures is an obstacle to promoting regional trade and increasing investment inflows. In the EAEU member states, preparing the requisite foreign trade paperwork and complying with border control procedures requires considerable time and money. Cooperation should focus on **simplifying customs, quarantine, and inspection procedures**, and on promoting cross-border transport and e-commerce. The WTO Trade Facilitation Agreement may serve as a foundation for interaction between China and the EAEU in this area.

Another essential area for cooperation that envisions increasing the level of trade and economic cooperation is the removal of tariff barriers. The **creation of an EAEU-China free trade zone** will help solve this task and allow non-tariff barriers to be reduced. This will ensure positive results not only for Chinese companies, but also for companies based in EAEU member states, thanks to exports coming into the Chinese market, which ultimately will ensure GDP growth for both China and Union countries. When developing interaction between China and the EAEU, Chinese experts suggest building on China's experience negotiating with the ASEAN and the EU concerning trade and investment regimes and rules.

Currently, the formation of a single cooperation mechanism within Greater Eurasia is not a priority and is highly improbable in today's circumstances. Greater Eurasia is too vast and it includes many states with significant differences, which makes it impossible to work out a common framework for cooperation. However, in the long run, the **Greater Eurasian partnership** may become a comprehensive strategy in incorporating multilevel interaction through various mechanisms and forms.

The **accession of India and Pakistan to the SCO** will reveal the organization's potential, increase its significance on the international arena, create a multilateral mechanism for addressing important regional issues, and ensure stability and sustainable development in the region. However, the expansion of the SCO also gives rise to many new challenges. In particular, the contradictions in India–Pakistan relations may affect the work of the organization, as well as its

unity as a whole. It would be advisable for the SCO to not to discuss sensitive topics of India–Pakistan bilateral relations in a multilateral format, in order to preserve the balance of interests and maintain a collective approach. When the legal formalities of India’s accession to the SCO as a permanent member have been completed, the Russia–India–China format will be institutionalized within the organization. The positive experience of trilateral cooperation accumulated since this format was established should be successfully incorporated into the current SCO agenda for 2017 and beyond. At the same time, in the context of the SCO expansion, the member countries should avoid strengthening separate informal pairings, such as China–Pakistan, Russia–India, and others. It appears that such “diversification”/“polarization” would not be beneficial either for the organization as a whole or for individual states. Both new (India, Pakistan) and permanent members should move away from their traditional political orientations. The path towards the development of the SCO is through the work of all the SCO members in the “Shanghai Spirit” of collectivism and equality, without historical biases or antipathies.

Cooperation in Education, Culture and Media

Establishing specialized **associations of Russian and Chinese higher education institutions in various sectors** has become a trend in Russia–China academic ties in recent years. Moving forward, the parties should focus on adding real content to the cooperation programmes of such specialized associations. The impact of events held by such associations is often miniscule, because a significant portion of efforts in this area is directed towards the business trips of top university administration, information sessions, student “friendship trains,” student performances, and similar activities. The parties should develop criteria for assessing the effectiveness of these events and make full use of the potential offered by inter–university cooperation.

Discussions are also under way regarding the model of operation of the so-called “**network universities**” – the SCO University and BRICS University. Despite the optimism demonstrated by some heads of education agencies, these projects have thus far failed to prove their advantages compared to more traditional forms of international educational cooperation.

Humanitarian contacts between Russia and China already encompass governmental institutions, companies, NGOs, and individuals. However, there is an imbalance in the **roles played by various entities**: academic cooperation between Russia and China mostly relies on state institutions. Central and local authorities, as a rule, initiate and participate in cultural exchanges, whereas NGOs perform secondary and auxiliary roles, which limits cooperation potential. Furthermore, Russia–China humanitarian ties span limited territories: intensive exchanges are typical of border areas, as well as of Beijing, Shanghai, Moscow, St. Petersburg and other major cities. The expansion of humanitarian cooperation between other districts is progressing slowly.

The experience of holding reciprocal “Years of Media” in Russia and China has demonstrated that it was not so much large–scale formal events that was needed

as it was achieving a more **in-depth cooperation of Russian and Chinese media**. The standard coverage of such topics, in addition to the focus on politicized formats and the introduction of tacit (and official) taboos on “sensitive” materials do nothing to help strengthen the public base of the partnership between Russia and China. Cooperation is mostly maintained by the leading state-owned media of the two countries, and the resulting conservative trends hold back the development of partnership ties. Such media outlets mostly concentrate on politically significant topics that are the focus of attention of the top leadership. It would be advisable to launch joint projects devoted to key events in the history of bilateral relations that often provoke mixed assessments.

Expert dialogues with politicians, businesspersons, scientists, and public figures, should become an important resource for the development of bilateral relations. Given the President of the Russian Federation’s visit to China in June 2016, when a Memorandum on Cooperation was signed between the Russian International Affairs Council and the Chinese Academy of Social Sciences, it would be wise to consider the instruments of governmental support for holding regular activities within the framework of the Russia–China Expert Forum. Using the unique expert work of the Russian International Affairs Council and the Chinese Academy of Social Sciences in various disciplines to solve specific foreign policy tasks, and using the experience of holding the “Russia and China: Taking on a New Quality of Bilateral Relations” annual conference that has become an integral part of the Russia–China dialogue, the Russia–China Expert Forum could become an “expert knowledge hub” and an **expert-analytical part of the system of Russia–China inter-governmental commissions**. The Forum will include a series of regular and *ad hoc* meetings, conferences, and roundtables, geared towards holding frank and pragmatic discussions and achieving specific results. As an expert and discussion platform for providing professional sectoral assessment across the entire range of bilateral relations, the Forum could gain official status under the existing inter-governmental commission. This would require mutual political will and an awareness on the part of government bodies (which is particularly relevant for Russia) of the need for a full-fledged expert assessment of the decisions adopted.

Tourist exchanges are an important factor in developing Russia–China partner relations, and to further increase tourist flows, it is important to continue working on **simplifying visa procedures** for citizens of both countries, and not only in the border regions. Border control requirements and deadlines for submitting paperwork by tourist agencies should be strictly observed. In addition, it is also recommended that tourist agencies transition to electronic document management systems for tourist exchanges.

Russia and China should work together to ensure the **transparency of travel agencies** on the market. To achieve this, it would be advisable to introduce a system whereby tourists can rate the work of travel agencies. The company’s rating can then be considered when granting the right to organize visa-free exchanges. Furthermore, it is necessary to enforce strict compliance with migration legislation for illegal tour guides in Russia. Legalizing tour guides is only possible if the People’s Republic of China takes similar measures.

Russia as a whole, and not just specific regions, **should be branded as an attractive destination for summer and winter holidays**. It is also important to promote exchanges, not only at professional exhibitions and conferences, but also via traditional Chinese media, as well as new media, where the information can reach potential tourists. Particular attention should be paid to making the websites of hotels, malls, museums, and other important tourist sites, user-friendly for Chinese tourists.

More attention should be paid to **ensuring that Chinese and Russian tourists (travelling in groups and individually) enjoy comfortable stays when visiting the other country**. This means: ensuring a sufficient number of available hotel rooms (primarily in the medium price segment) and tour buses; simplifying logistics and reducing costs by introducing additional charter flights during peak season; expanding the geography of direct flights between the countries' regions; reducing the minimum number of tourists required for an organized group to qualify for visa-free stay in Russia and China; monitoring and constantly improving the quality of services; and correcting the numerous errors in street signs and advertisements written in Chinese in Russia.

It would be wise to introduce principles similar to the ***China Friendly service model for Russian tourists*** in Chinese cities that are the most popular among Russian people.

In addition, it would be useful to make **alterations to the staff training system**, which includes developing new programmes to train Chinese-speaking employees for the tourism and hotel industry, adapting Chinese language courses to the current needs of tourist guides working with foreign tourists, building a workforce pool in the regions, and establishing a system of inter-regional and foreign internships for tourist industry employees for the purposes of exchanging experiences.

Russian and Chinese tourist agencies should pay more attention to **studying the interests and demands of potential tourists**. They should also invite local history experts who speak the relevant languages to create new routes and adapt existing ones for tourist exchanges.

Monitoring of Key Events in Russia–China Relations in the Second to Fourth Quarters of 2016 and the First Quarter of 2017

Global Governance and Regional Security

Date	Event
14.04.2016	<u>Joint resolution of Russia and China in the UN</u> Moscow and Beijing submit a draft resolution to the UN Security Council on preventing and banning the use of chemical weapons by terrorists on Syrian soil. A joint communique is adopted following the UN Security Council meeting.
15.04.2016	<u>Meeting of BRICS Finance Ministers at the Spring Meeting of the IMF</u> The heads of the fiscal authorities agree to adopt a unified position with regards to continuing reforms of the IMF. The BRICS countries talk about the need to revise the formula for recalculating quotas, noting that it should be based primarily on GDP indicators calculated using purchasing power parity.
18.04.2016	<u>14th Meeting of the Foreign Ministers of Russia, India, and China</u> All sides discuss pressing global and regional issues: the task of strengthening the international legal foundations of contemporary world order, the collective response to common challenges (including the situation in Syria, Iraq, and Libya), the settlement of internal political crisis in Ukraine, and the stepping up of “joint efforts in the fight against international terrorism and the global drug threat.”
20.04.2016	<u>Meeting between the Chinese Minister of Public Security and Russian Executive Director of the United Nations Office on Drugs and Crime</u> Guo Shengkun and Yury Fedotov discuss the progress made in countering global problems in the fight against drugs and counteracting cross-border organized crime. Following the meeting, it is announced that Russia will launch more active cooperation with China and strengthen coordination with the UN on these issues.
28.04.2016	<u>5th Meeting of CICA Ministers of Foreign Affairs in Beijing</u> Participants exchange views on pressing issues of regional security, how to counter the growing threat of international terrorism, as well as other challenges to peace and stability in Asia.
29.04.2016	<u>1st Russia–China Information and Communication Technologies Development and Security Forum in Moscow</u> Head of the General Office of the Central Leading Group for Internet Security and Informatization, Lu Wei, and Russian Presidential Aide Igor Shchyogolev, exchange views on the security of communications services and media, the security of personal data, and fighting cybercrime and extremist religious activity on the internet. The forum is the first project undertaken as part of the Agreement on Strategic Cooperation between China’s Cybersecurity Association and the Russia’s Safe Internet League signed in December 2015.

- 17.05.2016–
20.05.2016 [10th Education Week for SCO Member States](#)
- The programme of the Education without Borders Week at Dalian University of Foreign Languages includes round table discussions on the areas of study offered at SCO University: Regional Studies, Environmental Studies, Information Technology, Economics, and Educational Science. A photo exhibition dedicated to the 10th anniversary of cooperation in education is also held at the event.
- 07.06.2016 [3rd Round of the Russian–Chinese Northeast Asia Security Dialogue in Beijing](#)
- Participants exchange views on the situation on the Korean Peninsula. The two sides confirm the need to achieve the denuclearization of the Korean Peninsula to maintain peace and stability in the region, and resolve issues through dialogue and consultations. The sides also confirm that they are categorically against the deployment of the U.S. *Terminal High Altitude Area Defense (THAAD)* missile defence system in South Korea.
- 08.06.2016 [Tripartite consultations involving Russia, China, and Mongolia, in Beijing](#)
- The deputy ministers of foreign affairs of the participating countries exchange views on issues relating to tripartite cooperation in various fields and on implementing the Road Map for the development of relations between Russia, China, and Mongolia, adopted at the summit of the heads of the three countries on the sidelines of the SCO Heads of State Council Meeting in Ufa in July 2015.
- 08.06.2016 [4th Meeting of the Heads of Border Services of the Competent Authorities of SCO Member States, in Kazakhstan](#)
- The heads meet to discuss strengthening practical cooperation in the protection of state borders, and suppressing the channels through which individuals with ties to terrorism, separatism, and extremism, can enter the territories of foreign states. In addition, the parties discuss holding the “Unity 2016” joint border operation.
- 22.06.2016 [13th Meeting of the Ministers of Culture of the SCO Member States, in Tashkent](#)
- Participants express their desire to further develop cultural ties within the SCO, strengthen mutual understanding and respect, cultivate a world in which people from different cultures and with different religious beliefs can live in harmony, and actively educate the public on the centuries-old traditions and customs of the peoples of the SCO member countries.
- 23.06.2016 [15th SCO Summit in Tashkent](#)
- Issues relating to the further development of trade and economic ties among the SCO member states are discussed, as are the possibilities of expanding the SCO’s activities, strengthening regional security and stability, and fighting terrorism, religious extremism, and separatism. The heads of state take stock of what the SCO has achieved in its 15 years of existence. The Summit leads to the signing of the following documents:
1. The Tashkent Declaration of the 15th Anniversary of the Shanghai Cooperation Organisation
 2. The Decision of the SCO Heads of State Council to approve the Plan of Action for 2016–2020 on the Implementation of the Development Strategy of the Shanghai Cooperation Organisation Until 2025
 3. The Decision of the SCO Heads of State Council on the signing of the Memorandum of Obligations of the Republic of India with the Aim of Obtaining the Status of the Member State of the Shanghai Cooperation Organisation

4. The Decision of the SCO Heads of State Council on the signing of the Memorandum of Obligations of the Islamic Republic of Pakistan with the aim of Obtaining the Status of the Member State of Shanghai Cooperation Organisation
5. The Decision of the SCO Heads of State Council to approve the Report of the SCO Secretary General on the Organisation's Activities over the Past Year
6. The Decision of the SCO Heads of State Council to approve the Report of the Regional Anti-Terrorist Structure (RATS) of the Shanghai Cooperation Organisation on its Activities over the Past Year
7. The Decision of the SCO Heads of State Council on the future schedule of SCO Heads of State Council meetings
8. An informational statement on the outcomes of the SCO Heads of State Council meeting Documents signed in the presence of the SCO Heads of State:
9. Memorandum of Obligations of the Republic of India with the Aim of Obtaining the Status of the Member State of the Shanghai Cooperation Organisation
10. Memorandum of Obligations of the Islamic Republic of Pakistan with the aim of Obtaining the Status of the Member State of Shanghai Cooperation Organisation Document signed as part of the SCO Heads of State Council meeting:
11. Programme for Cooperation of the Member States of the Shanghai Cooperation Organisation in Tourism

23.06.2016 [3rd Meeting of the Heads of State of China, Russia, and Mongolia, in Tashkent](#)

In a side meeting during the SCO Summit, the heads of the three states discuss coordinating cooperation as part of projects to develop trade and the economy, transit shipments, tourism, and sport. The following documents are signed as a result of the negotiations:

1. The programme to create an economic corridor between the three countries.
2. Agreement on the mutual recognition of the results of customs control with regards to specific types of goods.

24.06.2016–
28.06.2016 [2nd BRICS and SCO Youth Forum in Ufa](#)

The BRICS and SCO Student Spring International Festival, the Mediaspring education forum, the XXV International Beauty, Grace and Artistic Talent Pageant Spring Queen 2016, the "Univervision" music project are all held as part of the forum and give participants the opportunity, through the study of each other's experiences, to resolve issues of youth employment and increase the level of professional development among young people.

24.06.2016 [1st Meeting of the Heads of BRICS Supreme Audit Institutions in Beijing](#)

Discussions concentrate on the role that audits play in stimulating socioeconomic development in the BRICS countries. The participants recognize the importance of the state audit as an effective tool for managing public finances and agree to improve their audits of state economic activities. They also adopt the decision to establish a mechanism of exchanges and consultations for the purposes of experience exchange and deepening inter-agency cooperation.

- 25.06.2016 [Declaration of Russia and China on the Promotion of International Law](#)
- Both countries reiterate their commitment to the principles of international law, as reflected in the UN Charter, noting that the diligent implementation of the universally recognized principles and norms of international law exclude the practice of double standards and the imposition of the will of one state over others. Moscow and Beijing believe that the unilateral introduction of coercive measures that are not based on international law, like “unilateral sanctions,” is an example of such a practice.
- 28.07.2016 [4th Round of the Russian–Chinese Northeast Asia Security Dialogue in Moscow](#)
- Representatives and experts from foreign policy and other interested government agencies in the two countries discuss a wide range of issues relating to regional security, primarily on the Korean Peninsula, and reach the general conclusion that the situation there has become noticeably more complicated over recent months.
- 15.08.2016 [Official Position of China on Crimea](#)
- During the 3rd session of the National People’s Congress, Premier of the State Council of China Li Keqiang announces that his government respects the territorial integrity and sovereignty of Ukraine, and that the Crimea issue should be resolved through dialogue and negotiation.
- 02.09.2016–
03.09.2016 [2nd Eastern Economic Forum in Vladivostok](#)
- A total of 3,500 delegates from 56 countries, including China, Japan, South Korea, India, Vietnam, Australia, the United States, Singapore, and a host of other countries, attend the forum. Over the two days of the forum, 201 agreements worth a total of \$1.63 trillion are signed.
- 04.09.2016–
05.09.2016 [G20 Hangzhou Summit](#)
- The agenda includes a discussion of global economic crises, the world oil market situation, the fight against international terrorism, and the resolution of the Syrian and Ukrainian crises. The summit concludes in a final communique and with the signing of several documents: the G20 Blueprint on Innovative Growth; the G20 New Industrial Revolution Action Plan; the Hangzhou Action Plan; and the G20 Digital Economy Development and Cooperation Initiative. In addition, the heads of state hold a series of bilateral meetings, during which they promise to ratify an agreement on the simplification of international trade procedures before the end of 2016, to support the initiative to reform World Bank quotas, to include the renminbi as an IMF reserve currency, and to agree on the nine major areas of structural reform.
- 04.09.2016 [Informal meeting of BRICS leaders in Hangzhou](#)
- On the sidelines of the G20 meeting, BRICS leaders exchange views on a wide range of important issues relating to global politics, security, economics, and global governance, that are of general concern.
- 04.09.2016 [Forum on Cooperation between Russia, Mongolia and China on Production Facilities in Inner Mongolia](#)
- This marks the official start of work on creating a tripartite economic corridor designed to promote the development of the countries involved. The discussions resulted in the countries agreeing to set up a company to develop cooperation in the field of production capacities, to establish a special fund, and to draw up a list of pilot projects.

05.09.2016 [Russia's position on the South China Sea Islands](#)

At the press conference following the G20 Summit, President of Russia Vladimir Putin announces that while Russia has not, and will not, interfere in the dispute over the South China Sea islands, it does support the position of China to not recognize the decision of the Hague Court. This position is based entirely on legal, rather than political, considerations, due to the fact that any arbitration proceedings should be initiated by the sides involved in the dispute, and their arguments and positions must thus be considered.

06.09.2016–
09.09.2016 [ASEAN Summit in Laos](#)

The 19th Meeting of China–ASEAN Heads (10+1), the 19th Meeting of ASEAN–China–Japan–South Korea Heads (10+3) and the 11th East Asia Summit are all held during the summit. The Chinese side is represented by Premier of the State Council Li Keqiang, while the Russian delegation is represented by Prime Minister Dmitry Medvedev, and the U.S. contingent is headed by President Barack Obama. Issues of economic cooperation and regional and global security dominate the discussions.

08.09.2016 [Reaction of China to the Russian position on the South China Sea Islands](#)

Chinese Foreign Ministry Spokesperson Hua Chunying notes during a briefing with the press that the President of Russia's announcement demonstrates that the country has taken an objective and fair position regarding the decision of the Permanent Court of Arbitration on the South China Sea dispute.

08.09.2016 [Meeting between the Prime Minister of Russia and the Premier of the State Council of China at the ASEAN Summit](#)

Dmitry Medvedev and Li Keqiang agree to continue to promote the development of comprehensive strategic cooperation and partnership, and exchanged views on bilateral, international, and regional issues that are of interest to both parties.

20.09.2016 [Meeting between the Russian Deputy Minister of Foreign Affairs and the Ambassador Extraordinary and Plenipotentiary of China to Russia, in Moscow](#)

Mikhail Bogdanov and Li Hui hold a confidential exchange of opinions about pressing issues relating to the Middle East, with special attention being paid to the military-technical and humanitarian aspects of the situation developing in Syria, especially within the context of the agreement reached by Russia and the United States on September 9th on strengthening the cease fire regime in the country, combatting terrorist groups, and facilitating humanitarian access to the region.

22.09.2016 [Meeting between the Deputy Minister of Foreign Affairs of Russia and the Ambassador Extraordinary and Plenipotentiary of China to Russia, in Moscow](#)

Grigory Karasin and Li Hui discuss current international issues, including the situation in Central Asia with regards to the political leadership in Uzbekistan following the death of Islam Karimov, and the situation in Kyrgyzstan after Almazbek Atambayev was forced to take a vacation for health reasons.

29.09.2016 [Consultations held by the Ministries of Foreign Affairs of Russia and China in Moscow on the Situation on the Korean Peninsula](#)

Deputy Minister of Foreign Affairs of Russia Igor Morgulov, and Assistant Foreign Minister of China Kong Xuanyou, exchange views on the situation surrounding the Korean Peninsula. The sides stress the need to maintain peace and stability on the peninsula and in Northeast

Asia as a whole, following the repeated nuclear tests by North Korea. The diplomats confirm their opposition to the deployment of the U.S. *THAAD* missile defence system in South Korea and agree to continue to direct efforts towards the denuclearization of the Korean Peninsula.

10.10.2016–
12.10.2016 [7th Xiangshan Forum in Beijing](#)

As part of the forum organized by the Academy of Military Science of the Chinese People's Liberation Army and the Chinese Society for International Strategy, around 500 Chinese and foreign military officials and experts examine issues related to security cooperation in the Asia Pacific. The theme for the forum was "Build a New Type of International Relations through Security Dialogue and Cooperation." The Russian delegation was headed by Deputy Minister of Defence Anatoly Antonov.

13.10.2016 [Meeting of the Ministers of Economy of the SCO Member States in Bishkek](#)

Participants discuss issues related to the current state of, and prospects for, the future development of multilateral trade and economic cooperation within the SCO. The List of Events for the Further Development of SCO Project Activities in 2017–2021, and the Regulation on the Special Working Group of SCO Member States on Simplifying Trade, led by the Republic of Kazakhstan, are adopted following the meeting.

14.10.2016–
15.10.2016 [23rd APEC Finance Ministers' Meeting in Lima, Peru](#)

Participants talk about the need to continue flexible financial policy, avoid competitive devaluation, and oppose trade protectionism in all its forms, while simultaneously ensuring financial stability. The parties also commit to promote structural reform and free up new and hidden growth stimuli. They believe that the APEC economies need to use all the political tools at their disposal to promote the sustainable and balanced growth of the region's economy.

15.10.2016 [8th BRICS Summit in Goa](#)

The theme of the forum was "Building Responsive, Inclusive and Collective Solutions." A Final Declaration is signed following the summit, as is a Memorandum of Understanding (MoU) for the Establishment of a BRICS Agricultural Research Platform, a Provision on the Establishment of a BRICS Customs Cooperation Committee, and an MoU between BRICS Diplomatic Academies. The parties confirm their unified position on all pressing foreign policy issues, and agree to the establishment of a BRICS rating agency. An MoU on the joint development of the Klyuchevskoye gold deposit, the first joint investment project among the BRICS countries, is also signed at the summit. Around \$400–500 million is expected to be invested into the project.

20.10.2016 [6th Meeting of Ministers of Education of the SCO Member States in Tajikistan](#)

Issues relating to the development of national education systems and priority areas for cooperation in 2017–2018 are discussed. The ministers approve a Draft Agreement between the governments to start work on the SCO University, and agree on the procedures for intra-state approval.

20.10.2016 [SCO Economic Forum in Beijing](#)

The conference on trade and economic cooperation in the SCO organized by the SCO Secretariat and the Chinese Academy of International Trade and Economic Cooperation

is attended by representatives of the relevant Chinese ministries and government agencies, ambassadors and heads of SCO diplomatic missions, leading economists and the heads of research institutes.

21.10.2016 [2nd Symposium on Combating Cyber-Terrorism in Beijing](#)

Organized by the Ministry of Foreign Affairs of China as part of the Global Counterterrorism Forum. During his speech, Foreign Minister of China Wang Yi names cyber terrorism as one of the main reasons for the significant growth of terrorist attacks in recent years. The symposium is attended by some 180 experts, researchers, and representatives of internet companies from Russia, China, the United States, and other countries.

23.10.2016 [China's Position on the Settlement of the Ukrainian Crisis](#)

The official representative of the Ministry of Foreign Affairs of China announces that China supports the constructive efforts of the leaders of Russia, Germany, France, and Ukraine, to resolve the crisis in Ukraine by political means.

24.10.2016 [2nd BRICS Parliamentary Forum in Geneva](#)

Members of parliament discuss the prospects for creating an inter-parliamentary BRICS assembly, and the issue of stepping up the role of legislation in implementing the UN Sustainable Development Goals. The participants also discuss the 2030 Agenda for Sustainable Development adopted at the UN Summit, which prioritises combatting poverty in all its forms and eliminating extreme poverty altogether.

24.10.2016–
27.10.2016 [13th Annual Meeting of the Valdai Discussion Club in Sochi](#)

More than 130 experts and political scientists from 35 countries discuss pressing issues relating to the development of international relations, domestic politics, demographics, and technology. Discussions focus on measures to mitigate the consequences of radical changes to the political map of the world, the crisis of democratic procedures, as well as on ways to develop Russia–EU relations, and what the global structure of the world will look like in 10 years. The final plenary session was attended by the President of Russia and former presidents of Finland, Austria and South Africa.

27.10.2016 [5th Round of the Russian–Chinese Northeast Asia Security Dialogue in Beijing](#)

The Russian delegation headed by Deputy Minister of Foreign Affairs Igor Morgulov, and the Chinese delegation led by Assistant Foreign Minister of China Kong Xuanyou, both include experts from the diplomatic and military agencies of the two countries. During the talks, the participants pay particular attention to escalating military and political tensions on and around the Korean Peninsula.

27.10.2016 [5th G20 Sherpa Meeting in Wuhan](#)

The main objectives of the meeting held as part of the China's presidency of the G20 were to promote the implementation of agreements reached at the Hangzhou summit, as well as the handing over of the presidency from China to Germany. The sides agree to maintain consistency in the G20 agenda.

27.10.2016 [4th SCO Conference on Combatting Terrorism and Extremism in Tashkent](#)

Participants discuss issues related to ensuring international and regional security, and express a unified view on the inadmissibility of associating terrorist ideology with a religious or ethnic group. Concrete proposals on improving the forms and areas of cooperation between the SCO member states and specialist international Organisations are discussed.

- 31.10.2016 [1st Meeting of the Heads of the Space Agencies of BRICS Countries in Zhuhai](#)
Roscosmos Director General Igor Komarov, and his colleagues from other national space agencies, discuss issues of drawing up a document on the joint use of data provided by orbital constellations of remote-sensing Earth observation satellites, and sign a protocol on cooperation in the peaceful use and development of outer space.
- 03.11.2016 [15th Meeting of the SCO Council of Heads of Government in Bishkek](#)
Special attention is paid to discuss dealing with issues of updating and improving railway lines, setting up international logistics centres, and introducing modern technological solutions into infrastructure. The meeting results in the following documents on further cooperation being signed:
1. Document on the Report on the Progress in Implementing the SCO Multilateral Trade and Economic Cooperation Programme
 2. Document on the SCO Financial Report on the Implementation of the 2015 Budget
 3. On the SCO 2017 Budget
 4. On the Report of the Commission of External Auditors of the SCO Member States to conduct an external audit of financial and economic activity of the SCO permanent bodies
 5. On the further work carried out to establish the SCO Development Bank and the SCO Development Fund (Special Account)
 6. On the list of activities for further development of the project activities within the SCO framework for 2017–2021
 7. On the Concept of the Scientific and Technical Partnership of the SCO
 8. On the Action Plan for the implementation of the Agreement between the governments of SCO member states on scientific and technical cooperation for the period from 2016 to 2020
 9. On the Draft SCO Road Development Programme
- 16.11.2016–
19.11.2016 [3rd World Internet Conference in Wuzhen](#)
A total of 22 forums are held as part of the event, with participants discussing issues such as cyber security, innovations, and implementing new technologies. Experts from Russia and China suggest developing a document that would lead to the creation of international standards for regulating the Internet. The initiative is intended to increase sovereignty in cyberspace and make the issue of internet regulation one that the UN needs to consider.
- 19.11.2016–
20.11.2016 [APEC Summit in Peru](#)
Following the summit, the leaders of APEC countries agree to extend the moratorium on protectionist measures until 2020, and maintain the openness of their markets. They also noted the decline in global economic growth and pledged to refrain from manipulating exchange rates. The positions of those involved in improving the business environment, simplifying trade procedures, cooperating in the energy sector, and exchanging experience on the fight against terrorism, are all reflected in the joint declaration on the development of cooperation within APEC. The main topics of the plenary sessions include attracting investments and developing integration processes in the region.
- 21.11.2016 [Resolution on Cooperation between the UN and the SCO](#)
The adoption of the Resolution marks the beginning of a new stage in the development of partner relations between the UN and the SCO with the aim of maintaining global peace

and security, and is a practical contribution to the joint response to modern challenges and threats

22.11.2016 [Meeting of the UN Economic and Social Commission on the SCO in New York](#)

Panelists talk about the state of and prospects for the development of cooperation between the UN and the SCO in responding to security challenges and threats, primarily terrorism, extremism, drug trafficking, and cross-border organized crime. They also touch upon the joint efforts of the UN and the SCO to maintain global peace and stability.

22.11.2016 [Ratification of the Russia–China agreement on jointly combatting terrorism](#)

President of Russia, Vladimir Putin, signs a law ratifying the agreement between Russia and China that was adopted in Beijing in 2010. The document is aimed at developing bilateral cooperation in the fight against terrorism, separatism, and extremism. The agreement regulates the deployment of joint measures to identify and effectively suppress actions connected with preparing and carrying out terrorist attacks.

28.11.2016–
29.11.2016 [SCO Cooperation on Law Enforcement Security Conference in Beijing](#)

The conference, the theme of which was “Strengthening cooperation in law enforcement and ensuring regional security,” was attended by delegations representing the police forces of the capital cities of SCO member and observer states, as well as members of the SCO Secretariat and the Regional Anti-Terrorist Structure of the SCO. Participants note their readiness to expand law enforcement cooperation to jointly ensure security and stability in the region. The Beijing Declaration on Law Enforcement Cooperation among the Police Forces of the Capital Cities of the SCO Countries is adopted as a result.

30.11.2016 [Increasing control over the sources of financing for NGOs in China](#)

The Chinese Ministry of Public Security announces new rules for registering foreign NGOs, in accordance with which NGOs must provide detailed information about their sources of financing. Events held by foreign NGOs in mainland China must be done in cooperation with Chinese partners – representatives of government agencies, public organisations, or institutes. Applications for these events must be submitted 15 days before the planned event.

30.11.2016 [14th Meeting of SCO Prosecutors General in Sanya](#)

Participants discuss unified and coordinated measures of the prosecutor's office for combatting terrorist activities. The Russian side puts forward a proposal to develop a universal counter-terrorist convention under the auspices of the UN that defines the scope of international terrorism. It also proposes the creation of an alliance to fight terrorism, as well as making punishment for those involved in preparing and carrying out terrorist attacks harsher.

05.12.2016 [Blocking of the UN Security Council Resolution on Syria](#)

Russia and China block the UN Security Council resolution on a seven-day humanitarian ceasefire in Aleppo. The Russian Ministry of Foreign Affairs calls the draft resolution counterproductive, adding that it would sabotage the efforts of both Russia and the United States. The current draft resolution does not talk about the withdrawal of fighters from East Aleppo, but rather about an immediate ceasefire. In the past, such ceasefires have always been used by the fighters to reinforce their armaments and strengthen their positions.

- 20.12.2016 [China's position on the assassination of the Russian Ambassador to Turkey](#)
- The Chinese Minister of Foreign Affairs sends a telegram to the Russian Ministry of Foreign Affairs offering condolences on the assassination of Ambassador of the Russian Federation to Turkey, Andrey Karlov. The Chinese side fiercely condemns acts of terrorism in all its forms and confirmed its readiness alongside the international community to support the efforts of the Russia in the fight against terrorism and to strengthen anti-terrorist cooperation.
- 12.01.2017 [6th Round of the Russian–Chinese Northeast Asia Security Dialogue in Beijing](#)
- The Russian delegation led by Deputy Minister of Foreign Affairs Igor Morgulov, and the Chinese delegation led by Assistant (Deputy) Foreign Minister of China Kong Xuanyou, note the destructive nature of the plans to deploy the U.S. *THAAD* missile defence system in South Korea in terms of regional stability and security. In addition, the delegations emphasize the need for all sides to come together to develop a constructive strategy for manoeuvring out of the current impasse, and settling the nuclear and other issues on the Korean Peninsula.
- 13.01.2017 [Russia–China consultations on the Syrian settlement in Moscow](#)
- Attended by the Special Representative of the Ministry of Foreign Affairs of Russia for Middle East Settlement and Director of the Middle East and North Africa Department, Sergey Vershinin, and Special Envoy of China for the Syrian Issue, Xie Xiaoyan. The sides discuss the developing military and political situation in Syria, the observance and strengthening of the ceasefire regime, and the task of intensifying the negotiation process in the interests of a speedy settlement to the Syrian crisis.
- 24.01.2017 [Deployment of Chinese intercontinental ballistic missiles on the border with Russia](#)
- The Chinese newspaper *Global Times* reports that one of its three brigades of Dongfeng-41 (DF-41) intercontinental ballistic missiles is stationed in the north-eastern province of Heilongjiang, which borders Russia. According to some reports, this information is seen as “Beijing’s response” to the provocative steps taken by Donald Trump. At the same time, it is stressed that the last thing China wants is a military confrontation with the United States, although China’s nuclear potential should be sufficient to deter Washington.
- 15.02.2017 [Six-Party Consultations on Afghanistan in Moscow](#)
- The consultations are attended by representatives – special envoys and senior officials – from Russia, Afghanistan, Pakistan, China, Iran and India. They discuss regional approaches to developing the security situation in Afghanistan in great detail. An understanding is reached on the need to step up regional efforts to stabilize the situation in Afghanistan, by focusing and combining the potential of other countries, primarily those in the Central Asia, towards this goal.
- 16.02.2017 [Meeting between the Minister of Foreign Affairs of Russia and the Minister of Foreign Affairs of China, in Bonn](#)
- Minister of Foreign Affairs of Russia Sergey Lavrov and Minister of Foreign Affairs of China Wang Yi meet on the sidelines of the G20 Foreign Ministers’ Meeting to exchange views about important issues in Russia–China relations, as well as about several pressing matters on the international agenda, including the cooperation of the two countries within the G20.

23.02.2017– 24.02.2017	<u>First Sherpas Meeting in 2017 for BRICS Countries in Nanjing</u> Member of the State Council of China Yang Jiechi, delivers the welcoming address at the official opening. The meeting is attended by coordinators and deputy coordinators of the BRICS countries, diplomats, and representatives of the New Development Bank. The participants draw attention to the global political and economic situation, and discuss priority projects for cooperation among the BRICS countries in 2017, as well as the interaction among the member nations in politics, security, economics and humanitarian exchanges.
28.02.2017	<u>Blocking of the UN Security Council Resolution on Syria</u> Russia and China veto the UN Security Council Resolution to impose sanctions on the Syrian government. The draft Resolution included freezing the assets and prohibiting the entry into the country of certain individuals and organisations with ties to the Syrian government. The proposed sanctions were based on allegations following inspections carried out by the UN and the Organisation for the Prohibition of Chemical Weapons that the Syrian government has used chemical weapons during the civil war.
08.03.2017	<u>Chinese Ministry of Foreign Affairs Press Conference as part of the 5th session of the 12th National People's Congress</u> When asked by Russian reporters about how relations between Russia, China, and the United States might change during Donald Trump's presidency, Chinese Minister of Foreign Affairs, Wang Yi, notes that the three sides can, through positive interaction and joint incentives, fulfil their duty to protect and maintain peace on the planet, and share responsibility for advancing global development.

Political Dialogue

Date	Event
04.04.2016	<u>Meeting between the Chairperson of the Council of the Federation Budget and Financial Markets Committee and the Vice-Chairperson of the NPC Standing Committee in Beijing</u> Zhang Ping and Sergey Ryabukhin discuss, among other things, Russia–China relations and contacts, as well as cooperation between the legislative organs of the two countries.
06.04.2016	<u>Visit of the Minister for the Development of the Russian Far East to Beijing</u> Alexander Galushka discusses the possibility of moving Chinese enterprises to the Russian Far East. Several priority areas are identified: the construction industry; metallurgy; the power industry; mechanical engineering; shipbuilding; the chemical, textile and cement industries; telecommunications; and agriculture.
08.04.2016	<u>Signing of a Cooperation Agreement between the Governments of Sichuan Province in China and Kirov Region in Russia</u> In accordance with the agreement, the two sides will carry out mutually beneficial cooperative activities in economics, science and technology, education, culture, sport, tourism, and investment, and promote the establishment of joint ventures and endeavour to create favourable financial and legal conditions for carrying out economic activities.

- 25.04.2016 [Meeting between the Governor of Omsk Region and the Consul General of China in Yekaterinburg](#)
- Viktor Nazarov holds talks with Tian Yongxiang on the progress made in economic cooperation and on specific joint work carried out with regards to promoting the cultures of the two countries. Chinese investors demonstrate an interest in constructing a factory in the region for processing Siberian birch and a centre for the deep processing of agricultural products. The possibility of setting up an assembly line for Chinese passenger and heavy goods vehicles in Omsk is also discussed. The Government of Omsk Region announces plans to increase supplies of mechanical and instrumental engineering products, corn, malt barley, and fertilizers, to China.
- 28.04.2016–
29.04.2016 [Visit of the Minister of Foreign Affairs of Russia in Beijing](#)
- Russian Minister of Foreign Affairs Sergey Lavrov visits China in honour of the preparations for the Russia–China Summit, where he discusses a range of pressing global and regional issues with his Chinese counterpart.
- 04.05.2016 [Visit of the Minister of Agriculture of Russia to China](#)
- The topic of expanding exports of Russian livestock products dominates Andrey Tkachev's talks with his Chinese colleagues. The Russian Ministry of Agriculture is counting on the Chinese market to open rapidly for Russian meat processing companies. At present, Russia produces almost all of its own poultry and pork, and is looking to increase the export of these products. In 2015, Russia increased its agricultural exports to China by 26.2% to \$1.38 billion. Meanwhile, Chinese agricultural imports to Russia fell by 19.8% in 2015 to \$1.54 billion.
- 05.05.2016–
06.05.2016 [Visit of the Speaker of the State Duma of Russia to China](#)
- The delegation of Russian parliament members headed by Sergey Naryshkin holds talks with Xi Jinping and the Head of the Standing Committee of the National People's Congress in Beijing. In Shenzhen on May 6, Mr. Naryshkin takes part in the opening ceremony of the commemorative stone in honour of the start of construction of the main building of the Russia–China International University.
- 05.05.2016 [2nd Meeting of the Inter-Parliamentary Commission on Cooperation between the Federal Assembly of Russia and the NPC](#)
- During the meeting, the First Vice-Chairman of the State Duma of Russia in Charge of Inter-Parliamentary Ties with China, Ivan Melnikov, summarizes the work of the Inter-Parliamentary Commission and reports that a total of 94 inter-state, intergovernmental, interagency, and commercial documents were signed in 2015.
- 13.05.2016 [16th Meeting of the Russian–Chinese Subcommittee on Cooperation in the Field of Education, in Moscow](#)
- The Deputy Minister of Education of China, and the First Deputy Minister of Education and Science of Russia, hold consultations on the preparations for the 17th Russian–Chinese Commission on Humanitarian Cooperation. The sides take stock of Russia–China cooperation in education and define the main areas of joint work moving forward. The total number of Russian and Chinese citizens on long- and short-term study programmes in the partner country in 2015 was 70,000. The plan is to increase that number to 100,000 in 2016.

- 16.05.2016–
18.05.2016 [Visit of the delegation of the Republic of Crimea to China](#)
- The delegation headed by the Chairman of the State Council of Crimea Vladimir Konstantinov, presented on the investment opportunities on the Crimean Peninsula with regards to tourism, industrial production, and agriculture. Chinese investors show an interest in recreation, agriculture, shipbuilding, energy, and technology park projects. Chinese businesspeople are also offered the opportunity to enter the Crimean Special Economic Zone.
- 19.05.2016 [Russia's position on Taiwan](#)
- During a briefing in Sochi, the Official Representative of the Ministry of Foreign Affairs of Russia, Maria Zakharova, announces that Taiwan is an inalienable part of China, and Russia is against its independence in any way, shape, or form. The Government of the People's Republic of China is the only legitimate government that represents the whole of China.
- 23.05.2016 [Meeting between the Secretary of the Security Council of Russia and the Chairperson of the Central Politburo of the Communist Party of China in Grozny](#)
- Nikolai Patrushev and Meng Jianzhu discuss cooperation in countering the so-called "Colour Revolutions." The conversation took place on the eve of the 7th International Meeting of High Representatives Overseeing Security Issues. Both sides stress the relevance of the topics to be discussed at the summit and hold preliminary talks on the issues submitted for discussion at the meeting. Other issues considered include counteracting terrorism and extremism, illegal immigration, and cybercrime.
- 23.05.2016 [Visit of the Delegation of the Federal Security Service to the Autonomous Republic of Inner Mongolia in China](#)
- The sides hold talks on strengthening communication and jointly ensuring security and stability in the border region. A proposal to hold joint anti-terrorist exercises for the relevant Russian, Chinese, and Mongolian law enforcement agencies, with the aim of improving their effectiveness, is put forward.
- 23.05.2016 [Meeting between the Minister of Foreign Affairs of Russia and the Minister of Foreign Affairs of China in Tashkent](#)
- Wang Yi and Sergey Lavrov hold talks on the sidelines of the SCO Heads of State Council Meeting, in which they discuss the plan of necessary actions ahead of the President of Russia's visit to China, and exchange views and coordinate positions on the situation in North and South Korea, Syria, Afghanistan, and Central Asia.
- 24.05.2016–
15.05.2016 [Visit of the Head of the Presidential Administration of Russia to China](#)
- As part of the preparations for President of Russia Vladimir Putin's visit to China, Sergey Ivanov holds meetings with Director of the General Office of the Communist Party of China Li Zhanshu, and President of China Xi Jinping, to discuss cooperation between the two countries in the fuel and energy industry, specifically the supply of Russian gas to China along the western and eastern routes, as well as the mechanism for the Chinese side to purchase a stake in the Yamal LNG project to extract, liquefy, and supply natural gas.

- 25.05.2016 [Video Conference held by the Russian–Chinese Commission for Investment Cooperation](#)
- Deputy Head of the National Development and Reform Commission of China Ning Jizhe, and Deputy Minister of Economic Development of Russia Stanislav Voskresensky, discuss the future role of the existing mechanism of the Business Advisory Council, and the need to update the list of joint projects. Chinese participants in the meeting include officials from the Department of Foreign Investment, the Department of International Affairs, and representatives of the China Investment Corporation and of the Russia–China Direct Investment Fund.
- 30.05.2016–
31.05.2016 [“Russia–China: Towards a New Quality of Bilateral Relations” Conference in Moscow](#)
- The forum organized by the Russian International Affairs Council is attended by politicians, high-ranking diplomats, and experts from Russia and China. The event is dedicated to the 15th Anniversary of the Treaty of Good-Neighbourliness and Friendly Cooperation Between China and Russia, and the upcoming visit of the President of Russia to China in June 2016. The joining together of the EAEU and the Silk Road Economic Belt is a major topic of discussion at the conference.
- 30.05.2016–
31.05.2016 [13th meeting of China-Russia Energy Cooperation Committee](#)
- Committee heads Arkady Dvorkovich and Zhang Gaoli discuss the terms of China Petrochemical Corporation Sinopec’s participation in the joint development of two Rosneft fields, as well as its purchase of a 49 percent stake in the fields. In addition, both sides confirm that an agreement has been made on putting a joint oil refinery in Tianjin into operation by 2020.
- 06.06.2016 [Plans to open a Consulate of Russia in Wuhan](#)
- Russia is working on opening a Consulate General in Wuhan, which also hosts diplomatic missions of France, the United States, South Korea, and the United Kingdom. China and Russia signed an agreement on the joint establishment of consulates in Wuhan and Kazan in 2015.
- 17.06.2016 [Visit of the Minister for the Development of the Russian Far East to Beijing](#)
- Alexander Galushka and the Chairman of the National Development and Reform Commission of China, Xu Shaoshi, discuss the first ten agricultural projects between the two countries, worth more than 80 billion roubles, to be funded by the Russian–Chinese Fund for Agro-Industrial Development. A number of projects are to be launched as part of the Eastern Economic Forum in September 2016. The National Development and Reform Commission of China confirms its readiness to assist in the work of the Russian–Chinese Fund for Agro-Industrial Development and the development of the Primorye-1 and Primorye-2 international transport corridors.
- 19.06.2016–
20.06.2016 [Meeting between the Deputy Vice Prime Minister of China and the Deputy Prime Minister of Russia in Huangshan](#)
- As part of the preparations for the meeting of the heads of government in the second half of 2016, Wang Yang and Dmitry Rogozin discuss bilateral cooperation in trade, economics, nuclear energy, aerospace, agriculture, transport, and satellite navigation.

- 24.06.2016–
25.06.2016 [Visit of the President of Russia to China](#)
- During his visit, Vladimir Putin holds talks with Xi Jinping that result in the signing of more than 30 cooperation agreements in various sectors, including an intergovernmental agreement on the establishment of Russian Helicopters and Aviation Industry Corporation of China, which will produce heavy transport helicopters. In addition, the Russian leader exchanged views on a wide range of topics with the Chairman of the Standing Committee of the National People's Congress Zhang Dejiang, and the Premier of the State Council of China, Li Keqiang.
- 25.06.2016 [Memorandum of Cooperation between RIAC and CASS](#)
- As part of Vladimir Putin's official visit to China, the Russian International Affairs Council and the Chinese Academy of Social Sciences sign a Memorandum of Cooperation in the presence of the two countries' heads of state on the establishment and development of sustainable scientific cooperation and regular working contacts between Russian and Chinese experts involved in the preparation of practical recommendations for building effective and mutually beneficial relations between the two countries.
- 04.07.2016 [Meeting between Prime Minister of Russia and the Vice Premier of the State Council of China in Moscow](#)
- Dmitry Medvedev received the Chinese delegation headed by Deputy Prime Minister of the State Council of China, Liu Yandong. During the meeting, both sides discuss issues of humanitarian cooperation between the two countries.
- 12.07.2016 [Meeting of the Co-Chairpersons of the Russian–Chinese Commission on Preparing Regular Meetings between the Heads of Government in Yekaterinburg](#)
- Dmitry Rogozin and Wang Yang meet as part of the China–Russia EXPO conference to discuss pressing issues in bilateral relations between the two countries. In addition, they hold several meetings with the heads of Russian regions and Chinese provinces and the directors of major companies in both countries.
- 19.07.2016 [1st meeting of the Council for Cooperation between the Volga Federal District, Russia, and the Upper and Middle Reaches of Yangtze River, China \(the Volga–Yangtze Format\)](#)
- Presidential Plenipotentiary Envoy Mikhail Babich, and Member of the State Council of China Yang Jiechi, sign an Enactment of the Council. The minutes of the meeting also include a number of documents on interregional cooperation in various areas.
- 21.07.2016 [15th Anniversary of the Treaty of Good-Neighborliness and Friendly Cooperation Between Russia and China](#)
- The Treaty is a policy document that has become the foundation of bilateral relations in the 21st century. The document sets out a peaceful concept for the development of relations between the two countries, paving the way for a qualitatively new type of intergovernmental relations to blossom.
- 04.09.2016 [Meeting between the President of Russia and the President of China](#)
- Vladimir Putin and Xi Jinping meet during the G20 Summit to discuss the agenda for bilateral and multilateral cooperation. During the meeting, the two leaders express their unbending support of efforts to protect the sovereignty, security, and development interests of the two states. The sides noted their readiness to work together to use mutual political trust and friendship as additional impetus to the development of economic cooperation.

- 07.09.2016–
09.09.2016 [Visit of the Chairperson of the Council of the Federation to China](#)
- The programme of Valentina Matviyenko's working visit to China includes a meeting with President of China Xi Jinping, and negotiations with Chairman of the Standing Committee of the National People's Congress, Zhang Dejiang. One of the main areas of Russia–China inter-parliamentary interaction is the legislative guarantee of cooperation between the two countries. The Chairperson of the Council of the Federation visited Beijing and Wuhan during her trip.
- 12.09.2016–
14.09.2016 [Visit of the Secretary of the Security Council of Russia to China](#)
- Nikolay Patrushev meets with President of China, Xi Jinping, and takes part in the 3rd Meeting of the Law-Enforcement and Security Cooperation Mechanism, and in the 12th round of China–Russia Strategic Security Consultations. Patrushev also holds meetings with the Secretary of the Central Political and Legal Affairs Commission of the Communist Party of China, Meng Jianzhu, and with Member of the State Council of China, Yang Jiechi.
- 12.09.2016 [12th Round of China–Russia Strategic Security Consultations in Beijing](#)
- The Russian delegation, headed by Secretary of the Security Council of Russia, Nikolay Patrushev, discusses issues relating to combatting crime, terrorism, and so-called "Colour Revolutions." The sides confirm their intention to continue bilateral cooperation through the Office of the Prosecutor General of Russia and the Supreme People's Procuratorate in China, as well as to work together in the fight against organized crime, drug trafficking, and illegal immigration.
- 12.09.2016 [Telephone conversation between the Minister of Foreign Affairs of Russia and the Minister of Foreign Affairs of China](#)
- Sergey Lavrov and Wang Yi exchange views on the situation on the Korean Peninsula in the light of recent nuclear tests carried out by North Korea. In condemning the actions of Pyongyang, the ministers of foreign affairs stress the need to refrain from taking any steps that might lead to further escalation of the situation, and reaffirm their commitment to a political and diplomatic settlement of the nuclear issue on the Korean Peninsula.
- 14.10.2016 [11th meeting of the Russian–Chinese Subcommittee on Cooperation in the Field of Environmental Protection](#)
- The subcommittee operates as part of the Russia–China Commission on the Preparation of Regular Meetings between the Heads of Government. During the meeting, the Russian Minister of Natural Resources and Environment, Sergey Donskoy, and the Chinese Minister of Environmental Protection, Chen Jining, discuss the prospects for cooperation within the framework of events held as part of the Year of Ecology in Russia (2017).
- 20.10.2016 [Meeting of the Regional Cooperation Council of North-East China and the Russian Far East](#)
- Chaired by Deputy Prime Minister of Russia Yury Trutnev, and Vice Premier of China Wang Yang, the meeting considers the proposal to create a joint platform for attracting Chinese investments into Russian Advanced Development Territories and the free ports in the Russian Far East.

07.11.2016 [Meeting between the Deputy Prime Minister of Russia and the Vice-Premier of China in St. Petersburg](#)

The heads of the Russia and Chinese contingents of the Russian–Chinese Commission on Humanitarian Cooperation, Olga Golodets and Liu Yandong, discuss the results of humanitarian cooperation between the two countries in education, media, sport, and tourism.

07.11.2016 [21st Regular Meeting of the Russian and Chinese Heads of Government in St. Petersburg](#)

Dmitry Medvedev and Li Keqiang discuss key issues of trade and economic, investment, energy, interregional, cross-border and humanitarian cooperation between Russia and China. Many bilateral agreements are signed following the consultations, including:

1. Joint Communiqué on the results of the 21st Regular Meeting of the Russian and Chinese Heads of Government
2. Joint Statement by the Government of the Russian Federation and the Government of the People's Republic of China on the Course of the First Joint Inspection of the Russia–China State Border
3. Joint Statement of the Heads of State of the Russian Federation and the People's Republic of China on the Development of Strategic Cooperation in Peaceful Use of Nuclear Energy
4. Protocol to the 20th Meeting of the Russia–China Commission on Preparing Regular Meetings between the Heads of Government
5. Protocol to the 17th Russian–Chinese Commission on Humanitarian Cooperation
6. Protocol to the Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on the Creation and Organisational Principles of the Mechanism of Regular Heads of Government Meetings dated June 27, 1997
7. Protocol between the Government of the Russian Federation and the Government of the People's Republic of China on the Course of the First Joint Inspection of the Russia–China State Border
8. Protocol on Amendments to the Additional Protocol to the Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on the Creation and Organisational Principles of the Mechanism of Regular Heads of Government Meetings dated June 27, 1997.

08.11.2016 [Meeting between the President of Russia and the Premier of the State Council of China in Moscow](#)

Vladimir Putin and Li Keqiang discuss pressing issues of Russia–China cooperation. It is noted during the discussion that the heads of Russia and China, and other leaders in the two countries, have developed close contacts, and that intergovernmental cooperation mechanisms are functioning perfectly.

20.11.2016 [Meeting between the President of Russia and the President of China on the sidelines of the APEC Summit in Peru](#)

Vladimir Putin and Xi Jinping hold bilateral meeting on the sidelines of the APEC Summit and exchange views on regional and international issues of mutual interest. It is the fifth time the two presidents have met in 2016.

- 01.01.2017 [Preparations for the BRICS Summit in Xiamen](#)
President of China Xi Jinping, sends letters to President of Russia Vladimir Putin, President of South Africa Jacob Zuma, President of Brazil Michel Temer, and Prime Minister of India Narendra Modi, to announce the main theme of the upcoming BRICS Summit: “BRICS: A Stronger Partnership for a Brighter Future.” The main areas for discussion at the summit will be: deepening cooperation, strengthening global governance, developing humanitarian exchanges, and promoting institution-building with the aim of expanding partnership.
- 19.01.2017 [Meeting between the Deputy Minister of Foreign Affairs of Russia and the Assistant Minister of Foreign Affairs of China in Moscow](#)
Igor Morgulov and Li Huilai exchange views on key dates in 2017 with regards to bilateral relations between Russia and China, and discuss issues of bilateral cooperation within the framework of the Shanghai Cooperation Organisation.
- 26.01.2017 [Meeting between the Deputy Minister of Foreign Affairs of Russia and the Ambassador of China to Russia in Moscow](#)
Sergey Ryabkov and Li Hui exchange views on pressing issues on the international agenda that are of mutual interest.
- 08.02.2017 [Meeting between the Governor of Primorsky Krai and the Consul General of China in Vladivostok](#)
Head of the Far East Region of Russia, Vladimir Miklushevsky, and Chinese diplomat, Yan Wenbin, exchange views on the development of Russia–China economic relations and discuss areas for developing cooperation between the Primorsky Krai and the Chinese provinces.
- 10.02.2017 [Meeting between the Chinese Ambassador and the Chairperson of the Federation Committee on Foreign Affairs in Moscow](#)
The sides exchange views on China–Russia relations, inter-parliamentary cooperation, high-level contacts, and international issues that affect both countries.
- 21.02.2017 [China offers condolences on the death of Permanent Representative of Russia to the United Nations Vitaly Churkin](#)
During a press conference, Foreign Ministry Spokesperson Geng Shuang offers condolences on the sudden passing of Permanent Representative of the Russian Federation to the United Nations, Vitaly Churkin. “Ambassador Churkin was a well-respected and outstanding diplomat,” he said, adding that Mr. Churkin’s passing was a loss to Russia and to the United Nations as well.
- 27.02.2017 [Second Round of Russia–China Consultations on the Fight Against Terrorism at the Level of Deputy Ministers of Foreign Affairs in Moscow](#)
During the consultations between Deputy Minister of Foreign Affairs of Russia Oleg Syromolotov, and Assistant Foreign Minister of China Li Huilai, an understanding was reached on the importance of creating a wide-ranging anti-terrorist front to fight the Islamic State, the Turkistan Islamic Movement, and other terrorist organisations, in addition to taking comprehensive measures to counter the phenomenon of foreign terrorist fighters and the radicalization of vulnerable segments of the population, particularly in the context of minimizing the risks in Central Asia.

28.02.2017	<u>Meeting between the Co-Chairpersons of the Russian–Chinese Northeast Asia Security Dialogue in Beijing</u> Deputy Minister of Foreign Affairs of Russia Igor Morgulov, and Assistant Foreign Minister of China, Kong Xuanyou, stress the need to build-up collective political and diplomatic efforts in order to de-escalate tensions and launch a process of general military and political détente in Northeast Asia, which would help create favourable conditions for the settlement of the nuclear and other issues on the Korean Peninsula.
06.03.2017	<u>Meeting between the Head of the Border Control Service of Primorsky Krai and the Consul General of China in Vladivostok</u> Both sides exchange views on strengthening cooperation among the border regions.
21.03.2017	<u>Meeting between the Russian Minister of Internal Affairs and the Chinese Minister of Public Security, Guo Shengkun</u> A protocol on cooperation in law enforcement for 2017–2018 is signed during the meeting. In addition, Vladimir Kolokoltsev proposes holding the next Regular Meeting of the Russian–Chinese Working Group for Cross-Border Cooperation in Law Enforcement, scheduled for the second half of 2017, in Vladivostok, Irkutsk, Khabarovsk, or Chita. The parties also discuss the possibility of opening a representative office of the Ministry of Internal Affairs of Russia in the Chinese city of Harbin.
23.03.2017	<u>6th Meeting of the Russia–China Inter-Party Dialogue Mechanism (United Russia and the Communist Party of China) and the 5th China–Russia Inter-Party Forum in Kazan</u> To mark the occasion, Vladimir Putin and Xi Jinping send telegrams of congratulations. Meetings are held on “Regional Cooperation on Co-Developing the Belt and Road Initiative and the Eurasian Economic Union” and “New Concepts and New Measures for Strengthening Construction of the Communist Party of China and the United Russia.”

Military–Technical Cooperation

Date	Event
27.04.2016	<u>Meeting between the Russian Minister of Defence and the Chinese Minister of National Defence</u> Sergey Shoygu and Chang Wanquan “exchange views and coordinate their positions” on a range of important issues of military cooperation that are of mutual interest. The meeting results in the decision to increase the number of joint military training exercises in 2016.
24.05.2016	<u>18th Round of Strategic Consultations between the Chinese and Russian Militaries in Beijing</u> Both sides exchange views on current issues in international and regional security, as well as on army reform and deepening cooperation between the armies of the two countries. The Chinese side expresses its readiness to expand the sphere of cooperation to strengthen strategic mutual trust. In turn, the Russian side announces that the consensus reached will become a new driving force for Russia–China relations with regards to comprehensive partnership and strategic interaction.

- 26.05.2016–
28.05.2016 [Strategic Command-and-Staff Exercise “Airspace Safety 2016”](#)
The first Russia–China computerized command-and-staff exercises on missile defence take place at the Central Research Institute of Machine Building of the Russian Aerospace Defence Forces. The main aim of the exercises is to develop joint actions for the strategic air and anti-missile defence groups of Russia and China to protect the territory from accidental and deliberate strikes from ballistic and cruise missiles.
- 03.06.2016 [Meeting between the Deputy Minister of Defence of Russia and the Deputy Head of the Joint Staff Department of the Central Military Commission of China in Singapore](#)
The meeting held on the sidelines of the Shangri-La Dialogue involves a discussion of plans to expand military cooperation. The two sides also note their satisfaction with the results of the most recent joint naval and anti-terrorist exercises, during which the military personnel of the two countries demonstrated a high level of practical cooperation.
- 03.07.2016–
14.07.2016 [Joint Exercise of the National Guard of Russia and the Chinese Special Operations Forces](#)
Special Forces operatives of the National Guard of Russia, and the Chinese People’s Armed Police Force, commence the «Cooperation 2016» joint anti-terrorism drill, with large-scale tactical and special training, being held in the Moscow and Smolensk regions. During the exercises, the units carry out combat missions using mortar batteries, Mi-8 helicopters, and armoured vehicles.
- 07.07.2016 [Meeting between the Military Prosecutors of Russia and China in Moscow](#)
The meeting held at the Chief Military Prosecutor’s Office introduced the Chinese participants to modern forensic methods and the specific features of training future military lawyers. Representatives from the Chinese side express their intention to develop fruitful cooperation in this field and exchange information on a wide scale. They also committed to furthering cooperation between the military prosecutors of the two countries in key areas.
- 25.08.2016 [Russia–China Consultations on Missile Defence, in Moscow](#)
Representatives of the defence departments from the two countries discuss issues of bilateral military cooperation, including missile defence, and how to coordinate their approaches to ensuring peace in the Asia Pacific Region. They agree to maintain contacts, with the aim of discussing pressing issues related to ensuring security in the region.
- 12.09.2016–
19.09.2016 [“Maritime Interaction 2016” Military Exercises](#)
Russian and Chinese naval forces carry out joint exercises involving surface ships, submarines, fixed-wing aircraft, ship helicopters, and amphibious assault vehicles of the two countries. During the exercises, the sides develop joint anti-aircraft and anti-submarine tactics.
- 01.11.2016–
06.11.2016 [11th China International Aviation & Aerospace Exhibition](#)
Rosoboronexport presents more than 200 military products. During the business part of the programme, Russian enterprises sign a series of contracts for the supply of Mi-171 and Ka-32 “Ansats” helicopters and four Be-200 planes. A contract to design the joint Russia–China Advanced Heavy Lift (AHL) helicopter is set to be signed by the end of 2016. In addition, the Russian side has started work on fulfilling its obligations regarding the contract for the supply of Su-35 fighter jets. United Engine Corporation signs several contracts to use and supply spare parts for Su-27 engines and mainstream passenger aircrafts by the Chinese fleet.

- 23.11.2016 [Official visit by the Minister of Defence of Russia to China](#)
- Sergey Shoygu holds a working meeting with Deputy Chairperson of the Central Military Commission of China, Xu Qiliang, after which the 21st Meeting of the Russia–China Joint Intergovernmental Commission on Military and Technical Cooperation is held. Following the meeting, Mr. Shoygu meets with his Chinese counterpart Chang Wanquan and afterwards with the Chairman of the Chinese People's Political Consultative Conference, Yu Zhengsheng. Both sides pay special attention to discussing issues relating to joint combat training activities, mutual visits of warships, training military personnel, and holding several Army Games International 2017 competitions in China. Mr. Shoygu and Mr. Zhengsheng also agree to establish archival service contacts between the two ministries of defence.
- 28.11.2016 [Joint Training Exercises of the Mountain Infantry Troops from the Armed Forces of the SCO Member States](#)
- Joint training exercises are carried out for the mountain infantry troops from the armed forces of the SCO member states in Xinjiang Uyghur Autonomous Region. The week-long exercises are aimed at improving the level of preparedness in warlike conditions, strengthening military contacts among the Organisation's member countries, and developing joint response tactics to security threats.
- 21.02.2017 [2nd All-Russian Youth Forum: "International Military-Political and Military-Economic Cooperation: Modern Trends" at MGIMO University in Moscow](#)
- Minister of Defence of Russia, Sergey Shoygu, notes the positive development of military and technical cooperation between Russia and China: "Contracts have been signed for the supply of S-400 missile systems, Su-35 multipurpose fighter jets and anti-ship missile systems to China. What is more, more than 3,600 Chinese military personnel have received training at universities under the Ministry of Defence of Russia."

Trade and Economic Cooperation

Date	Event
01.04.2016	<u>Creation of Regional Free Trade Zones in Northeast China</u> The decision to create experimental regional free trade zones in Harbin and Changchun will help strengthen cooperation in the border regions, protected areas, and areas of new technological developments. The cross-border cooperation zones in Heilongjiang and Jilin provinces will serve as a base. It is expected that this will also stimulate economic development of Advanced Development Territories in the Russian Far East.
07.04.2016	<u>7th Russia–China Forum "Business with China: Import, Export, Financial Tools" in Moscow</u> During the forum, experts and representatives of public organisations discuss strategic issues with regards to exports, imports, financing, and the legal aspects of Russia–China trade. The event is held under the auspices of the SCO Business Council, the Russian Asian Union of Industrialists and Entrepreneurs (RAUIE), and the Russia–Asia Centre for Business Cooperation. One of the forum's goals is the creation of conditions for the stable development of e-commerce between Russia and China.

- 13.04.2016 [Growth in exports of confectionery products to China from Russia](#)
First quarter results for 2016 show that China is the leading importer of Russian confectionery products. Exports of flour confectionery products from Russia grew more than tenfold in January–February 2016 compared to the same period in the previous year, reaching 1,600 tonnes. At the same time, exports of chocolate confectionery products rose almost fourfold to 2,500 tonnes.
- 13.04.2016 [Growth in trade between Russia and China](#)
Trade turnover between Russia and China in the first quarter of 2016 grew by 3.6% year-on-year to \$14 billion. Chinese exports rose on the back of increased exports of mobile phones, notebook computers, clothes, and ships. Russia was able to increase its exports through increased supplies of nickel, copper, sawn timber, and potassium chloride.
- 13.04.2016 [Creation of the Russian equivalent of Alibaba](#)
At the instruction of the President of Russia, the Ministry of Economic Development prepares a draft plan for the creation of a unified internet platform for exporting Russian goods abroad. In accordance with the plan, the Russian government should select an e-commerce company that is capable of promoting Russian products on both the Chinese (*AliExpress, Jingdong*) and American (*eBay, Amazon*) markets.
- 13.04.2016 [Participation of Urals-based companies in Chinese state programmes](#)
Negotiations between experts from the regional ministry of international and foreign economic relations, and officials from Heilongjiang Province, begin on the eve of the 3rd Russia–China EXPO conference in Yekaterinburg. The sides agree to organize a large-scale exchange for business cooperation in Sverdlovsk Region and Heilongjiang Province. At the talks, proposals are put forward to enterprises based in the Urals concerning their participation in state construction programmes of China through open tenders. The Chinese side expresses an interest in the region's mining industry.
- 21.04.2016 [Statistics on oil supplies to China for the first quarter of 2016](#)
Oil supplies for the first quarter of 2016 totalled 6.8 million tonnes. The year-on-year increase of Chinese oil imports is 13%, reaching 91.1 million tonnes, which equates to 7.34 million barrels per day.
- 22.04.2016 [Statistics on regional exports from Russia to China](#)
The volume of Russian exports to China via the Heihe border crossing in the first quarter of 2016 reaches \$40 million, which represents a 32 percent growth from the same period for the previous year. Among commodities, a sharp increase in exports of beans, corn, food oils, flour, and disposable wood products can be seen. The increased demand on the Chinese side can be attributed to the high standards of Russian food products, which have earned a reputation for being natural, environmentally friendly, and of a high quality.
- 24.04.2016 [Plans to open a Russian trading house in China](#)
The project is being implemented by the Russian Export Center and the Russian Ministry of Economic Development. In the future, the trading house will represent a universal structure where exporters who want to enter the market of the other country can present their projects. The trading house will open in Beijing before the end of 2016.

- 25.04.2016 [Statistics on the Daqing-Skovorodino oil pipeline](#)
Since it was launched in 2011, more than 82 million tonnes of crude oil worth \$56.6 billion has passed through the pipeline. In January–March 2016, a total of 5.31 million tonnes of crude oil was delivered through the Daqing-Skovorodino oil pipeline, which represents an increase of 4.4% compared to 2015.
- 26.04.2016 [Joint fight against counterfeit goods in Russia and China](#)
The Federal Customs Service of Russia announces that it is cooperating with the General Administration of Customs of China to combat the transport of counterfeit goods via international post. An operation was launched in the summer of 2015 during which Russian customs officers identified counterfeit goods that are moved via postal channels, with the findings being sent to the Chinese side, which then took the necessary measures within postal handling services.
- 04.05.2016 [Cancellation of the project to supply fresh water to China](#)
Following the visit of the Minister of Culture of Russia to China, the decision is made to cancel the project to supply fresh water from Altai Region via Kazakhstan to arid regions of China. Russia will reconsider the issue of supplying China with fresh water only if its interests are fully observed, including in terms of environmental safety.
- 05.05.2016 [Launch of the Russian e-platform for the sale of products on the Chinese market](#)
The Fureunchun international trading company gives a presentation on how it entered the Chinese market. It is now an e-commerce company that operates with Russian investments. Headquartered in Shanghai, the company sells food products. At the time, Russia's main exports are sweets, products for pregnant women and new-born babies, natural vegetable oil, flour, fresh food and alcoholic beverages.
- 11.05.2016 [China increases its stake in the Yamal LNG project](#)
In 2013, *China National Petroleum Corporation (CNPC)* purchased a 20 percent stake in the project. In March 2016, the Silk Road Fund invested €1.087 billion into the project, purchasing a 9.9 percent share from Novatek. To date, the Chinese side controls 29.9% of Yamal LNG, making it the second largest shareholder. Total funding for Yamal LNG is around \$27 billion, with several Chinese banks approving funding for the project.
- 19.05.2016 ["Russia and China: The Right to Invest" Round Table Discussion at the St. Petersburg International Legal Forum](#)
A total of 71 official delegations took part in the St. Petersburg International Legal Forum, with 8 ministers of justice and 12 deputy ministers of justice arriving as honorary guests. More than 500 people gave speeches at the event. During the round table discussion, experts discussed mistakes made in the signing of agreements on cooperation between Russian and Chinese companies, and pointed to the main obstacles preventing more Chinese companies from investing in Russia. The aim of the St. Petersburg International Legal Forum is to discuss pressing issues related to the modernization of law in today's world.
- 22.05.2016 [Creation of an internet platform for selling Russian goods in China](#)
An internet company is established in Heihe to sell Russian goods in the O2O segment, which will ensure close contacts between Russian exporters and Chinese importers in cross-border trade. The owner of the platform, Epindo, has already invested \$3 million to promote Russian food products on the Chinese market. In addition to creating an internet

platform, a localized service centre has been set up in Moscow, and an official trade centre and an 8,000-square metre warehouse for the sale of Russian goods have been opened.

22.05.2016 – [1st Russia–China Cross-Border Trade Fair](#)

25.05.2016 The Trade Fair opens in Blagoveshchensk (Russia) and Heihe (China), with entrepreneurs from both countries presenting goods for export. The theme of the fair is “Cross-Border Cities: A Growth Point for Russia–China Partner Relations.” The event is dedicated to the development of regional economic cooperation between Northeast China and the Russian Far East.

30.05.2016 – [2nd Russia–China Forum for Small and Medium-Sized Business](#)

31.05.2016 The forum, organized by the Russian–Chinese Committee of Friendship and the Russian–Chinese Business Council under the auspices of the Russian Ministry of Economic Development, aims to organize and promote direct contacts between the business communities in Russia and China, as well as to form a favourable business environment for both sides, which includes creating practical instruments and mechanisms of interaction.

31.05.2016 [Memorandum on Cooperation in the Creation of a Special Agricultural Zone in the Urals](#)

During the Russian–Chinese forum of Small and Medium Business in Sochi, the delegation from Chelyabinsk Region reach an agreement with Chinese partners on the creation of an agricultural zone. The project plans to use China’s experience in the creation of Yangling, an experimental industrial development zone for innovative agricultural technologies developed domestically.

02.06.2016 [Negotiations between CNPC and Gazprom on the supply of gas along the western route](#)

Contrary to previous statements made by the management of both companies, CNPC and Gazprom are still far from reaching an agreement on the amount of Russian gas to be delivered along the western route via Altai. According to analysts, the Chinese side may be stalling for time, realizing that Gazprom needs the contract for the delivery of gas along the western route to be signed more than they do.

04.06.2016 [Growth in exports from Inner Mongolia to Russia](#)

In January–April 2016, exports from the Autonomous Region of Inner Mongolia to Russia totalled \$195 million, which represents an increase of 94% from the same period in 2015. Russia primarily imports fruit, chemical products, clothing, and furniture. During the same period, Russian exports to Inner Mongolia totalled \$698 million, which represents a drop of 7% year-on-year. Russia’s main exports include sawn timber, wood pulp, roundwood, chemical products, and mining products.

08.06.2016 [Statistics on trade turnover between Russia and China](#)

Trade turnover between Russia and China for the period January–May 2016 increased by 2.7% year-on-year to reach \$25.82 billion. Chinese exports to Russia accounted for \$12.86 billion of this figure (an increase of 9.2%), while Russian exports to China made up the remaining \$12.96 billion (falling by 2.9%).

15.06.2016 [Harbin International Economic and Trade Fair](#)

Primorsky Krai presents projects to develop the Free Port of Vladivostok and an Advanced Development Territory. The issue of signing an agreement on the construction of a bridge across the Amur River connecting the Russian city of Blagoveshchensk and the Chinese city of Heihe is also discussed at the forum.

- 22.06.2016 [Record exports of Russian oil to China](#)
In May 2016, Russian exports of crude oil to China reach record levels of 5.425 million tonnes (around 1.24 million barrels per day), which represents an increase of 33.7% compared to the same period for 2015.
- 24.06.2016 [Meeting between the Gazprom CEO and the Vice Premier of China in Beijing](#)
Zhang Gaoli and Alexey Miller exchange views on the course of energy cooperation between the two countries. The Russian side notes that it values the energy cooperation with China very highly and considers it a priority to deepen interaction with regards to natural gas.
- 03.07.2016 [Ratification of the Double Tax Treaty with Hong Kong](#)
President of Russia, Vladimir Putin, signs a federal law ratifying the Treaty between Russia and the Central People's Government in the Hong Kong Special Administrative Region of China, on the avoidance of double taxation and the prevention of income tax evasion. The document concerns tax on the total income or its individual elements. The agreement applies to both corporate and individual income tax. Furthermore, it is aimed at preventing income tax evasion.
- 06.07.2016–
08.07.2016 [First Exhibition of Chinese Brand Consumer Goods in Moscow](#)
The exhibition was organized by the Department for the Development of Foreign Trade of the Ministry of Commerce of China, with the support of the Chamber of Commerce and Industry of Russia, and was attended by more than 1000 people from eight Russian districts. The majority of enterprises that took part in the exhibition reached agreements with their Russian partners and expressed their intention to continue working together in the future.
- 11.07.2016–
14.07.2016 [3rd Russian–Chinese Expo in Yekaterinburg](#)
This marks the first time that the Expo is held in Russia, and in parallel with the Innoprom International Industrial Exhibition. It was attended by more than 48,000 people, including 3,000 businesspeople from China. Expo is one of the most important mechanisms for the development of economic, trade and interregional relations between Russia and China. A total of 56 events are organized as part of the exhibition, including a round table on cooperation in e-commerce, a seminar on cooperation in electro mechanics and innovation, and a round table on scientific and technological cooperation and the transfer of technology.
- 13.07.2016 [Statistics on trade turnover between Russia and China](#)
Trade turnover between Russia and China for the first half of 2016 grows by 1.8% compared to the same period for 2015 to \$31.7 billion. Chinese exports to Russia grow by 10% to \$16.1 billion, while Russian exports to China fall by 5.4% to \$15.6 billion.
- 17.08.2016 [Statistics on agricultural trade between Russia and China](#)
Agricultural trade between Russia and China reaches a surplus for the first time ever during the first half of 2016. Russian exports to China amount to \$968 million, with imports reaching \$909 million.
- 30.08.2016 [Trade statistics for the Russia–Mongolia–China economic corridor](#)
According to the Statistical Bureau of the Inner Mongolia Autonomous Region, the region's trade with Russia and Mongolia grew from \$975 million in 2000 to \$5.96 billion in 2015, at an annual increment of 13%.

- 16.09.2016 [Freight railway route launched between Guangzhou and Kaluga Region](#)
- The route is part of the New Silk Road project to transport freight from China to Russia. The first container train took 14 days to cover 11,500 kilometres, arriving at the multimodal transport and logistics centre Freight Village Vorsino. The railway route is 30 days faster than shipping freight by sea, and five times cheaper than using cargo aircraft.
- 02.10.2016 [New online platform for sales of Russian commodities in China](#)
- The China–Russia cross-border e-trade platform *epinduo.com* is launched in Harbin. Established Russian companies can use the platform to access a number of free services, including translation, proofreading and consultancy services, as well as advice on export operations, branding, expanding their sales channels, etc. The platform is also linked to offline trading centres. The platform is planning to work together with immigration, quarantine, and commodity quality control services, which will help monitor the quality of products and prevent counterfeit produce from entering the market. The platform will use big data analysis to attract finance, technologies, and equipment for Russian companies with a good reputation whose products are particularly popular on the Chinese market.
- 10.10.2016–
13.10.2016 [China International Small and Medium Enterprises Fair 2016](#)
- The Russian trade mission in China holds a Russia–China roundtable discussion, which becomes the key event of the fair for Russian small and medium-sized businesses. The event involves the launching of a business contacts exchange, a specialized platform in which over 100 Chinese companies participated.
- 12.10.2016 [Association proposed for promoting Russian commodities in China](#)
- Russian small and medium businesses are planning to create an association of organic food manufacturers in the second half of 2017. The association will initially be represented by 17 Russian companies that have branches in China. The association is expected to help these companies with operating on the Chinese market.
- 14.10.2016 [Russia–China talks on the participation of Russian companies in the Silk Road Innovations Centre](#)
- The Russia–China Silk Road Innovation Centre is situated on the outskirts of Xi'an in Shaanxi Region. None of its current 30 resident businesses is Russian. Silk Road residents enjoy several privileges, including zero rent, free access to the infrastructure, and a zero-tax rate. These benefits continue until the company has reached an annual turnover of \$3.5 million, after which it gains the status of a medium-sized business and switches to a different system of tax privileges.
- 19.10.2016 [Letter of intent signed to build deep-water port in Arkhangelsk](#)
- The document is signed between Russia's Arkhangelsk Arctic Transportation and Industrial Hub, and China's Poly International Holding. The deep-water construction project is part of the Russian transport strategy through to 2030. The new port will help create an alternative freight route between Europe, North America, and the Asia-Pacific.
- 19.10.2016 [Presentation on the investment potential of Irkutsk Region in Beijing, at the Russian embassy in China](#)
- Before representatives of the National Development and Reform Commission of China, the governor of Russia's Irkutsk Region notes that the regional administration has created the most favourable conditions for investors, including corporate income and property

tax preferences, and a special taxation treatment in the Ussolye-Sibirskoye Advanced Development Territory and in the Gate of Baikal Tourism and Recreation Zone.

01.11.2016 [18th China International Industry Fair in Shanghai](#)

For the first time in the fair's 18-year history, Russia is granted the status of a partner country. CIIF 2016 will give additional impetus to the development of bilateral trade, and of economic, industrial, and investment ties.

01.11.2016 [Statistics on trade between China, Primorsky Krai](#)

China has become the main economic and investment partner of Russia's Primorsky Krai, accounting for over 50% of the region's foreign trade. In 2015, trade between Primorsky Krai and China exceeded \$3.5 billion, more than one half of the Russian Far East's total trade with China.

01.11.2016 [Statistics on Stavropol Region's exports to China](#)

The Stavropol Region exported 52% more commodities to China year-on-year in the first six months of 2016, for a total value of \$28.8 million. The region's exporters to China include chemicals producers Stavrolen, Monocrystal, and Nevinnomyssky Azot, as well as agricultural businesses. The region is also planning to start exporting confectionery products to China.

09.11.2016 [Chinese aluminium facility launched with Russian investment](#)

Russian industrial investment group Vi Holding, which is building the Yulian aluminium facility in China's Henan Province, has completed the construction of an integrated hi-tech industrial complex that will produce 600,000 tonnes of precision aluminium alloys and hot-and cold-rolled products per year. Nearly \$3.5 billion has been invested in the project over 10 years, in the largest ever Russian private investment into the Chinese economy.

14.11.2016–
15.11.2016 [Heilongjiang Province Days in Vladivostok](#)

The programme opens with a business cooperation forum, at which Russian and Chinese companies sign 14 agreements to supply food, timber, and oil products, as well as to set up a logistics centre for grain. The Heilongjiang Province Days also includes a congress devoted to Russia–China scientific and technical cooperation, lectures on traditional Chinese medicine, an embroidery exhibition, film screenings, and sports events for students.

14.11.2016 [Statistics on trade between Russia and China](#)

The value of trade between China and Russia amounted to \$56.2 billion in the first 10 months of 2016, up 0.5% year-on-year. China exported \$30.1 billion in commodities from Russia, up 5.9%, whereas imports stood at \$26.1 billion, which is 5.2% down from the same period in 2015.

16.11.2016 [Chinese company to take part in building hydropower plants in Russia](#)

China's state-owned company *Sinomec* is granted the right to implement the first investment project of the BRICS New Development Bank. *Sinomec* will use the bank's investment of 1.1 billion roubles (\$19.2 million at the current exchange rate) to build power grid facilities for the Belopozhskaya-1 and Belopozhskaya-2 hydropower plants. The projects will create around 400 jobs in the construction phase and 30 highly qualified jobs in the operation phase.

- 23.11.2016 [China receives Russian Mi-171 helicopters](#)
Russian Helicopters delivers two Mi-171 multirole transport helicopters to China General Aviation Service. China is also interested in purchasing Kamov Ka-32 and Kazan Helicopter Ansat vehicles. At the 2016 China International Aviation & Aerospace Exhibition, Russian Helicopters and China's Wuhan Rand Aviation Technology Service signed a contract for the delivery of five Ansat, Ka-32 and Mi-171 aircraft, with an option for 13 more.
- 27.11.2016–
01.12.2016 [Government delegation from China's Heilongjiang Province visits Russia](#)
The delegation visits Yekaterinburg for talks on industrial and technical cooperation. They then hold similar talks in Moscow to discuss cooperation with Moscow Region. The Yekaterinburg talks are attended by representatives of 241 Russian companies, while representatives of 80 companies take part in the talks in Moscow.
- 09.12.2016 [Statistics on trade between Russia and China](#)
Trade between Russia and China grew by 14% year-on-year in November 2016 to \$6.32 billion. During that period, China exported \$3.46 billion and imported \$2.86 billion in commodities. In October, mutual trade grew 0.5% year-on-year to \$5.95 billion. In January–November, mutual trade reached \$62.37 billion (up 1.6% year-on-year), against \$61.33 billion over the same period in 2015. In the first 11 months of 2016, Chinese exports to Russia grew 7.2% to \$33.39 billion, while imports dropped 4.1% to \$28.98 billion. In 2015, bilateral trade decreased by 28.6% to \$68.06 billion.
- 08.02.2017 [Annual meeting of Russia–China Business Council](#)
The agenda includes discussions on the council's 2016 performance, progress made implementing major Russia–China projects, cooperation between small and medium-sized businesses in the two countries, and on the Council's action plan for 2017. The meeting is attended by Co-Chairman of the Russian-Chinese Committee of Friendship, Peace, and Development, Boris Titov, and Chinese Ambassador to Russia, Li Hui, among others.
- 09.02.2017 [RCIF sells part of its share in Detsky Mir](#)
The Russia–China Investment Fund (RCIF) sells part of its share in Detsky Mir, Russia's leading children's goods retailer, for a profit. The RCIF played a significant part in Detsky Mir's IPO.
- 15.02.2017 [Gazprom head meets with Vice Premier of China in Beijing](#)
China invites Russia to expand energy cooperation in areas such as power generation from natural gas, underground gas storages, engine fuel, oil field support, and equipment for the energy sector.
- 15.02.2017 [Russia–Chinese Business Year 2017 opens in Moscow](#)
The informal ceremony includes a discussion of how economic ties between the two countries are going to change in the new circumstances. The meeting is attended by heads of regional administrations, MPs, representatives of Russian and Chinese businesses and the Chinese embassy, as well as Chinese public officials and heads of Chinese investment, financial, infrastructural, and metallurgy companies. The event was organized by the Russian Asian Union of Industrialists and Entrepreneurs, the China Council for the Promotion of International Trade, and the city of Maotai.

21.02.2017 [Russia launches regular LPG exports to China](#)

Russia sends 32.5 tonnes of liquefied petroleum gas (LPG) to China via Manzhouli, the largest border crossing point on the border between the two countries. The shipment, worth \$15,100, marks the launch of regular LPG supplies to China via this border crossing.

22.02.2017 [Paper products factory opens in Novosibirsk Region](#)

The factory will produce disposable paper tissues in polyethylene and paper packaging for cities in Siberia and the Russian Far East, as well as for Customs Union countries. It will also export the products to China. The newly built facility measures 1000 square metres.

25.02.2017 [Lada Urban off-road vehicles to be marketed in China](#)

Chinese companies operating in Tianjin and Qingdao are prepared to offer their customers Russian-made Lada 4x4 Urban (Niva Urban) off-road vehicles. The companies highlight the vehicle's compactness, four-wheel drive, and other features.

07.03.2017 [Chinese city planning to source water from Baikal](#)

The city of Lanzhou in the north of China's Gansu Province is planning to lay a 1000-km water supply pipeline from Lake Baikal in Russia. The pipeline is to originate at the lake's southwestern end and run through Mongolia and the Gansu Corridor. After the feasibility study has been completed, the project will be submitted to Russia for consideration.

09.03.2017 [Presentation of the Chinese Business Centre in Moscow](#)

The event is attended by more than 220 people, including Charge d'affaires at the Chinese embassy, Zhang Xiao, Commercial and Economic Adviser at the Chinese embassy, Zhang Di, representatives of the State Council of Russia, the Ministry of Economic Development Council of Russia and the Moscow administration, Russian and Chinese entrepreneurs, etc. The main building of the centre is to be completed in 2017, and the entire complex should be operational in June 2018. The Business Centre is to become an information, exhibition, and trading platform for Russia–China companies and products.

13.03.2017 [Chinese company representative meets Russian presidential envoy to Far-Eastern Federal District](#)

During his meeting with Yury Trutnev, the representative of Wen Lian Aquaculture says that the company is planning a marine biotechnopark on Russia's Popov Island. Chinese companies are planning to invest around \$200 million in various projects in Primorsky Krai. The project to build a marine farm in the region has been adopted. The farm, scheduled to become operational in May 2017, will grow scallops, sea cucumbers, and mussels.

15.03.2017 [Press conference by the Premier of the State Council of China at the National People's Congress](#)

Li Keqiang highlights the positive dynamics of Russia–China trade in 2017. According to the Premier of the State Council of China, the volume of bilateral trade grew significantly in the first two months of the year, signifying a great potential for trade and economic cooperation between the two countries, as well as strong complementarity, and the possibility of achieving the goals set with regards to trade and economic relations.

- 16.03.2017 [Drinking water imports from Lake Baikal](#)
The Quality Control, Inspection, and Quarantine Directorate of the city of Manzhouli in Inner Mongolia reports that a record 77 batches of packaged Russian drinking water, a total of 1387 tonnes worth \$327,000, were imported through the Manzhouli border crossing point in January and February 2017.
- 17.03.2017 [Creation of a Russia–China global mobile game distribution alliance](#)
Alibaba Games, a subsidiary of China's *Alibaba Group*, signs an agreement with Russia's Mail.ru Group on the joint distribution of mobile games.
The partners are planning a "global strategic alliance to distribute mobile games" in China, Russia, Europe, Japan, the Middle East, and the United States.
- 23.03.2017 [Meeting of the Russian section of working committee with Manzhouli](#)
The meeting is attended by local representatives of federal and regional executive bodies and entrepreneurs in the Trans-Baikal Territory. Such meetings historically precede broader meetings with the participation of the Chinese side and serve to develop a uniform Russian position on the working committee's agenda.
- 29.03.2017–
30.03.2017 [International Arctic Forum in Arkhangelsk](#)
This marks the first time that China has sent a delegation to the International Arctic Forum. The delegation attended the first sea shipment of liquefied natural gas from the Port of Sabetta on the Yamal Peninsula. The gas originated from the Yamal LNG facility, which Chinese partners are actively involved in constructing.
- 31.03.2017 [New routes for food exports](#)
Russia had planned to send a pilot train with food exports to China in order to expand its agricultural exports and fill the empty shipping containers on their way back to China. Russia was looking at possible routes from Vorsino in Kaluga Region to Shilong District in Guangdong Province, or to the Port of Dalian.

Financial and Investment Activities

Date	Event
12.04.2016	Sberbank and Chinese banks sign cooperation agreement The framework agreement is aimed at strengthening financial cooperation in Siberia and the Far East, increasing the volume of mutual settlements in the national currencies of the two countries, and attracting investment into Russian advanced development territories. The agreement covers infrastructure projects, mineral extraction, power generation, the construction of industrial parks and the development of Russia's wood processing, agriculture and fishery sectors.
26.04.2016	Russia and China agree to set up joint agriculture development fund Russia and China sign a stakeholders' agreement to set up a joint agriculture development fund in the Russia's Far East. In its initial phase, the fund is expected to implement over 20 agriculture investment projects. It will invest 10% of the total cost of projects, with another 10% coming from the project authors, and the remaining 80% in the form of bank loans.

Chinese banks may provide such loans at an annual interest rate of up to 6%. The total volume of investment generated by the fund could reach 130 billion roubles (\$2.28 billion).

07.05.2016 [Agreement signed on building the Chuvashia–Sichuan Agriculture Park](#)

The agreement is signed by the Sichuan Railway Investment Group Corporation and the Development Corporation of the Chuvash Republic. The project is expected to cost over \$1 billion. The park will attract companies involved in agriculture, tourism, construction, and real estate.

12.05.2016 [Mutual settlements in national currencies grow between Russia and China](#)

VTB Bank handled 82% of all mutual payments with China in roubles and yuan in the Amur Region in the first quarter of 2016. The amount of settlements in roubles and yuan was equivalent to \$430,000 and \$9 million, respectively. Payments in yuan were made for imported Chinese vehicles, equipment and parts, textiles, footwear, metals, chemical products, and foods. Export payments in roubles were handled for VTB's clients involved in the supply of confectionery products, equipment and machinery to China.

13.05.2016 [Russia and China increase gold reserves](#)

The central banks of China and Russia have increased their share of gold reserves to 85% over the past two years to diversify their gold and currency reserves, despite demand for gold among the central banks of other countries declining. The total amount of pure gold stored in central banks around the world is 1,280 tonnes, with 1,084 tonnes being kept by the Russian and Chinese central banks. China does not conceal its intent to diversify its gold and currency reserves, which currently stand at \$3.21 trillion.

26.05.2016 [Russia–China Financial Seminar in Moscow](#)

The Central Bank of Russia and the Russia–China Business Council hold a seminar on expanding the use of national currencies in bilateral settlements.

The event is attended by representatives of Russian federal legislative and executive bodies, commercial banks and businesses of the two countries, public organizations and business associations. The seminar discusses the prospects for cooperation and identify barriers to increasing the share of national currencies in mutual settlements.

06.06.2016 [Presentation of investment opportunities in the Russian regions' in Wuhan](#)

The Central China Forum on International Production Capacity Cooperation includes a presentation of priority investment projects in the Penza, Samara, and Chelyabinsk regions for Chinese businesspeople. The projects include building pork, meat, and dairy processing facilities, infrastructure facility construction, and boosting cooperation in space exploration and the energy sector.

24.06.2016 [MoU between the People's Bank of China and Central Bank of Russia to counteract money laundering practices and the sponsorship of terrorism](#)

The memorandum aims to strengthen cooperation between financial regulators in the two countries. It outlines the parameters of their interaction in enforcing laws aimed against money laundering practices involving organizations with a cross-border presence. The parties agree to cooperate during inspections at such businesses. The memorandum also calls for information exchange, mutual consultations, and personnel training for the oversight agencies of the two countries.

- 28.06.2016 [MoU between China Securities Regulatory Commission and the Central Bank of Russia](#)
The memorandum will strengthen cooperation between the two countries in overseeing the securities markets, and will facilitate the development of these markets. The previous document, signed in 2008 with Russia's Federal Financial Markets Service, is no longer valid. The China Securities Regulatory Commission has signed 63 such memorandums of understanding with 58 countries and territories.
- 05.07.2016 [Statistics on Chinese investment in Russian Advanced Development Territories](#)
The new development mechanisms in the Russian Far East have already attracted 163 billion roubles (\$2.8 billion) in Chinese investments. The first Chinese investors operate in the Belogorsk Advanced Development Territory in Amur Region, where they have opened a clinker factory and are planning to set up an oil refinery. They are also active in Kangalassy ADT (Yakutia), Nadezhdinskaya ADT (Primorsky Krai), and the Free Port of Vladivostok. Chinese entrepreneurs are also the anchor investors for the new Amuro-Khinganskaya ADT in the Jewish Autonomous Region, providing around 10 billion roubles in funds for projects.
- 01.09.2016 [New investment fund planned for Russia and China](#)
Following the Eastern Economic Forum in Vladivostok, the Russian Direct Investment Fund and China's Inventis Investment Holdings have announced plans to set up a fund with \$500 million to be used for projects in agriculture, transportation, retail, and tourism.
- 18.09.2016 [Plans to set up Russia–China Industrial Investment Fund](#)
Russian Venture Company and Shenzhen Capital Group announce plans to set up a new fund with an initial investment of \$100 million. The money is expected to be invested into the sectors of hi-tech equipment production, energy and the chemical industry, modernized consumption, and more.
- 18.10.2016–
19.10.2016 [17th Session of China–Russia Financial Cooperation Subcommittee in Beijing](#)
Representatives of the Central Bank of Russia and the People's Bank of China discuss the main aspects of financial cooperation, including the distribution of bonds denominated in yuan on the Russian market, and ways to stimulate the emission and flotation of debt instruments on the exchange platforms of the two countries.
- 20.10.2016 [Plan to set up a centre to support Chinese investors in the Russian Far East](#)
During his visit to Beijing, Minister for the Development of the Russian Far East, Alexander Galushka, announces that Russia and China have started work to set up a joint centre to support Chinese investors in the Russian Far East. The idea had been discussed at a meeting of the Commission for Cooperation and Development of the Russian Far East and Northeastern China.
- 21.10.2016 [Russia–China Investment Forum “Moscow–Beijing. Two Countries. One Business” in Beijing](#)
At the forum organized by China Overseas Development Association, representatives of the administrations of the Irkutsk and Sakhalin regions, and the Primorsky and Khabarovsk territories, outline the socioeconomic situation in their respective regions and present projects of potential interest to Chinese entrepreneurs.
- 25.10.2016 [Thirteen Chinese investment projects in the Russian Far East](#)
Following talks in Beijing between Deputy Minister for the Development of the Russian Far East, Alexander Krutikov, and Deputy Director of the National Development and Reform Commission, Ning Jizhe, the parties announced plans by nine Chinese companies to invest

a total of 750 billion roubles (\$13 billion) in 13 projects in the Russian Far East. The projects are related to the extraction and processing of resources, agriculture, and the development of seaport and logistics infrastructure.

01.11.2016 [Statistics on Chinese direct investment into the Russian economy](#)

China directly invested \$346 million in the Russian economy in the first half of 2016, which represents an increase of 4.8% year-on-year.

21.12.2016 [The BRICS New Development Bank extends solar power loan to China](#)

The BRICS New Development Bank signs its first credit agreement to lend China \$75 million for 17 years. The money will be used to build a 100 MW solar power plant in Shanghai. In April 2016, the bank approved the first set of projects to develop clean energy sources, extending \$811 million in loans.

07.02.2017 [Wood processing project for Novosibirsk Region](#)

A Chinese company involved in a wood processing project in two districts of Russia's Novosibirsk Region is gearing up to build another facility to produce either particle boards and medium density fibreboards, or activated carbon. The project is being implemented by Siberian Timber Industrial Complex, which is owned by the Chinese investor Peng Guoqing.

28.02.2017 [Chinese investment in cement factory project in Ulyanovsk Region](#)

Chinese investors will take part in the construction of a major cement factory in the Ulyanovsk Region from 2017. Following his visit to China, the regional governor announces that \$300 million will be invested in the project, creating around 500 jobs.

07.03.2017 [Veon press conference in Moscow](#)

Global telecom services provider Veon (formerly VimpelCom) strikes a deal with Chinese telecom equipment specialist *Huawei* to outsource the servicing and maintenance of its communications network in Russia for five years. *Huawei* will be involved in equipment management, infrastructure maintenance, planning and optimization, and operational services in Russia's Northwestern, Volga, Urals, Siberian, and Far Eastern federal districts.

09.03.2017 [China to invest in a coal terminal in the Russian Arctic](#)

China's Poly International, led by Director Wang Lin, will invest \$300 million in the project to build a coal terminal in Kola Bay, Murmansk Region. This and other topics were discussed throughout the Chinese delegation's tour of the Kola Peninsula and meeting with First Deputy Governor of the region, Alexey Tyukavin.

13.03.2017 [China to invest in construction of a pulp and paper factory in Russia](#)

Chinese corporation China Paper is ready to invest over \$1 billion in the construction of a pulp and paper factory with an annual production capacity of 500,000 tonnes in the city of Amursk in the Khabarovsk Territory. At the talks, the Russian party, led by Presidential Envoy to the Far Eastern Federal District, Yuriy Trutnev, expressed its readiness to implement the downstream wood processing project with Chinese financing. China Paper intends to sign the preliminary agreement in May, to be followed by the signing of the investment agreement at the end of 2017.

- 16.03.2017 [Central Bank of Russia opens a representative office in Beijing](#)
The Central Bank of Russia opens its first foreign representative office in Beijing, which will help expand mutual settlements in the national currencies of the two countries, assist Russian companies enter the Chinese capital market, and improve information exchange to combat money laundering activities.
- 22.03.2017 [RMB clearing bank opened in Moscow](#)
Industrial and Commercial Bank of China (ICBC) announces the opening of a renminbi (RMB) clearing bank in Russia. Earlier, the People's Bank of China authorized *ICBC* Moscow as the RMB clearing bank in Russia.
- 23.03.2017 [ICBC opens branch in St Petersburg](#)
On March 23, *Industrial and Commercial Bank of China (ICBC)* opened a branch in St. Petersburg. *ICBC* now has two offices in Russia, the other one being in Moscow.

Cooperation in Transportation and Infrastructure

Date	Event
01.04.2016	<p>Simplified freight transfer scheme via Kazakhstan introduced</p> <p>Russian commodities are delivered to Xinjiang via Kazakhstan, because China and Russia have no border crossing points near the city. Previously, all commodities had to be offloaded in Kazakhstan for customs inspections. The new agreement simplifies the procedure: now a freight vehicle only needs to undergo a registration procedure as it transits via Kazakhstan, cutting travel time from one week to two days.</p>
04.04.2016	<p>Freight transit to South Korea launched via Vladivostok</p> <p>The first Chinese train carrying one hundred shipping containers departs Suifenhe for Vladivostok, where the containers will be loaded onto a ship and delivered to the Port of Busan within six days. One freight train will operate on the new land and sea route per week. The Harbin–Suifenhe–Vladivostok route is shorter than the Harbin–Dalian route, so the train reaches Vladivostok two to three days faster.</p>
07.04.2016	<p>Work begins on the construction of an international railway logistics park in Suifenhe</p> <p>The park will support imports of timber, bituminous coal, chemical fertilizers, fresh food, and chemical products from Russia. It is expected to be put into operation in late 2016.</p>
20.04.2016	<p>Russia and China agree on the construction of a bridge across border river</p> <p>China and Russia reach a preliminary agreement on setting up a joint venture to conduct preliminary work on the construction of a bridge and a cableway across the Amur (Heilong Jiang) river, which separates the Chinese city Heihe and the Russian city Blagoveshchensk. The distance between the two cities is just 700 metres, but there is no bridge across the river, which affects passenger and freight transportation. The bridge idea was first proposed by the Soviet government back in 1988, but has yet to be implemented.</p>

- 25.04.2016 [Chinese-gauge railway line proposed between Zarubino and Hunchun](#)
The Ministry for the Development of the Russian Far East proposes using the international railway gauge standard, which is used in China, on one of the railway lines to be built in Russia as part of the Primorye-2 transport corridor. This will help reduce transportation times, lower transportation costs, and speed up the circulation of commodities between the two countries. Russian officials stress that currently available technologies allow for three-rail, dual-gauge lines to be put down.
- 11.05.2016 [Plan to build a high-speed railway line between Hunchun and Vladivostok](#)
The project is included in the five-year plan to develop China's Jilin Province. The line will stretch for 322 kilometres, with around 40 kilometres in China. The project is expected to cost around \$10 billion. Following the completion of preliminary work, the construction phase will take five to six years. The new line will reduce travel times between the two cities from the current 8 hours to 1.5 hours.
- 06.06.2016 [Broad-gauge railway station opens at the Russia–China border](#)
A railway station at the border, allowing Russian trains to arrive in China without changing the wheel sets, opens in the Chinese city Suifenhe. The project is part of the effort launched in 2010 to renovate the Mudanjiang–Suifenhe railway section.
- 13.07.2016–
14.07.2016 [Russia–China Customs Services Forum in Yekaterinburg](#)
During the forum held as part of CR EXPO 2016, participants discuss ways to improve customs administration, enforce customs controls, expand the Russia–China green corridor, and organize joint customs oversight of certain types of commodities. Russia and China reach several agreements on improving the standards of commercial services, expanding sea and overland routes, and helping to modernize international postal services.
- 19.07.2016 [Air service launched between Vladivostok and Jinan](#)
The charter flights will be operated by Chinese carrier China Eastern Airlines. The airline's summer schedule lists two flights per week.
- 20.07.2016 [Russia and China agree to jointly develop long-range wide body aircraft](#)
Russia and China are setting up a 50/50 joint venture to implement the project. The new company's headquarters and production facilities will be situated in Shanghai, with the joint development centre located in Moscow. The cost of the project is expected to total \$20 billion. The potential Asia-Pacific market for the airliner is estimated at 4000 units, with up to 1000 potentially being sold in China.
- 23.07.2016 [Moscow–Harbin road inaugurated](#)
The new route will speed up freight transportation between Russia and China. Freight vehicles will cross the border at the Manzhouli crossing point. The route is expected to take 9 days to complete, which is much faster than the 40 days or so required for shipments by sea from the Port of Dalian.
- 17.08.2016 [Work begins to lay second line of Russia–China oil pipeline](#)
Work to lay the second line of the oil pipeline is launched near Jiagedaqi District in Heilongjiang Province. The two lines will run parallel to each other; the total length of the pipeline will be 940 kilometres. The pipeline, which is projected to transport 15 million tonnes of oil per year, should be completed by January 1, 2018.

- 17.08.2016 [Russia and China sign a memorandum on improving flight safety](#)
Under the memorandum based on the results of flight safety consultations between Russian and Chinese aviation authorities, the Russian Federal Air Transport Agency (Rosaviatsiya) is appointed as an authorized agency of Russia to collaborate with its Chinese counterpart. This function had previously been performed by the Interstate Aviation Committee and the Ministry of Transport of Russia.
- 23.08.2016 [Energy bridge planned from Russia to China, Japan and South Korea](#)
The Ministry for the Development of the Russian Far East confirms plans to create an energy bridge with China, Japan, and South Korea. Russia already supplies electricity to China. In June, Japanese partners agreed to finance the Russia–Japan section of the bridge, which could potentially be extended into South Korea. The Ministry of Energy of Russia is completing the necessary calculations; a contract based on this feasibility study could be signed at the upcoming World Economic Forum.
- 28.09.2016 [Interstate agreement planned for transport corridor between Russia, Mongolia, and China](#)
The Russian Agency of Automobile Transport (Rosavtotrans) is planning an intergovernmental agreement in December 2016 on setting up a transport corridor with Mongolia and China. According to preliminary estimates, freight traffic between the three countries will grow by 17–20% by 2020, as traffic flows will be distributed among a greater number of routes. Beyond 2020, the figure could keep growing at a rate of 10% per year, which corresponds to the average annual growth in trade between Russia and China. The new transport corridor will shorten the distance between southern China and the European part of Russia by 1400 kilometres, and the travel time to four days.
- 18.11.2016 [Pontoon bridge opens between Russia and China](#)
A seasonal pontoon road bridge has been opened between the cities of Heihe and Blagoveshchensk. The bridge is 600 metres long and 10.5 metres wide. In 2015, it was opened 18 days earlier than in 2016. The bridge is expected to remain in operation until April 2017.
- 23.11.2016 [BRICS bank's projects in China](#)
The BRICS New Development Bank approves two projects in China and in India, worth a total of more than \$640 million. The bank will lend \$290 million to a coastal wind farm project in Pinghai Bay, Fujian Province. It will also allocate a \$350 million loan for the project to build and renovate 1500 kilometres of roads in the Indian state of Madhya Pradesh.
- 16.12.2016 [Green corridor proposed for express freight trains on routes between China and Europe](#)
Russia's Chita and Siberian customs directorates hold consultations with counterparts representing China's Manzhouli border crossing point. The parties discussed the possibility of introducing a green channel for express freight trains operated by China Railway under the brand name *CR Express*, and the mutual recognition of customs inspection results. *CR Express* trains currently use three routes: the eastern route via the Manzhouli and Suifenhe border crossings on the Russian border; the central route via Erenhot on the Mongolian border; and the western route via Alashankou and Horgos on the Kazakh border. China's national plan calls for the number of *CR Express* routes to reach 43 by the year 2020.

- 10.01.2017 [Two Ka-32A11VS multirole helicopters delivered to China](#)
- Russian Helicopters has completed its first batch of Kamov Ka-32A11VS multirole helicopter deliveries to China under the 2015 contract. Two more such aircrafts are to be delivered in 2017. The helicopters will be used by Chinese operators in firefighting and search-and-rescue missions.
- 18.01.2017 [Freight transportation begins along New Silk Road](#)
- The first Chinese freight train arrives at a terminal in the London district of Barking on January 18th. The train, which was carrying souvenir handbags, purses, and socks along the New Silk Road railway line, departed from the Chinese city of Yiwu on January 1st, covering the 12,000-kilometre route across China, Kazakhstan, Russia, Belarus, Poland, Germany, Belgium, France, and the United Kingdom in 18 days. Had the freight been shipped by sea, it would only have arrived on March 1st.
- 22.01.2017 [Construction of the cross-border bridge across the Amur River](#)
- When construction is complete, the bridge will be the first vehicular bridge across the Amur River (Heilong Jiang River) linking Blagoveshchensk in Russia with Heihe in China. The construction on the 1.2-kilometre-long bridge started in December 2016. On January 22, 2017, after a month of preparatory works, China started on the construction's principal stage. In accordance with the agreement, China will construct eight pile caps and put in 125 piles of the bridge.
- 07.02.2017 [Developing a heavy helicopter](#)
- In accordance with a bilateral agreement signed by Russia and China, the parties will embark on the development of a heavy helicopter. The agreement states that Russian Helicopters Holding will aid Chinese designers in developing the helicopter. In particular, Russian experts will share their experience and technologies, and they will also develop some of the helicopter's systems and the technical design report. China will undertake the project's logistics, design, and prototype construction, as well as the testing, manufacturing, certification, and market promotion of the helicopter.
- 01.03.2017 [Delivering a detachment of MI-171 multipurpose helicopters to China](#)
- Russian Helicopters Holding delivers a detachment of MI-171 multipurpose helicopters to China. The MI-171 transport helicopters were produced at the Ulan-Ude Aviation Plant in late 2016. The aircraft were fully tested at the plant and made a successful flight to the customer's base in Shihezi in the Xinjiang Uyghur Autonomous Region of China. The helicopters are equipped with a *SAFIR* auxiliary propulsion unit, a rescue hoist, and an external load allowing transportation of large cargo weighing up to 4 tonnes.
- 02.03.2017 [The world's largest aircraft makes initial flight to the Yamal-Nenets Autonomous Area carrying Chinese freight](#)
- The world's largest aircraft, the Antonov AN-124 Ruslan, makes its first flight to Sabetta, Russia's northernmost airport on the Kara Sea in the Yamal-Nenets Autonomous Region. The plane delivers a 67.67-ton cargo of Chinese commodities that includes components to be used in the construction of the gigantic Yamal-LNG gas liquefying plant.

- 10.03.2017 [First regular refrigerator train with exported goods travels to China](#)
- Some of the containers are transported to Khabarovsk and air sprayed in Komsomolsk-on-Amur and Birobidzhan. Seven containers will travel on to Fuyuan in Heilongjiang Province. The core of the train will travel on to Ussuriysk; from there, containers will be delivered to Vladivostok, Petropavlovsk-Kamchatsky, Yuzhno-Sakhalinsk, and Magadan in Russia, and Suifenhe, Dongying, and Harbin in China.
- 17.03.2017 [First container train arrives from China](#)
- The freight train completes its six-day journey from Kuitun station (China), travelling almost 3800 kilometres across China, Kazakhstan, and Russia. The train delivers 82 high-capacity containers containing tomato paste. The containers are 20-feet high. The consignor was China's TAICHY FOOD CO., LTD, and the container train is operated by TransContainer OJSC (a subsidiary of Russian Railways JSC).
- 21.03.2017 [Construction of the southwestern stretch of the Second Ring of the Moscow Metro](#)
- China Railway Construction Corporation (CRCC)* is the contractor building the southwestern stretch of the Second Ring of the Moscow Metro. In autumn 2017, the company will start construction on three stations (Aminiyevskoey Shosse, Michurinsky Prospekt, and Prospekt Vernadskogo) and on the running tunnels between them.

Cooperation in Greater Eurasia

Date	Event
28.04.2016	<p>2nd Meeting of the Russia–China Working Group on the Co-Development of the Construction of the Eurasian Economic Union and the Belt and Road Initiative, in Beijing</p> <p>In summarizing the results of the meeting, the participants note that the working group will develop collaboration mechanisms for promoting projects to attract investments. Integration will take place in two principal areas: through an agreement on trade and economic cooperation, and the implementation of joint projects that have an integrational effect and are of interest for two or more union members.</p>
19.05.2016– 20.05.2016	<p>ASEAN–Russia Summit in Sochi</p> <p>The summit is an important step towards a strategic partnership between Russia and the states of Southeast Asia. At the Forum, Vladimir Putin singles out the integration of the Eurasian Economic Union (EAEU), the ASEAN community, the SCO, and the Belt and Road Initiative as a promising area of regional cooperation.</p>
23.05.2016	<p>China's stance on Russia's integration initiatives</p> <p>In its press release, the Ministry of Foreign Affairs of China expresses support for Russia's integration initiatives formulated by President Vladimir Putin at the ASEAN–Russia Summit in Sochi regarding the integration of the EAEU, the Belt and Road Initiative, the ASEAN community and the SCO.</p>
01.06.2016	<p>The EAEU decision on establishing comprehensive economic partnership with China</p> <p>Following the meeting of the EAEU heads of state at the Supreme Eurasian Economic Council, a decision to launch talks with China on establishing a comprehensive economic partnership was adopted. The negotiating group is instructed to study non-tariff barriers in</p>

mutual trade. The free movement of goods and services within the EAEU corresponds to the Belt and Road Initiative proposed by the Chinese leadership.

25.06.2016 [The EAEU and China launch talks on the trade and economic cooperation agreement, in Beijing](#)

Minister for Trade of the Eurasian Economic Commission, Veronika Nikishina, and Minister of Commerce of China, Gao Hucheng, sign a joint statement on transitioning to the negotiation stage in drafting the Agreement on Trade and Economic Cooperation between the EAEU and China. The parties intend to develop comprehensive rules for mutual trade in several key areas, including technical regulation, customs regulation, and intellectual property.

09.07.2016 [G20 Trade Ministers Meeting in Shanghai](#)

Russia and China hold ministerial-level discussions on the sidelines of the forum on the establishment of preferential agreements on trade in goods, services, and investments, both bilaterally and within the EAEU. The experience of other countries – of the ASEAN countries, for example – is expected to be used in drafting such agreements with China.

19.07.2016 [Negotiations on the EAEU – China Trade Agreement in Moscow](#)

The Ministry of Foreign Affairs of Russia suggest that members of the business community who are considering entering the Chinese market report information on barriers that prevent their entry or limit their activity there. The Ministry also recommended that these businesspeople also submit possible proposals that could become part of the agreement being drafted.

24.08.2016 [Meeting of the Chairman of the Board of the EEC and the Vice Premier of China](#)

After the talks, Tigran Sargsyan and Zhang Gaoli agree to hold periodic meetings to discuss the development of relations between the sides and provide support for the agencies in charge of their search for optimal solutions. The parties agree to hold meetings every two months at the level of the working group headed by Minister for Trade of the Eurasian Economic Commission, Veronika Nikishina.

19.09.2016 [2016 Forum on Peace and Development in North-East Asia in Tianjin](#)

Organized by the City Committee of the Communist Party of China, one of the principal forum topics is the prospects for and ways of establishing the Russia–Mongolia–China economic corridor as one of the six main economic corridors to be created as part of China's Silk Road Economic Belt initiative. The Forum was attended by politicians, diplomats, and experts from Russia, China, Mongolia, Japan, South Korea, and the United States.

28.09.2016 [Eurasian Economic Commission Round Table on the Prospects for EAEU–China Cooperation](#)

Eurasian Economic Commission experts discuss the prospects of cooperation between the member states and China as part of the Silk Road Economic Belt initiative. The event was initiated by leading experts and members of the business communities of the member states who are interested in setting up an effective dialogue between the Union and China. A group of experts headed by former Prime Minister of Kyrgyzstan, Djoomart Otorbaev, presented a joint paper titled “The Eurasian Economic Union and the Silk Road Economic Belt: Illusions and Reality.”

- 20.10.2016 [Round table on the prospects of co-developing the EAEU and the Belt and Road Initiative](#)
- The Russian International Affairs Council and the Chinese Embassy in Russia hold a round table meeting entitled “Co-developing the EAEU and the Belt and Road Initiative: Realities and Prospects. Joint Efforts for Establishing a ‘Greater Eurasian Partnership.’” The participants discuss the interests of Russia and China in the Eurasian space, the contents of Russia’s Greater Eurasian Partnership initiative, and the opportunities for developing cooperation afforded by integrating the EAEU and the Silk Road Economic Belt.
- 01.11.2016 [China’s stance on Co-Development with the EAEU](#)
- At the “Russia–China: Multilateral Cooperation” conference held during the 21st Regular Meeting of the Russian and Chinese Heads of Government, China’s Ambassador to Russia says that his country will progressively increase its involvement in, and provide comprehensive support for, the work done on integrating with the EAEU. Beijing is also prepared to make efforts together with all the EAEU members to encourage governments, enterprises, public bodies, and private organizations to carry out multi-format mutual beneficial cooperation.
- 08.11.2016 [International Symposium on Issues of Innovations as part of the Belt and Road Initiative in Beijing](#)
- Over 350 experts and academics from the academies of sciences of China, Russia, Uzbekistan, and Kazakhstan attend the Symposium to discuss the issues of science and technical cooperation within the Belt and Road Initiative, and problems related to innovations in science and technologies, coordinated development, environmental protection, and sustainable development.
- 08.12.2016 [Russia and China hold consultations on Central Asia in Beijing](#)
- The directors of the relevant departments at the two Ministries for Foreign Affairs of both countries, held consultations to consider topical issues on the regional agenda and the issue of integrating the construction of the Eurasian Economic Union and the Belt and Road Initiative. The discussions also cover further collaboration to ensure security, stability, and economic development in the region.
- 14.12.2016 [Presentation of the Silk Road Information Programme in Moscow](#)
- The Moscow Bureau of China’s Xinhua News Agency, jointly with the “Moscow-Beijing. Two Countries, One Business” business club, present “information products” for the Belt and Road Initiative. The mechanism offers subscribers access to the Silk Road database, economic information on China, a service to check the reliability of a partner, and a service through which to commission research projects. Promoting the Silk Road Information Programme in Russia was part of the “Russian and Chinese Media Exchange Years.”
- 20.12.2016 [First Meeting of the EEC and the EAEU Business Council in Moscow](#)
- The Advisory Board on the collaboration between the EEC and the EAEU Business Council, with participation from the business community of Union countries, met to discuss the parameters of their negotiations with China, particularly within the framework of drafting the Agreement on Trade and Economic Cooperation between the EAEU and China, as well as for the project to integrate the EAEU and the Belt and Road Initiative. Entrepreneurs from Armenia and Kyrgyzstan attend the meeting of the Advisory Board.

- 11.02.2017 [Second Russia–China Business Forum in St. Petersburg](#)
The main topic for discussion is “Integrating Russian and Chinese Businesses as Part of the EAEU and Belt and Road Initiative Co-Development Project.” 8 cooperation agreements between Chinese and Russian companies are signed, and various projects are presented.
- 01.03.2017 [Coordinating the list of infrastructural projects under the EAEU–Belt and Road Initiative Co-Development](#)
The EEC compiles a list of priority projects to be implemented by the EAEU countries in support of establishing the Silk Road Economic Belt. 39 of these projects pertain to the construction of new roads, modernizing old ones, establishing transportation and logistics centres, and developing key transportation hubs. In particular, the plans entail implementing a large-scale project to construct new motorways as part of the Western Europe–Western China international transportation route, in addition to building the Moscow–Kazan high-speed railway line, the China–Kyrgyzstan–Uzbekistan railway, and developing the Armenia–Iran railway line.

Cooperation in Education, Culture, Science, Sport, and Media

Date	Event
07.04.2016	<u>Awarding the Order of Friendship to an entrepreneur from China</u> President of Russia awards the Order of Friendship, Russia’s highest award for foreign citizens, to Liu Xiao, a finance manager with Stroyelitsentr, who has worked in Russia for over 10 years. In 2014, Liu Xiao’s company was the contractor building housing for people who suffered from heavy flooding in the Russian Far East.
12.04.2016	<u>Celebrating Cosmonautics Day in the Russian Cultural Center in Beijing</u> To celebrate Cosmonautics Day and the 55 th anniversary of the first manned space flight, the Russian Cultural Center holds an exhibition with photographs of Yuri Gagarin, paintings dedicated to cosmonautics, and a collection of commemorative envelopes depicting the first human in space.
12.04.2016	<u>Developing new motorway routes between China and Russia</u> The tourism boards of Jilin Province and the Primorsky Krai are in talks about a long-term cooperation project for establishing cross-border motor tourism in the Changbaishan district and in Russia’s Primorsky Krai. Russia–China events commemorating the Second World War include a “Friendship Journey” rally intended, among other things, to lay new routes for automobile travel between China and Russia.
13.04.2016	<u>Establishment of the Russia–China Engineering Technological Institute</u> The institute is based at North China University of Water Resources and Electric Power and at Ural Federal University. Programme directors are currently in the process of coordinating joint curricula, with 50% of the courses to be taught at Ural Federal University.
14.04.2016	<u>Record turnout for the Chinese language exam in Moscow</u> At the end of the first quarter of 2016, the Confucius Institute at Moscow Linguistic University recorded a 30% increase in the number of applicants registered for the Chinese language level exam. A total of 685 applications were submitted in March 2016.

- 19.04.2016 [The space industries of Russia and China exchange technologies](#)
China has on numerous occasions expressed its desire at the inter-governmental commission to obtain Russian technology for producing liquid rocket engines in exchange for the Chinese technology to produce radiation-resistant electronics. China's super high frequency emission technologies are comparable to those developed in the United States, yet Roscosmos has not confirmed the expediency of such cooperation and does not believe the exchange to be equitable.
- 20.04.2016 [Chinese plans to construct retirement homes in Crimea](#)
Following the Yalta International Economic Forum, the Black Sea International Cooperation Association announces that Chinese investors are interested in building houses in Crimea similar to retirement homes, for both Chinese and Russian senior citizens. The volume of investments is estimated at hundreds of millions of dollars.
- 22.04.2016 [The Russia–China Arts and Culture Festival in Beijing](#)
Over 100 guests of honour attend the opening ceremony of the festival held as part of the Belt and Road Initiative. The exhibition of paintings by People's Artist of Russia Viktor Yamshchikov is a highlight of the festival. The festival promotes joint development and mutual understanding among the two peoples and the enhancement of cultural exchanges between the two countries.
- 24.04.2016 [Roscosmos Director General visits China](#)
Igor Komarov holds talks with the top management of the China National Space Administration. The two states launch a discussion on joint projects to research mars and the moon. Consultations are also held on possible cooperation in manned space and near-earth orbit programmes.
- 03.05.2016 [Opening the Russia–China Silk Road Institute in Liuzhou](#)
The Institute was founded through the cooperation of Ural State University of Railway Transport and Liuzhou Railway Vocational Technical College and opened in Guangxi Zhuang Autonomous Region. The new academic institution will accept students in five major disciplines. Students admitted to the institute will receive a "two plus two" education: two years of study in China and two years of study in Russia.
- 05.05.2016 [Implementing a cooperation agreement on training specialists in Chinese medicine](#)
Training courses in Chinese medicine for Russian doctors and faculty are opened at the outpatient clinic of Gansu University of Traditional Chinese Medicine. These courses were made possible through the cooperation agreement on training Chinese medicine specialists, student and faculty exchanges, and research into medicinal plants used in Chinese medicine. The agreement was signed in 2014 by the Gansu Province Healthcare Committee and the Peoples' Friendship University of Russia.
- 06.05.2016 [Construction of the first Russia–China university commences in Shenzhen](#)
The university will be affiliated with Moscow State University and Beijing Polytechnic University. Total investments into the construction of the 280,000-square metre Shenzhen campus totalled \$320 million. The joint university plans to admit its first master's students in September 2016; majors include bio-ecology and nano-biotechnologies. Over half of the faculty in the new university will be from Moscow State University.

- 13.05.2016 [The launch of Crimea routes for Chinese tourists](#)
Chinese tourists travel to Crimea in organized groups. The first groups visited the peninsula during the May holidays. Mostly, Chinese tourists are interested in historical and educational routes, including the history of the House of Romanov and the Second World War.
- 17.05.2016 [Memorandum on promoting exports of Russian media content to the Chinese market](#)
The memorandum is signed in Moscow by the top management of China's *LeEco Global Holding Ltd.*, the Russian Export Center, ANO Internet Development Institute, and JSC Digital Television. The agreement is intended to promote Russian feature films, TV series, animation, and other video content on the Chinese market. It is also intended to set up the distribution and release of media content on international markets through *LeEco*, one of the world's largest media platforms. The total capitalization of Chinese companies involved in the working group is over \$1 trillion.
- 20.05.2016 [Efforts to increase Russian and Chinese tourism revenues](#)
The Federal Agency for Tourism (Rosturizm) launches an advertising campaign in Beijing to present Russia's tourist attractions. The devaluation of the rouble was followed by an influx of Chinese tourists; in 2015, Chinese tourists spent about \$1.5 billion in Russia. China also wishes to attract new tourists through returning taxes on goods purchased in China by foreign tourists and through large-scale investments into the tourist infrastructure.
- 24.05.2016 [Day of Slavic Writing and Culture in Beijing](#)
Organized at Beijing Foreign Studies University with the support of the Russian Embassy in China, university students present photos and videos about traditional Slavic cuisine.
- 30.05.2016 [The 3rd Summit of the Association of Sino–Russian Technical Universities](#)
Attended by around 200 representatives of the scientific and technical circles of the two countries, promising projects in scientific and technical collaboration were discussed. Participants pledge to enhance collaboration in technology transfers, to introduce greater manufacturing applications of scientific and technical achievements for implementing the Belt and Road Initiative, and to promote scientific and technical cooperation in Eurasia.
- 06.06.2016 [Meeting of the Central Board of the Russia–China Friendship Association in Moscow](#)
The meeting is held to elect the Association's Chairperson. Member of the Federation Council of the Federal Assembly of Russia Dmitry Mezentsev is elected unanimously.
- 08.06.2016 [Expanding language programmes at the Confucius Institute](#)
The Confucius Institute at the Russian State University for the Humanities launches a new programme, "Business Chinese." This course will be taught over four terms using a new methodology that involves watching news broadcasts on China Central Television.
- 09.06.2016 [Statistics on the growing Chinese tourist influx into Russia](#)
In 2016, the number of Chinese tourists visiting Russia grew by 63%. For two years running, China has topped the list of foreign tourists in Russia, particularly in Moscow. In 2015, a total of 670,000 Chinese tourists visited Russia, with 400,000 choosing Moscow as their destination. The sharp increase in the tourist flow from China has forced Moscow's tourism industry to revise its traditional orientation toward European tourists. Many hotels are joining the China Friendly programme, and shops are translating their signs into Chinese.

- 15.06.2016 [China Daily presentation in Moscow](#)
- The Chinese newspaper presents its “Chinese Take” printed supplement, which will be published as a quarterly insert to *Rossiyskaya Gazeta*. The photo album *China through the Lens of 100 Photographers* published during the “Russian and Chinese Media Exchange Years” is also presented. The album is a follow-up to the *Russia Through the Lens of 100 Photographers* photo album.
- 17.06.2016 [The establishment of the first Russian-Chinese medical university is announced](#)
- Heilongjiang University of Traditional Chinese Medicine and Amur State Medical Academy sign a framework agreement on the establishment of a joint medical university. The Institute's graduates will speak two languages and specialize in Chinese and European medicine. Both universities also intend to open a joint Chinese and European medical clinic in the border city of Heihe.
- 25.06.2016–
03.07.2016 [“The Russian and Chinese Border is the Border of Peace and Cooperation” Russia–China media tour starts](#)
- The Media Tour organized by TASS News Agency and the *Renmin Ribao* (*People's Daily* newspaper) is launched in the presence of the heads of state of the two countries. The tour involves learning about the culture and traditions of the Amur Region and the Primorsky Krai, visiting major industrial sites of both regions. Plans involve meetings with the heads of the regions and heads of joint ventures. The participants include over 40 journalists from Russia and China's federal and regional media.
- 04.07.2016 [Chinese Culture Festival in Moscow](#)
- The Festival is held under the 2014–2016 cooperation programme between the two countries' ministries of culture. Performers from the city of Tianjin include the Opera and Ballet Theatre, the Huo Yuanjia Civil and Military School, a circus troupe, and a unique performance group featuring people with disabilities. The programme includes dance and acrobatic performances, authentic musical and theatre scenes from the Beijing Opera, contemporary vocal compositions, and traditional wushu demonstrations.
- 04.07.2016 [Opening of the Russia–China High-Speed Railway Research Centre](#)
- The research centre will accumulate the knowledge of leading Russian and Chinese experts, research institutions, and specialized enterprises. Work will be done on the key issues of developing high-speed railway transportation. The centre will also promote the joint use of cutting-edge scientific technologies in the area.
- 04.07.2016 [17th meeting of the Russian–Chinese Commission on Humanitarian Cooperation in Moscow](#)
- The Commission is considered an important part of the system of regular meetings between the Russian and Chinese heads of government. The meeting tracks and reviews bilateral humanitarian cooperation. The China–Russia Youth Exchange Years included a total of over 800 events.
- 05.07.2016 [Opening of the Museum of the 6th Congress of the Communist Party of China in Moscow](#)
- The opening ceremony is attended by Vice Premier of China, Liu Yandong, and Deputy Prime Minister of Russia, Olga Golodets. The exhibition at the museum is part of the China Cultural Center and is located in the village of Pervomayskoye in the Naro-Fominsk District of Moscow Region, where the 6th Congress of the Communist Party of China was held in July 1928. This is the only permanent exhibition hall dedicated to the history of the Communist Party of China outside of China.

- 05.07.2016–
10.07.2016 [The First Russia–China Cinema Week in Sichuan Province](#)
Four Russian and eight Chinese films are shown at the festival. The Cinema Week also includes a Russia–China Forum on Cinematic Exchanges where experts from the two countries discuss a plan for promoting Russia–China exchanges and cinematic cooperation.
- 07.07.2016 [Joint concert by Russian and Chinese musicians in Irkutsk](#)
The concert is put on by the China Philharmonic Orchestra, China National Radio Children's Choir, and the Irkutsk Regional Philharmonic. The concert is one of over 200 events held as part of the "Russian and Chinese Media Exchange Years."
- 10.07.2016 [Establishment of the Union of Journalistic Education at Chinese and Russian Higher Education Institutions in Beijing](#)
The Union will promote educational and further training exchanges and cooperation between the universities, and facilitate humanities exchanges, research, and the establishment of analytical centres. A total of 21 Chinese and 14 Russian universities are part of the Union.
- 18.07.2016 [Agreement on founding the world's largest circus in Zhangjiajie](#)
Dacheng Shanshui International Hotel and Moscow Big State Circus sign an agreement on constructing a "Russian-Style Park." It is the largest project in the history of cultural and tourist cooperation between the two countries. Total investments will exceed \$300 million, with an initial outlay of about \$100 million.
- 21.07.2016 [First China–Russia–Mongolia Tourism Ministers' Meeting in Hohhot](#)
Head of Rosturizm Oleg Safonov, Chairman of the National Tourism Administration of China, Li Jinzao, and the heads of the Ministry of Environment, Green Development, and Tourism of Mongolia, sign an agreement on the establishment of "The Great Tea Road" Tourist Union of China, Russia, and Mongolia. The heads of the tourist administrations signed the MoU on Tourism Cooperation.
- 02.08.2016 [Cooperation Agreement between Valdai Club and Xinhua News Agency](#)
The agreement between the Moscow bureau of *Xinhua* News Agency and the Foundation for Development and Support of Valdai International Discussion Club is intended to promote a dialogue between the Chinese and Russian academic and expert communities. *Xinhua* and Valdai also agree to exchange information on current trends in various areas, participate in shaping the global agenda, and jointly seek solutions to the world's political and economic problems.
- 03.08.2016 [Launch of a joint Russia–China cinema project](#)
Filming of *Viy-2: Journey to China* starts in Beijing. The film will have the budget of about \$40 million. The movie is being produced by China Film Group Corporation with a Russian partner.
- 12.08.2016 [7th Russia–China Culture and Arts Fair on the Amur River](#)
The Fair organized by the Russian and Chinese ministries of culture, the People's Government of Heilongjiang Province, and the Amur Region Administration, opens simultaneously in Heihe and Blagoveshchensk. The event is dedicated to trade, cultural exchanges, and strengthening friendship and cooperation between the peoples of the two

countries. The Fair includes exhibitions of Russian oil paintings and Chinese traditional art, hand-made goods and accessories.

22.08.2016 [Tender for organizers of internships in China](#)

The Federal Resource Centre for Organizing Management Personnel Training announce a tender for organizing internships in China for Russian professionals. The tender announcement is posted on the public procurement website. The winner is to organize 12-day internships in Shanghai for no fewer than three groups of Russian specialists (40 people). The internship should focus on the agro-industrial complex, information technologies, and engineering. The maximum price of the contract is 18.6 million roubles.

25.08.2016 [23rd Beijing International Book Fair](#)

The Russian booth was divided into several sections at the Fair: natural sciences, Nauka Press, books in Chinese and Russian, Russian novels, and children's literature. The books published under the humanities project entitled "Translating and Publishing Classical and Contemporary Russian and Chinese Literature Programme" enjoyed the greatest popularity. The series includes books such as the *Huainanzi* and *China's Part of International Communism* in Russian, and *The Dostoevskys' Saga* and *Medea and Her Children* in Chinese.

31.08.2016 [Joint Russia–China research on the North Pole](#)

A team of 31 scientists, including 11 scientists from China, carry out research work in Russia's exclusive economic zone in the Arctic Ocean. This marks the first example of Russia–China cooperation in studying the region. In addition, a series of interdisciplinary comprehensive studies are conducted in the Russia maritime zone of the Chukchi and East Siberian seas.

13.09.2016–
19.09.2016 ["Russian Arts Week" exhibition in Beijing](#)

Organized by the Russian Cultural Center, the exhibition presents works by Russian painters dedicated to the harmony of natural landscapes and urban spaces.

26.09.2016 [Opening of the "Russian Town" neighbourhood in Dalian](#)

The neighbourhood is situated in the Lüshunkou District, previously home to the Port Arthur Naval Base of the Russian Empire and the USSR. The compound will span an area of 35 square kilometres, including 12 kilometres of coastline. Currently, over 30 residential buildings, a school, and a hotel, have been constructed. Initial investments totalled about \$200 million, with the overall amount of investments at around \$5 billion.

28.09.2016–
29.09.2016 [Russia, Mongolia, and China, International Think Tank Forum in Hohhot](#)

Organized by the China–Mongolia–Russia Think Tank Cooperative Union, the participants discuss issues related to the establishment of the Russia–Mongolia–China economic corridor and developing interconnected infrastructure. During the Forum, Inner Mongolia's China–Mongolia–Russia Cooperation Institute is officially established. The Institute will serve as a platform for think tank exchanges.

10.10.2016 [Russia–China documentary on China](#)

Filming begins on the *This is China* documentary in Beijing. The Russian and Chinese film crew will spend two months visiting more than ten cities and provinces in China. The crew will collect footage about Shaolin Kung Fu, giant pandas, the Beijing opera, and other essential elements of Chinese culture. The footage will be used for a six-part documentary due to be released in three languages: Chinese, Russian, and English.

- 11.10.2016 [“China and Russia on the Silk Road” multimedia project launched in Beijing](#)
The project initiated by the State Administration of Press, Publication, Radio, Film, and Television of China, is officially launched at the Russian Embassy in China. The project will be implemented jointly by China Radio International and *Rossiya Segodnya* News Agency. The project is part of the “Russian and Chinese Media Exchange Years.”
- 11.10.2016 [First meeting of the 2022 Winter Olympics Coordination Commission](#)
The meeting is chaired by President of the Russian Olympic Committee Alexander Zhukov, who had previously been appointed President of the Coordination Commission for the 2022 Winter Olympics to be held in Beijing and Zhangjiakou. The Commission will assist the Beijing Organizing Committee for the 2022 Olympic Games in implementing the plan for Olympic preparations, with an emphasis on environmental protection.
- 12.10.2016 [Collection of stories on Russia–China friendship](#)
The book published by the Heilongjiang Press is dedicated to the “Russian and Chinese Media Exchange Years.” It includes articles written by Chinese journalists on reporting and collecting news information in China and Russia, and is published in both Russian and Chinese.
- 13.10.2016 [Delegation from Hunan Province visits the Russian Far East](#)
Members of the Hunan Province Administration meet with the Administration of the Primorsky Krai and discuss options for expanding collaboration in investments, culture, and tourism.
- 13.10.2016 [Statistics on the flow of tourists from China to Russia](#)
During the first week of October (a holiday week in China), the number of Chinese tourists grew by 103% compared to the same period of the previous year. Over the last five years, the tourist flow has more than quadrupled and now exceeds 1 million people per year. Russia is one of the most popular destinations for Chinese tourists.
- 18.10.2016 [Establishment of the Russia–China Centre for Technological Transformation and Innovations](#)
The centre was founded by the Shenyang branch of Tsinghua University Science Park Holding, in collaboration with the Tomsk Region Association of Innovative Enterprises, and the St. Petersburg Asia and Pacific Cooperation Centre. It was established to borrow and implement cutting-edge scientific and technological achievements, and to step up cooperation between enterprises in the two countries that are engaged in new and high technologies. The parties have already agreed to jointly develop wheeled robots, electronic equipment, and spacecraft components.
- 20.10.2016–
23.10.2016 [China International Education Exhibition 2016](#)
More than 500 higher education institutions from 40 countries and regions, including Ireland, Australia, Canada, and the United States, will take part in the exhibition. The exhibition will feature the higher education institutions of Ireland, the event’s guest of honour, and will include a dialogue by renowned experts, academics, entrepreneurs, etc. The event will also include a presentation of the annual report on China’s educational cooperation with foreign countries.

- 20.10.2016 [“Russia-China Relations: 2016 Model”: Expert Report by Fudan University](#)
- The academic report is the Chinese version of the expert report presented by the Russian International Affairs Council, prepared by a group of Russian and Chinese experts. The report’s authors note that the purpose of their work is to find all the opportunities for mutually beneficial cooperation between the two countries, and to minimize the potential risks of joint projects, while putting forward proposals for establishing collaboration in international politics, trade, economics, and the humanities.
- 23.10.2016 [9th “China–Russia: History and Culture” International Academic Symposium in Kazan](#)
- The event organized by the Institute of International Relations, History and Oriental Studies of Kazan Federal University, and the Confucius Institute, attracts over 70 experts from Russia and China. The event includes academic discussions on strategic partnerships and research in teaching the Chinese language.
- 23.10.2016 [Private Russian Art Museum opens in Dalian](#)
- The Chinese entrepreneur Liu Dianchuan started collecting Russian art in 2002. The museum has over 20,000 works in its collection, with over 15,000 items on display, grouped into 12 series, including sculptures, seals, medals, paintings, copper kettles, stamps, commemorative coins, and silver articles.
- 25.10.2016 [Results of the “Russia–China on the Silk Road” media tour](#)
- Over the course of two weeks, a group of 40 journalists from 10 leading Russian and Chinese media outlets, visit Xi’an, Dunhuang, Lanzhou, Ürümqi, and several other cities located along Silk Road Economic Belt, during which they learn about the history, culture, and socioeconomic development of Northeast China.
- 27.10.2016 [“Russia and China: Partners-in-Law” Conference in Moscow](#)
- Organized by the Sino-Russian Legal Society and LF Academy, with the support of the St. Petersburg International Legal Forum. Experts discuss corporate law reform in China, issues of protecting investor rights in Russia and China, the conditions for attracting investments into various sectors of both economies, and improving the investment appeal of the Russian Far East. They also consider issues of customs regulation in Russia, the legal aspects in the collaboration between the two countries, and dispute resolution in international commercial arbitration courts. The conference is attended by representatives of the Ministry of Justice of Russia, the Ministry for the Development of the Russian Far East, Sberbank and Gazprombank, as well as Russian and Chinese law firms and schools.
- 28.10.2016–
29.10.2016 [Russia–China Internet Media Forum in Guangzhou](#)
- Held as part of the cross-years of Russian and Chinese media, the forum aims to establish a dialogue platform for the largest media companies in the two countries, and more in-depth humanitarian exchanges between their peoples. It includes the Russia–China Summit for the Young Leaders of the New Media, and the Collective Interview of the Joint Journalist Group. The Forum is organized with the participation of the Ministry of Communications and Mass Media of Russia.
- 02.11.2016 [Launch of a regional programme for elderly tourists from Russia and China](#)
- The first group of tourists from Blagoveshchensk visit Heihe as part of the project of caring for senior citizens within country-to-country tourism between Russia and China. Russian tourists are treated to spa treatment in combination with traditional Chinese medicine.

- 05.11.2016 [Second All-China Russian Language Competition in Beijing](#)
As part of the competition organized jointly by China Central Television and Russia's Channel One, Russian TV stars Arkadiy Inin, Mikhail Shirvindt, Tatyana Arno, and Aleksey Markov, were invited to train the teams. The top prize went to the team from Beijing Foreign Studies University.
- 07.11.2016 [Exhibition of Chinese cultural monuments in the State Historical Museum of Russia](#)
The "Ancient Art of Shanxi Province" exhibition presents 119 ancient works of art. Preparations for the exhibition, the first experience of cooperation with Russian museums for the Shanxi Museum, took almost two years. The Shanxi Museum is expected to hold the "Treasures of the Russian Empire" exhibition in January 2017; the exhibition will include items from the collection of the State Historical Museum of Russia.
- 28.11.2016 [Joint exhibition of Russian and Chinese painters in Harbin](#)
The exhibition of works by artists from the two countries was opened in the Exhibition Pavilion of the Chinese People's Political Consultative Conference of Heilongjiang Province. The visitors can see 60 oil paintings, 33 sculptures, 16 works in the traditional Chinese ink wash painting technique, and 11 watercolour paintings.
- 01.12.2016–
09.12.2016 [5th St. Petersburg International Cultural Forum](#)
The Forum includes approximately 275 events at more than 90 venues. President of Russia Vladimir Putin attends the opening ceremony. The largest foreign delegation is sent from China. At the Forum, Russian film studios Lenfilm and Glavkino, and the Russia–China Foundation for the Development of Culture and Education, sign an agreement to remake the Soviet feature film *Amphibian Man* to be released in China. In addition, Moscow Mayakovsky Academic Theatre and Sovremennik Theatre, along with five more Russian theatres, conclude an agreement with China Arts and Entertainment Group on joining the Silk Road International League of Theatres. Issues of Russia–China cooperation in the performing arts are discussed at the "Russia–China Performing Arts Dialogue" round table.
- 02.12.2016 [Establishment of the Russia–China Association of Culture and Arts Universities](#)
The association is established to implement the agreements stipulated in the MoU between the Russian Ministry of Culture and the Chinese Ministry of Education, on cooperation in education, science, and culture, concluded at the 20th Regular Meeting of the Russian and Chinese Heads of Government, and is joined by 18 Russian and 8 Chinese universities.
- 11.12.2016 [11th Confucius Institute Conference in Kunming](#)
The event is attended by over 2200 people, including university rectors and representatives of Confucius Institutes from 140 countries and regions. Participants discuss issues of teaching Chinese as a foreign language and spreading Chinese culture. The conference includes 14 forums, a symposium on international exchanges in traditional Chinese medicine, a symposium on developing Confucius Institutes as part of building Belt and Road Initiative, and an exhibition of Chinese language textbooks.
- 18.12.2016 [Reception for sinologists in China's Consulate General in St. Petersburg](#)
St. Petersburg's leading sinologists reflect on 2016 in the development of Russia–China relations. The Consulate General consistently supports the development of cultural exchanges between the two countries, as it organizes Chinese cultural festivals, meetings, exhibitions, expert exchanges, and trips. In 2016, The Union of St. Petersburg Sinologists,

and the Association of Chinese Education Alumni, were established in St. Petersburg. A media cooperation project is currently in development.

21.12.2016 [60th anniversary of establishing relations between TASS and Xinhua](#)

In honour of the milestone anniversary, a photographic exhibition entitled “A Look in the Past and Future” opens in Beijing, featuring archival photos depicting the history of cooperation between the news agencies. Collaboration between Russian and Chinese media has become an important component of bilateral contacts; TASS–Xinhua relations are a model of Russia–China comprehensive exchanges in various areas.

02.01.2017 [Developing flue gas cleaning technology for a coal handling and preparation plant](#)

Scientists from Kuzbass State Technical University, the Siberian Branch of the Russian Academy of Sciences, and Shandong University of Science and Technology, develop a technology for cleaning gasses emitted by coal boilers, thermal power plants, and coal handling and preparation plants. The technology involves preliminary treatment of water-coal fuel with sulphur absorbents, and uses catalytic and adsorbent methods of flue gas cleaning, which ultimately eliminates the emissions of pollutants into the atmosphere.

05.01.2017 [Repairs on the *Akademik Boris Petrov*](#)

The *Akademik Boris Petrov* research vessel undergoes repairs in the Chinese port of Tianjin. The ship set off with a team of scientists on an expedition involving a broad range of research activities, most of which were conducted in the Indian Ocean. Comprehensive geophysical and hydro-physical research, as well as research in gas chemistry, geo chemistry, geology, meteorology, hydrobiology, and environmental studies, will be conducted along the Ninety East Ridge. Two longitudinal hydrologic sections at Tareyev Equatorial Counter Current are planned.

06.01.2017 [“The Great Tea Road” Border Tourism Symposium in Manzhouli](#)

The Ministry of International Cooperation and Foreign Economic Relations of the Trans-Baikal Region in Russia and the Tourist Board of the Inner Mongolia Autonomous Region (China) hold “The Great Tea Road Border” Tourism Symposium in the city of Manzhouli. At the Symposium, the parties summarize the results of “The Great Tea Road” border tourist train launch and arrive at agreements on restoring train traffic along the Manchuria–Trans-Baikal–Manchuria route and other related issues.

11.01.2017 [Reception for the Chinese citizens living in Russia in celebration of the approaching Spring Festival in Moscow](#)

Over 400 Chinese citizens living in Russia take part in the event held by the Chinese Embassy. The reception is hosted by Chinese Ambassador to Russia, Li Hui, and his wife, Shi Xiaoling.

12.01.2017 [Presentation of Irina Zakharova's book *A Magical Journey to Beijing* in Moscow](#)

Irina Zakharova is well known in Russia and China as an Honoured Artist and sinologist. The event was attended by Chinese Ambassador to Russia, Li Hui, Chairperson of the Russia–China Friendship Society, Dmitry Mezentsev, Director of the Information and Press Department of the Ministry of Foreign Affairs of Russia, Maria Zakharova, and President of the Diplomatic Academy of the Ministry of Foreign Affairs of Russia, Evgeny Bazhanov. The event is attended by approximately 120 guests, including representatives of the media, publishing houses, and Chinese and Russian public.

- 14.01.2017 [Friendly hockey match between the Russian and Chinese amateur teams on the Amur](#)
A friendly game of hockey is played on the ice of the Amur (Heilongjiang) River, bordering Blagoveshchensk and Heihe, the first ever game played between the two sides on the border river. The event is attended by Governor of the Amur Region, Alexander Kozlov. The Russian team won 4–3.
- 16.01.2017 [Tourist flow from China into Russia rises](#)
The largest number of foreign tourists in Russia are from China. Sputnik News Agency reports that in January–November 2016, over 670,000 Chinese tourists travelled to Russia on visa-free tours, which represents an increase of 40% from the same period in 2015. Increasing numbers of Chinese tourists are expected to travel to Russia in 2017. Tours to Russia will become more affordable and attractive, as VAT on certain goods purchased in Russia will be returned to foreign tourists starting in 2017. Another reason is the relatively cheap prices of Russian goods due to the devaluation of the rouble.
- 17.01.2017 [Joint construction of space monitoring stations](#)
China and Russia are currently considering jointly creating a common high-precision navigation system which would include 54 stations of the terrestrial network of differential control and monitoring system (DCMS). The system will be based on expanding the capacities of GLONASS and BeiDou's space segments and will be capable of positioning accuracy of over 1 metre.
- 25.01.2017 [New Year Reception for Russian Sinologists in Moscow](#)
The event is attended by more than 750 people, including well-known Sinologists, State Duma deputies, members of the Federation Council, employees of Ministry of Foreign Affairs, members of the Russia–China Friendship Society, representatives of Russian research and higher education institutions, cultural figures, Sinologists working for universities and companies involved in cooperation with China, members of the Russian and Chinese media, employees of the Chinese Embassy in Moscow, etc.
- 01.02.2017 [Establishment of the Silk Road Energy Institute at Xi'an Shiyou University](#)
The institute is founded on the University's strong base in training foreign students studying in China at their International Education Institute and their Russia–China Language and Cultural Centre. The institute is geared toward developing cooperation in energy and the humanities along the Silk Road. It hopes to become the platform for expanding collaboration in higher education between the Silk Road countries.
- 05.02.2017–
07.02.2017 [Beautiful Tianjin visits Moscow](#)
Beautiful Tianjin perform Chinese folk dances, play national musical instruments, and perform folk music and traditional Russian melodies at the Merry Spring Festival. The Moscow tour was supported by the Chinese Cultural Center in Moscow.
- 09.02.2017 [Charter flights from Russia to Haikou](#)
Mission Hills Group and Hainan-based Longxing Yuanda tourist agency sign an agreement in Haikou on Russia launching its first charter flights to Haikou. In accordance with the agreement, Mission Hills Group will, as part of the long-term cooperation project, develop a range of tourist products specifically for Russian tourists, including accommodation, golf, meals, spa, shopping, and entertainment.

- 12.02.2017– [Sports events in China](#)
13.02.2017 Sports events are held as part of Russia–China physical education and sports exchanges in Qitaihe (Heilongjiang Province). 13 Russian and Chinese teams and about 100 athletes took part in the events.
- 08.02.2017– [“Total Dictation” in Chinese held in Vladivostok](#)
15.02.2017 On February 8th, the Confucius Institute holds its first “Total Dictation” competition in Chinese for pupils in grades 3–8. A similar competition is held for high school and university students on February 15th. The “Total Dictation” event was organized by the Confucius Institute at the Far Eastern Federal University, with support from Confucius Institute Headquarters, and the Office of Chinese Language Council International (Hanban, China)
- 14.02.2017 [Flights between Vladivostok and Harbin begin operation](#)
Starting March 2, 2017, Aurora Airline (part of Aeroflot Group) will introduce regular flights between Vladivostok and Harbin. One-way fares (including airline fees) start at 3,800 roubles (around \$65).
- 16.02.2017 [Kremlin Ballet tours China](#)
The Kremlin Ballet Theatre of the State Kremlin Palace tours Harbin and Tianjin. The programme includes three ballets by Pyotr Tchaikovsky: *The Nutcracker*, *The Sleeping Beauty*, and *Swan Lake*.
- 20.02.2017 [Implementing the Electrical Engineering program at Ural Federal University: Winter University](#)
A group of Chinese students visits the Network Control Centre at Sverdlovenenergo, a branch of Interregional District Grid Company Urals. The company manages the 110 kV grid in the Central Urals. The students learn the specifics of the control centre’s work, and how the system for managing a regional grid works. The students were particularly interested in the PSI Control smart system for managing the grid.
- 21.02.2017 [“Arctic Expedition” car marathon](#)
Chinese automobile manufacturers *Haval* and *Lifan* form a motor vehicle convoy to travel from Moscow to the Arctic as part of a long-distance motor rally. The route goes via St. Petersburg straight to Teriberka, Russia’s northernmost village. The total distance there and back is over 4000 kilometres. During the rally, the teams will have to battle the extremely low temperatures of the northern polar circle and drive across the vast tundra space and over snow that is several metres deep.
- 21.02.2017 [Presenting the “Safe and Informed Journey Around Russia” infomercial in Moscow](#)
The Chinese Embassy in Russia presents an infomercial on consular protection entitled “Safe and Informed Journey Around Russia.” Over 130 people attended, including employees from the Russian Ministry of Foreign Affairs, Russia’s Federal Agency for Tourism, the Russian Travel Association “World Without Borders,” the National Tourism Administration of China, Chinese airlines, partially Chinese-owned companies, public associations of ethnic Chinese and of Chinese citizens living in Russia, and Chinese students studying in Russia.

- 22.02.2017 [Awards Ceremony for the Winners of the All-Russian “Engineer-2016” Competition and “Russia’s Hope” Competition for young scientists and engineers in Moscow](#)
- The All-Russian “Engineer-2016” Competition and “Russia’s Hope” Competition for young scientists and engineers were organized jointly by the Russian Union of Scientific and Engineering Public Associations, the A.M. Prokhorov Academy of Engineering Sciences, and the Inter-Regional Public Foundation for Promoting Scientific and Technical Progress. Chinese Ambassador to Russia, Li Hui, sent a letter of congratulations to the winners of the competitions.
- 24.02.2017–
28.02.2017 [3rd Military World Games in Sochi](#)
- The Games were held on February 24–28th at the Olympic facilities in the coastal and mountain clusters of Sochi. The games included seven sports: cross-country skiing, biathlon (including military patrol), ski mountaineering, ski orienteering, Alpine skiing, sport climbing, and short track speed skating. The athletes competed for 44 sets of medals. Over 400 athletes from 26 countries, including China, participate in the event.
- 28.02.2017 [“Hello, China” enters its 4th season](#)
- Russia Today* and *China Radio International* joint crew prepare footage on integrating the EAEU and Belt and Road Initiative strategies, expanding good-neighbourliness, friendship, and cooperation between Russia and China. Their work resulted in a five-part documentary in Russian to be released on *Russia Today* in 2017. The Chinese version will be shown on China Central Television.
- 01.03.2017–
07.03.2017 [The Maly Drama Theatre tours China](#)
- The Maly Drama Theatre – Europe Theatre completes its first ever tour of China (Tianjin). On March 4th, the *Brothers and Sisters* epic play directed by People’s Artist of Russia Lev Dodin, opened the 4th International Theatre Festival “Big Family.”
- 03.03.2017 [New flight from Sanya introduced](#)
- Russia and the well-known tropical resort of Sanya are now connected by a new charter flight operating between Novosibirsk, Sanya, Vladivostok, and Krasnoyarsk. The flight will be operated weekly with a Boeing B737-800 aircraft.
- 03.03.2017 [“Russia and China through Young Eyes” Competition in Saratov](#)
- The Saratov Administration announces a competition for 16–18 year-olds who speak English or Chinese. The purpose of the competition is to develop grass-roots democracy, stimulate social activity among the younger generation, and to implement their own initiatives to collaborate with their peers from Chinese sister cities.
- 03.03.2017–
19.03.2017 [“Miss Oriental Tourism-2017” International Beauty Pageant in China](#)
- Fifty contestants from various countries competed in the pageant. One of the rounds in the competition was to present the national dress. Alina Chunikhina, a student from Krasnoyarsk, represented Russia.
- 04.03.2017 [Joint research into the Second World War](#)
- The Academy of the Military Science of Russia and Jilin University of China establish a joint centre for research into the Second World War. According to General Makhmut Gareev, one of the priority tasks for military historians is to prevent falsification and distortion of facts about the Second World War.

- 06.03.2017 [Moscow–Beijing video conference](#)
- The International Multimedia Press Centre of *Rossiya Segodnya* News Agency holds a “Belt and Road Initiative: China’s Foreign Policy” Moscow–Beijing video conference. At the event, organized jointly with *Renmin Huabao* Press, the attendees discuss the issues of connecting the EAEU and the Belt and Road Initiative with the principal areas for Russia–China strategic interaction.
- 06.03.2017 [Joint Celebration of the International Women’s Day in Moscow](#)
- The celebrations held in the Golden Hall of the Moscow Kremlin are organized jointly by the “Chinese Migrant Association” Russian Public Organization and the “Association of Chinese Women” Non-Commercial Partnership. More than 400 people attend the event, including members of various circles of Russian society, Chinese and Russian media, various commercial and public Chinese organizations in Russia, members of Chinese-invested institutions, and Chinese students studying in Russia.
- 07.03.2017–
08.03.2017 [Marine Technology Development Forum in Tianjin](#)
- As part of the Belt and Road Initiative, Tianjin Economic-Technological Development Area holds a forum on developing marine technologies. Russia and China’s industrial and academic institutions sign several agreements on promoting cooperation in marine technologies.
- 08.03.2017 [Proposal on simplifying the Russian visa system](#)
- The Union of Chinese Students in Russia sends an official letter to the Russian Ministry of Internal Affairs and the Russian State Duma Committee on Education and Science, requesting that the Ministry extend the validity of their student visas for the entire term of their studies.
- 10.03.2017 [Treating sick Russian children in Harbin](#)
- The patients are undergoing a trial treatment course in the rehabilitation centre at the Second Hospital at Heilongjiang University of Chinese Medicine. The treatment includes acupuncture, herbal baths, and massages.
- 11.03.2017–
13.03.2017 [12th Moscow International Travel & Tourism Exhibition](#)
- 43 Chinese companies have booths at the Fair. The National Tourism Administration of China is responsible for organizing China’s participation in the Fair, which is taking place under the slogan “Beautiful China: Tourism Year on the Silk Road for 2017.” Guests at the Fair were introduced to traditional Chinese cuisine and Chinese vodka served by Russian bartenders. Guests from Russia and the CIS were treated to a traditional Lion Dance and Shaolin Kung Fu, among many other things.
- 12.03.2017 [First Russia–China culinary competition in Harbin](#)
- 8 chefs from China and Russia specializing in Russian cuisine demonstrate their skills at the International Cooking Competition in Harbin. The Food Industry Association of Heilongjiang Province strives to expand bilateral cooperation to make Russian dishes part of the local flavour and attract Chinese and foreign tourists to the province.
- 14.03.2017 [Agreement on strategic cooperation in the implementation of scientific and technical achievements](#)
- The Scientific and Technical Committee of Tianjin in Northern China, and the Agency for Promoting the Implementation of Innovative Programmes at the Federal Expert Council,

sign an agreement in accordance with which the parties intend to borrow Russia's hi-tech achievements, combine the country's scientific and technical advantages with the potential of Tianjin's enterprises, make key technological breakthroughs, and promote the establishment of a Cutting-Edge Processing Industry R&D Centre in Tianjin.

14.03.2017 [Chinese art exhibition in Vladivostok](#)

The Primorsky Branch of the Artists' Union of Russia in Vladivostok holds an exhibition of Chinese art that includes works by 17 contemporary Chinese painters – members of the Beijing Artists Association.

14.03.2017–
16.03.2017 [Russian ice-cream in China](#)

The city administration of Hunchun, Jilin Province, reports that the first shipment of Russian ice cream *Morzh* has been delivered to the city port from Primorsky Krai. The ice cream was purchased by Hunchun I Hen trading company. Following a customs inspection and upon obtaining a quality certificate, the ice cream will be sold in China both in stores and online.

15.03.2017 [Russian artists' exhibition in Heilongjiang Province](#)

Twenty painters, members of the Artists Union of Russia, present 120 paintings with their vision of China. This exhibition of oil paintings is remarkable for its scale and level of organization. Participants include members of the Artists Union of Russia and Russian Academy of Arts, as well as artists from the Urals, Novosibirsk, and Vladivostok.

29.03.2017–
22.04.2017 [China–Russia Exhibition in St. Petersburg](#)

St. Petersburg State University, the Novy Museum, and the Sergey Diaghilev Contemporary Art Museum at St. Petersburg State University, are holding a China-Russia Exhibition, the first part of a major exhibition project titled “Three Poles in the Multi-Polar World. China. Russia. The US” prepared by the Diaghilev Contemporary Art Museum at St. Petersburg State University. China's art is represented by 16 artists; natives of various regions in China, they now live and work in Beijing.

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Russian International Affairs Council (RIAC)

Russian International Affairs Council (RIAC) is a non-profit international relations think-tank on a mission to provide policy recommendations for all 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.

Director General of RIAC is Andrey Kortunov. From 1995 to 1997, Dr. Kortunov was Deputy Director of the Institute for US and Canadian Studies.

Institute of Far Eastern Studies of RAS

The Institute of Far Eastern Studies (IFES) is a leading scientific research institution of the Russian Academy of Science. The institute conducts research work on fundamental problems and development of economy, history, foreign policy, philosophy and culture of China, Japan, Korea as well as international policy issues and economic integration in the Asia Pacific Region.

Since its establishment, the IFES RAS has become one of the largest research centers conducting integrated studies on the Northeast Asia problems, situation on the Korean Peninsula and relationship between Russia and the countries of the region.

The Institute of Far Eastern Studies continues the best traditions of over two hundred years of Russian oriental studies. Sinology in particular, was established in XIX–XX centuries by distinguished scholars – members of the Academy of Sciences, N. Bichurin, V. Vasiliev, V. Alekseev, N. Konrad and others. Priority areas of its research activities are as follows: scientific support of a relationship program for Russia and its Far Eastern neighbours, development and security issues of the Northeast and Central Asia, studies on history, modern life, social and economic development and spheres of life of China, Japan, Democratic People's Republic of Korea and Republic of Korea.

The Institute is headed by Doctor of Sciences (History), Professor Sergey G. Luzyanin.

Fudan University

Fudan University was established in 1905 as Fudan Public School. It was the first institution of higher education to be founded by a Chinese person, renowned modern educator Ma Xiangbo. The school's name was chosen from the "Biography of Yuxia" in the Classic of History (《尚书大传虞夏传》), where the two characters fù ("return") and dàn ("dawn") are found in the famous lines "Brilliant are the sunshine and moonlight, again the morning glory after the night," signifying continuous self-renewal, and expressing the hope that China will become a country with a strong higher education system run by Chinese intellectuals. Fudan University was merged with Shanghai Medical University in 2000, forming a new, stronger Fudan University with a broader set of disciplines: medicine, sciences, and arts. As one of the first participants in the 211 and 985 Projects, Fudan has developed into a comprehensive research university, with Departments of Philosophy, Economics, Law, Education, Literature, History, Science, Engineering, Medicine, and Management.

Fudan University celebrated its 100th anniversary in 2005.

Notes



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