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This report presents the results of the analysis of the state of Russia–China relations in 2017 and the first quarter of 2018. Leading Russian and Chinese experts identify the achievements in the key areas of two states' interaction and study the prospects for bilateral cooperation in light of the conclusions of the 19th CPC Congress and the results of the Russian Presidential election. The authors assess the prospects of reinforcing Russia–China cooperation on pending issues of global and regional agenda, promoting trade, economic, financial and investment ties to a new level as well as expanding educational and cultural exchanges. The scholars also formulate specific recommendations aimed at promoting bilateral interaction.

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TABLE OF CONTENTS

Introduction	5
The Development of the Comprehensive Partnership and Strategic Cooperation between Russia and China in a New Era	7
Priorities for the Development of Russia–China Relations in a New Historical Period	7
Impact of the 19th National Congress of the Communist Party of China on Russia–China Bilateral Relations	9
Cooperation between Russia and China on Pressing Global and Regional Issues	16
Russia, China and the Problems of Global Governance: the 2018 Model	16
Russia, China and the United States. Security and Development	17
Potential Cooperation between Russia and China in Ensuring Security in Neighbouring Regions	21
Prospects for Reducing Tension on the Korean Peninsula: Opportunities for Russia–China Cooperation	24
Prospects for Russia–China Cooperation in the Middle East	31
Russia–China Cooperation in Information Security, Information Space Governance and Artificial Intelligence	37
The Development of Russia–China Cooperation in the Eurasian Space	46
The Development of Cooperation within the Framework of the SCO	46
Development of the Greater Eurasian Partnership Initiative	51
Promoting the Implementation of the Belt and Road Initiative and Alignment with the EAEU	53
The Arctic as a Sphere of Russia–China Cooperation	57
Development of Trade and Economic Cooperation between Russia and China	66
Dynamics of Bilateral Trade	66
Joint Projects and Investment Cooperation between Russia and China	77
Russia–China Cooperation in the Banking and Financial Sector	84
Inter-Regional Cooperation	85
Russia–China Military-Technical Cooperation	94
Cooperation between Russia and China in Education, Culture, Sports, Media and Related Areas	98
Cooperation between Russia and China in Education, Culture, Sports, Media, and Related Areas: Key Events, Priority Areas and Support at the Government Level	98

Russia and China: Opportunities for Expanding Cooperation in Higher Education	103
Chinese Language Study in Russia and Russian Language Study in China	111
Media Cooperation between Russia and China	112
Developing Contacts between the Russian and Chinese People	115
Tourism Exchanges in Russia–China Cooperation	118
Recommendations	120
Monitoring of the Key Events in Russia–China Relations in Q2–Q4 2017 and Q1 2018	126
About the Authors	148

Introduction

The comprehensive partnership and strategic cooperation between Russia and China continued progressively during the second half of 2017 and early 2018, receiving a new impetus on both the domestic and foreign policy fronts.

Cooperation between Moscow and Beijing is being carried out within the new national context related to updating domestic political priorities and a new political cycle starting in the two countries. The 19th National Congress of the Communist Party of China (CPC) took place in October 2017, and the 13th National People's Congress of the People's Republic of China followed in March 2018 – the same month presidential elections were held in Russia. The re-election of Xi Jinping and Vladimir Putin as leaders of their countries reaffirms the countries' commitment to the chosen course, in which the consistent strengthening of Russia–China cooperation in the bilateral and multilateral dimensions is an important foreign political component.

In June 2018, Vladimir Putin attended the Shanghai Cooperation Organisation (SCO) Summit in China, his first foreign state visit as the newly elected President of the Russian Federation was to China.

The development of ties between Moscow and Beijing is taking place against the background of alienation between Russia and the West and the growing tensions in China–U.S. relations. In early 2018, the already profound crisis in Russia's relations with Europe and the United States was deepened with a new round of mutual accusations, additional sanctions against Russian businesses and individuals, mass expulsion of diplomats and growing divergence of positions on a number of global and regional issues, including approaches to the settlement of the Syrian crisis. Relations between Beijing and Washington are particularly tense as the possibility of a full-fledged trade war looms. At the same time, Russia and China are strengthening their strategic coordination on the key international issues, and an advanced level of mutual trust has been achieved at the highest level. The cooperation between Moscow and Beijing is, however, not a response to the problems that the two countries are experiencing in their relations with other partners, rather it is a long-term strategic approach adopted by both sides based on shared political and economic interests.

A priority area for Russia–China cooperation is the development of wide-ranging and equitable interaction involving all interested players in the Eurasian region within the framework of the Belt and Road Initiative and the Greater Eurasian Partnership. A broad integration path is being formed within the context of China's promotion of the concept of “community with a shared future for mankind” and a “major, responsible country” behaviour as well as the implementation of the Russian responsible approach towards international and regional security based on international law and the central role of the United Nations Security Council. Moscow and Beijing traditionally share common views on the development of the

system of international relations based on justice, equality, respect of sovereignty and non-interference in the internal affairs of other states.

Despite the high level of mutual political trust and the strategic coordination of their positions on the international stage, the level of practical economic cooperation between Russia and China leaves much to be desired. Expanding such cooperation is complicated by the fact that the economies of the two countries are growing at different rates, the business communities are not involved in cooperation initiatives to any significant degree, and the infrastructure is insufficiently developed. In this context, the priority is to develop practical solutions in specific areas with the involvement of experts, representatives of the business community and officials. Given the nature of Russia–China ties and the direction in which they are developing, the energy, mining, transport and logistics sectors will continue to be the priority areas in the near future. In the medium term, cooperation in aircraft building and high technologies may take on increasing significance.

The annual report of the Russian International Affairs Council (RIAC), the Institute of Far Eastern Studies (IFES) of the Russian Academy of Sciences (RAS) and the Institute of International Studies at Fudan University aims to contribute to the development of an analytical base for Russia–China cooperation in the bilateral, regional and global dimensions. This report presents the result of an analysis of Russia–China relations from the second to the fourth quarters of 2017 and the first quarter of 2018.

The Development of the Comprehensive Partnership and Strategic Cooperation between Russia and China in a New Era

Priorities for the Development of Russia–China Relations in a New Historical Period

The renewed domestic and foreign policy priorities of Russia and China mean that the relations between the two countries are entering a new stage of development and call for innovative approaches to cooperation.

Formulating common strategic goals, resolving problems of trust through various channels, and making progress in economic cooperation – these are becoming crucial tasks in the long-term and sustainable co-development of Russia and China.

The implementation of China's Belt and Road Initiative and Russia's Greater Eurasian Partnership has also given a renewed impetus to the strategic cooperation between the two countries.

Russia and China are neighbouring states that are developing the comprehensive partnership and strategic cooperation, and their bilateral relations are steadily improving. The renewed domestic and foreign policy priorities of Russia and China mean that the relations between the two countries are entering a new stage of development.

At the same time, Russia–China cooperation inevitably demonstrates favourable trends while simultaneously facing new challenges related to the changes taking place on the global arena, as well as in the domestic political lives of the two countries.

Moscow and Beijing should objectively assess the current circumstances and jointly find solutions to current issues, promoting joint development and cooperating to realise China's historic mission to create the “community with a shared future for mankind.”¹

The goals for the long-term and sustainable co-development of Russia and China require new approaches to cooperation. At the moment, the achievement of positive results in all areas of cooperation between the two countries is mostly a reaction to external and internal challenges to their national interests.

When describing the possible prospects for interaction, Russia and China are, in the absence of long-term strategic planning and means of its implementation, often limited to an approximate definition of common principles and guarantees that the agreed policy course will be implemented.

¹ Concept of a Community with a Shared Future for Mankind Based on Concept for Real Action Turned, Says Xi Jinping // Xinhua News Agency. 02.12.2017. URL: <http://russian.people.com.cn/n3/2017/1202/c31521-9299677.html> (In Russian).

Many of the Russia–China cooperation programmes that had been announced over the past few years did not live up to the expectations of the two countries and were unable to keep pace with the domestic and foreign political changes that were taking place, making the declared goals challenging to achieve.

What is more, Russia–China cooperation is adversely affected by such factors as the lack of mutual trust, a certain asymmetry in the development of the two countries and the discrepancy between the level of their political and economic ties, all of which create limitations and risks for large-scale and long-term projects and call into question the “exemplary” new type of inter-state relations between Moscow and Beijing.²

Russia and China should use the friendship between the peoples of the two countries that has been passed down from generation to generation as the basis for focusing on what has been achieved and pay particular attention to promoting cooperation, looking not so much at successes and failures in bilateral interaction but rather at the long-term prospects of their joint development.³

Ensuring the continued progress of bilateral interaction and identifying priority areas of that interaction are of vital importance to formulate common goals and develop a detailed strategic plan of long-term Russia–China cooperation based on complementarity and mutual benefit.

The effective lack of mutual understanding and trust is another factor hampering the development of the Russia–China partnership. The media and certain sections of the general public in both countries are often overly critical of any positive results in the bilateral relations. While these opinions are not indicative of the attitude of society as a whole and do not cause significant harm to the development of cooperation, they do have some negative impact.

In many ways, this position reflects the differences in the Russian and Chinese concepts of cooperation, as well as the differences in culture, mentality, commercial interests and approaches to interaction.

It is essential to resolve the issue of trust through various channels: carrying out awareness-raising campaigns and developing information sharing; taking, in the proper manner, mutual economic interests into account and optimising the terms of cooperation; and expanding non-governmental contacts and intercultural communications. The practice of holding Cross Years in the two countries and the positive experience of working in this format may help to achieve this task.

The designation of 2018 and 2019 as the Years of Russian–Chinese Inter-Regional Cooperation will contribute to the increased exchanges between the peoples of

² China–Russia Cooperation – A Model for a New Type of International Relations // China Internet Information Center. 01.11.2017. URL: http://russian.china.org.cn/exclusive/bxt/2017-11/01/content_41828180.htm (In Russian).

³ Li Hui: Thanks to the Cultural Contacts between China and Russia, the Idea of Friendship being Passed down from Generation to Generation is Deeply Rooted in the Hearts of the People – The Ambassador to Russia speaks to Xinhua News Agency // Official Website of the People's Republic of China in the Russian Federation. 07.03.2016. URL: <http://ru.china-embassy.org/rus/whj/zgwhzers/t1348629.htm> (In Russian).

the two countries, as well as to the formation of favourable public opinion on both sides.⁴

Particular attention should also be paid to overcoming imbalance in the development of the political and economic components of the comprehensive partnership. Compared to political and strategic cooperation, economic interaction has always been the weakest link in Russia–China relations. However, progress has been made in recent years in this area as well.

Gradually, the conditions and possibilities for large-scale business cooperation between Moscow and Beijing are created. In particular, the growing impetus at home and the intensification of inter-regional cooperation have become new areas for the promotion and expansion of economic ties between the two states.

The development strategies of Russia and China demonstrate more points of contact. The sides attach special significance to Russia–China cooperation in raising the level of economic development of the two countries and see each other as priority partners in this area. In particular, the long-term restructuring of the countries' economies will gradually open up new opportunities for mutually beneficial cooperation. What is more, Moscow and Beijing must take into account the past examples of unsuccessful planning, reasonably assess the potential and developmental needs of the two countries, create new forms of cooperation and offer opportunities for investment.

At the same time, bilateral ties are developing in new circumstances formed through long-term regional economic cooperation in Eurasia; China's Belt and Road Initiative is being implemented gradually. The Russian desire to build partner relations as part of its Greater Eurasian Partnership initiative similarly promotes cooperation in Eurasia and the creation of a "Eurasian community with a shared future." In addition, China and the Eurasian Economic Union (EAEU) have in principle agreed on the parameters of the Agreement on Trade and Economic Cooperation, which should not only reduce non-tariff barriers between the two sides within the Eurasian space, but also increase trade volumes and lay a solid foundation for the integration of the Belt and Road Initiative and the EAEU.⁵

Changes in the regional economy of Eurasia and the joint efforts of Russia and China in the development of priority sectors may become a new source of growth in Russia–China cooperation.

Impact of the 19th National Congress of the Communist Party of China on Russia–China Bilateral Relations

A significant event for Russia–China relations in 2017 was the 19th National Congress of the Communist Party of China (CPC), which formulated the renewed priorities of Beijing's domestic and foreign policies.

⁴ Press Release on the Start of the Years of Russian–Chinese Inter-Regional Cooperation Project // Official Website of the Ministry of Foreign Affairs of the Russian Federation. 12.02.2018.
URL: http://www.mid.ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/3070896 (In Russian).

⁵ EAEU and the People's Republic of China Agree on the Parameters of Agreement on Trade and Economic Cooperation // TASS. 30.09.2017. URL: <http://tass.ru/ekonomika/4606263> (In Russian).

The main topics at the Congress were the search for a new innovation-based model for China's development, strengthening the Party's ability to govern Chinese society and refining its foreign policy course. Among the strategic goals of China's development mentioned was the construction of not only a powerful, prosperous, democratic but also a "beautiful, harmonious and ecological" state. Several decisions aimed at optimising public administration by increasing its effectiveness and transparency in order to address the country's pressing domestic and foreign policy goals were also adopted at the Congress and the session of 13th National People's Congress of the People's Republic of China.

The Chinese leadership also signalled at the Congress that the country would continue the priority course towards economic reform and political openness, which is extremely important for the rest of the world, including Russia.

The results of the Congress open new prospects for the development of relations between Moscow and Beijing. At the same time, changes in the makeup of the Chinese leadership will not affect the high level of the Russia–China partnership. It is important that senior officials who had long played an active role in the development of Russia–China cooperation were promoted to new posts within the government. What is more, the ramified mechanism of multi-level contacts that was formed serves as a guarantee of further interaction between the two countries. Moscow expects the decisions adopted at the Congress to contribute to the enrichment of Russia–China cooperation.

Main Results and Significance of the 19th National Congress of the Communist Party of China

The 19th National Congress of the Communist Party of China held in Beijing on October 18–24, 2017 was without a doubt a major event in Chinese and global politics. On the one hand, the report presented by Xi Jinping summed up the previous five years of the Party's work and analysed the most pressing challenges and problems currently facing China. On the other hand, it formulated new ideas and approaches to ensuring the evolution of "socialism with Chinese characteristics" in the new circumstances.

The main topics at the Congress were the search for a new innovation-based model for China's development, strengthening the Party's ability to govern Chinese society (the structure of which is becoming increasingly complicated) and refining its foreign policy course in conditions of a rather complex and turbulent international situation.

As an important participant in the international system, China contributes to global development, including through its ability to ensure dynamic rates of economic growth while maintaining socio-political stability within the country.

The final report presented by Xi Jinping at the Congress on behalf of the Central Committee contained such definitions as "great goal," "great struggle" and "great project."⁶

⁶ Full Text of Xi Jinping's Report at 19th CPC National Congress. URL: http://russian.news.cn/2017-11/03/c_136726299.htm (In Russian).

To some extent, these formulations give an idea of the complex and large-scale processes that are taking place inside the Party. When Xi Jinping came to power in 2012, an anti-corruption campaign of unprecedented proportions was launched in the country.⁷

The fight against corruption is designed to cleanse the party ranks of those who abuse their official positions. By solving this problem and strengthening executive discipline at all government levels, the government seeks to increase the Party's ability to govern an increasingly complicated Chinese society.

At the Congress, the notion was put forward that the principal rift in contemporary China is the discrepancy between “unbalanced and inadequate development and the people's ever-growing needs for a better life.”⁸ Prior to this, party forum documents for decades talked about the discrepancy between the material needs of the people and the relative underdevelopment of production forces.

The strategic development goals now include the construction of not only a powerful, prosperous and democratic state, but also of a beautiful, harmonious and ecological civilisation.

Several new provisions were also passed at the Congress. For example, in his report, Xi Jinping announced the imminent creation of a Central Committee Leading Group for Advancing Law-Based Governance in All Areas. In addition, plans were made to set up a mechanism for verifying so that the decisions taken by the state bodies comply with the Constitution.

In March 2018, a provision on the creation of a new super-department – the National Supervisory Commission – was introduced into the Constitution under the Party's guidelines on strengthening executive discipline and stepping up the fight against corruption in public administration.⁹

China effectively created a new, supervisory, branch of government. The first session of the 13th National People's Congress of the People's Republic of China passed the Law on Supervision and appointed heads of the Committee.

The Congress announced the need to redistribute powers between local governments and the national level, as well as other crucial public administration initiatives. At the session, the National People's Congress approved a draft government reform that dissolved several state institutions. Additionally, it created several new departments and optimised the functions of existing agencies.¹⁰

Concerning foreign policy, the establishment of the China International Development Cooperation Agency, the primary focus of which will be to provide develop-

⁷ Understanding Chinese President Xi's Anti-Corruption Campaign // The Conversation. 27.10.2017.
URL: <https://theconversation.com/understanding-chinese-president-xis-anti-corruption-campaign-86396>

⁸ Full Text of Xi Jinping's Report at 19th CPC National Congress.
URL: http://russian.news.cn/2017-11/03/c_136726299.htm (In Russian).

⁹ Chinese MPs Approve Lifting Restrictions on Presidential Term // Gazeta.ru. 11.03.2018.
URL: https://www.gazeta.ru/politics/news/2018/03/11/n_11269213.shtml (In Russian).

¹⁰ The Chinese Legislative Assembly approved the draft government reform // RIA Novosti. 03.17.2018.
URL: <https://www.ria.ru/world/20180317/1516574179.html> (In Russian).

ment assistance, including as part of the Belt and Road Initiative, was an important decision passed at the National People's Congress.¹¹

The general motive of decisions to optimise the state apparatus is similar to the aim of the anti-corruption campaign, that is, to strengthen the role of the state and the desire to make the process of governance more effective and transparent and link it more closely to the achievement of vital domestic and foreign policy goals. All this is necessary for Xi Jinping and his team to carry out a new package of economic and social reforms that are aimed at turning China into a prosperous, powerful, democratic, harmonious, civilised and modern socialist state by the middle of the 21st century.

The 19th National Congress of the Communist Party of China and China's New Role in the World

When discussing the decisions taken at the 19th National Congress of the Communist Party of China, observers in Russia and China pay particular attention to the idea of the need to continue and thoroughly deepen reforms and follow the strategy of openness.¹²

The primary message sent by Beijing is that China has no intention of closing itself off from the outside world. The Chinese leadership will continue to act from the standpoint of openness in international affairs, despite the difficulties in the process of globalisation and the evolving trends towards anti-globalism and protectionism in certain countries.

In the run-up to the Congress, a prominent Chinese economist and the former Governor of the People's Bank of China (2002–2018) Zhou Xiaochuan gave an interview to the popular Internet portal Caijing, in which he stated that the so-called “three liberalisations” – the liberalisation of trade, investment and the national currency – were the key to China's economic growth.¹³

Zhou Xiaochuan believes that these three vectors are interrelated and cannot be separated. China's current position in the global economy is the result of a combination of these factors. In his view, the government needs to adopt measures to attract foreign investments and foreign trading partners and soften control on the capital movement. Zhou Xiaochuan cautioned against waiting for the right conditions for liberalising,¹⁴ as the likely outcome of such

¹¹ China to Establish International Development Cooperation Agency // RIA Novosti. 13.03.2018. URL: <https://ria.ru/world/20180313/1516218593.html> (In Russian).

¹² China to Deepen Reform as 2018 marks 40th Anniversary of Opening-Up // Global Times. 02.01.2018. URL: <http://www.globaltimes.cn/content/1083026.shtml>; Results of the 19th National Congress of the Communist Party of China: Expectations, Assessments, Prospects // Center for Asia-Pacific Studies, Institute of History, Archaeology and Ethnography of the Peoples of the Far East, Russian Academy of Sciences. URL: <http://ihaefe.org/files/pacific-ocean-map/49.pdf>; Vinogradov, A. O. (ed.). Decisions of the 19th National Congress of the Communist Party of China and the Prospects for Russia–China Relations. Moscow: Institute of Far Eastern Studies of the Russian Academy of Sciences, 2018. 112 pages. (In Russian).

¹³ Zhang Yandong. Zhou Xiaochuan Talks about Including Yuan in SDR: Historical Progress and the Process of Opening Up to the Outside World // Caijing Zhachy. 09.10.2017. URL: <http://yuanchuang.caijing.com.cn/2017/1009/4341116.shtml> (In Chinese).

¹⁴ China Sends Signal to the World that it is Liberalizing its Economy // Sputnik. 11.10.2017. URL: <http://ru.sputnik-tj.com/world/20171011/1023574427/kitay-signaliziruet-miru-liberalizacii-svoey-ekonomiki.html> (In Russian).

a strategy by individual ministers would be irresponsibility and a deadlock situation.¹⁵

China's desire to strengthen the market organisation of the economy and liberalise global trade processes was also reflected in the report presented by the General Secretary of the Central Committee of the Communist Party of China at the Congress.

It follows from Xi Jinping's report that ensuring long-term development is crucial for China. At the same time, in the interests of social stability, the country's leadership plans to make this growth more balanced.

The Chinese leadership signalled at the Congress that the country was committed to continuing along the course towards economic reform and political openness, which is extremely important for the rest of the world, including Russia. Documents adopted following the Congress reaffirmed the crucial role of the Belt and Road Initiative in the development of China's openness to the outside world, which offers greater prospects for aligning the interests of Russia and China in the implementation of integration initiatives in the Eurasian space.

The 19th National Congress of the Communist Party of China in the Context of Russia–China Interaction. Assessment of Russia–China Relations following the Congress

On October 25, 2017, President of the Russian Federation Vladimir Putin sent a telegram to President Xi Jinping congratulating him on his re-election as General Secretary of the Communist Party of China. In the telegram, Putin noted that “the results of the election fully confirm the political authority of Xi Jinping, the broad support for his course towards the accelerated socio-economic development of China and the strengthening of his international position.”¹⁶

The new composition of the Chinese leadership that was formed on the basis of the results of the 19th National Congress of the Communist Party of China reflects the principle of continuity, with President of the People's Republic of China and General Secretary of the Communist Party Xi Jinping and Premier of the State Council Li Keqiang retaining their positions in the Politburo Standing Committee.¹⁷ On the other hand, following the practice adopted in the People's Republic of China of regularly rotating the Party membership, five new members joined the Politburo Standing Committee.¹⁸

It is essential for Russia–China relations that the new posts were filled by officials who had long played an active role in the development of Russia–China cooperation.

¹⁵ China Central Bank Boss Calls for Reform Amid Congress Countdown // Bloomberg News. 10.10.2017.

URL: <https://www.bloomberg.com/news/articles/2017-10-10/china-s-central-bank-chief-says-time-for-reform-must-be-seized>

¹⁶ Congratulations to the President of the People's Republic of China // Official Website of the President of the Russian Federation. URL: <http://www.kremlin.ru/events/president/news/55915> (In Russian).

¹⁷ Xi Again. Why was Xi Jinping Re-elected as General Secretary of the Communist Party of China? // Gazeta.ru. 25.10.2017. URL: https://www.gazeta.ru/politics/2017/10/25_a_10957100.shtml (In Russian).

¹⁸ Reshuffle Announced: How Xi Jinping Turned the Politburo into His Back Yard // Carnegie Moscow Center. 26.10.2017. URL: <http://carnegie.ru/commentary/73553> (In Russian).

For example, in his capacity of Governor of Heilongjiang (2007–2010), Li Zhanshu contributed to developing of ties between this North-Eastern province and the Siberian regions and the Russian Far East.¹⁹ In his post as Director of the General Office of the Communist Party of China, Li Zhanshu was engaged continuously with Russia–China relations, in particular through cooperation between the General Office and the Presidential Administration of Russia.²⁰

The institutionalisation of exchanges between the two agencies underscores the high level and unique nature of Russia–China relations and helps to ensure successful contacts between the heads of state and that the agreements reached by the two leaders are brought into fruition.

New member of the Politburo Standing Committee Wang Yang, who had held the post of Vice Premier of the People’s Republic of China since March 2013, has also been heavily involved in the development of Russia–China relations, specifically within the framework of the Intergovernmental Russian–Chinese Commission for the Preparation Regular Meetings between Heads of Government.²¹ The changes in the Chinese leadership that took place following the Congress will not affect the high level of the Russia–China partnership. The ramified mechanism of multi-level contacts that has been formed serves as a guarantee of further political, economic and humanitarian interaction between the two countries.

Following the Congress, Xi Jinping and Vladimir Putin met on the side-lines of the APEC Vietnam 2017 Summit, during which the President of the People’s Republic of China talked in detail about the results of the 19th National Congress of the Communist Party of China and the plans for the country’s development in the medium term.

“This is important because China is our biggest trade and economic partner, and it is important for us to understand how and where this giant economy, which will undoubtedly become the largest in the world in the near future, is going,” Vladimir Putin stressed following the meeting.²² At the same time, the Russian leader was optimistic about the trade and investment cooperation between the two countries.

Specific cooperation projects were discussed during Prime Minister Dmitry Medvedev’s visit to China for the 22nd Regular Meeting between Heads of Government of Russia and China. Medvedev was the first foreign statesman to visit China after the Party Forum.

During his meeting with Xi Jinping on November 1, 2017, the Russian Prime Minister noted that Moscow had been keeping a key eye on the 19th National Congress of the Communist Party of China, where the strategic decisions for the

¹⁹ Amur Region and Heilongjiang Province in China Sign Cooperation Agreement // Regnum. 16.04.2009. URL: <https://regnum.ru/news/economy/1151716.html> (In Russian).

²⁰ Russia and China Sign Protocol on Cooperation // RIA Novosti. 24.03.2016. URL: <https://ria.ru/politics/20160324/1396123576.html> (In Russian).

²¹ Foreign Economic Information Portal // Official Website of the Ministry of Economic Development of the Russian Federation. URL: http://www.ved.gov.ru/exportcountries/cn/cn_ru_relations/cn.ru/mpk/ (In Russian).

²² Meeting with President of the People’s Republic of China Xi Jinping // Official Website of the President of the Russian Federation. 10.11.2017. URL: <http://kremlin.ru/events/president/news/56046> (In Russian).

next decade would be taken.²³ According to Medvedev, Moscow expects these provisions, which are important for the development of a friendly China, will help enrich the comprehensive and strategic partnership between the two countries.

Russia and China demonstrated the high level of their relations at a special meeting organised jointly by the Chinese Embassy in Moscow and the Russian International Affairs Council (RIAC), during which Ambassador to Russia Li Hui informed the members of the Council about the results of the 19th National Congress of the Communist Party of China.

The Ambassador emphasised that the 19th National Congress of the Communist Party of China has opened up a new era and a new stage in China's development, while at the same time bringing new prospects and new opportunities for developing Russia–China relations.

According to Li Hui, the comprehensive partnership and strategic cooperation between Russia and China is the most successful model of relations between big countries.²⁴ The diplomat added that building up strategic cooperation between Russia and China plays a vital role in the formation of a new kind of international relations based on mutual respect, equality, justice and universally beneficial cooperation.

The stable development of bilateral relations between Russia and China brings benefits to the entire world, and not just the two countries in question. Premier of the State Council Li Keqiang made this very observation during the first session of the 13th National People's Congress of the People's Republic of China.²⁵

In his telegram to Xi Jinping congratulating him on his re-election as President of the People's Republic of China, Vladimir Putin made a favourable assessment of the dynamics of Russia–China relations, stressing that strengthening the comprehensive partnership and strategic cooperation will serve the well-being of the two countries' peoples and contribute to security and stability on the Eurasian continent and throughout the world.²⁶

²³ Meeting between Dmitry Medvedev and Prime Minister of the People's Republic of China Xi Jinping // Official Website of the Government of the Russian Federation. 01.11.2017. URL: <http://m.government.ru/all/29986/> (In Russian).

²⁴ New Era of China's Development and Prospects for China–Russia Relations // RIAC. 16.11.2017.
URL: <http://russiancouncil.ru/analytics-and-comments/analytics/novaya-epokha-razvitiya-kitaya-i-novye-perspektivy-kitaysko-rossiyskikh-otnosheniy> (In Russian).

²⁵ Li Keqiang Calls for Increasing Russia–China Trade to \$100 Billion // TASS. 20.03.2018.
URL: <http://tass.ru/ekonomika/5047067> (In Russian).

²⁶ Congratulations to Xi Jinping on being Re-elected to the Post of President of the People's Republic of China // Official Website of the President of the Russian Federation. 17.03.2018. URL: <http://kremlin.ru/events/president/news/57081> (In Russian).

Cooperation between Russia and China on Pressing Global and Regional Issues

Russia, China and the Problems of Global Governance: the 2018 Model

Russia and China have traditionally held similar views on the need to develop a multipolar world order and reform the system of global governance to empower developing countries in international relations and the global financial system. Moscow and Beijing support the central role of the United Nations in ensuring peace and security and are in favour of expanding the opportunities for BRICS and the SCO on the international stage.

A new definition of global governance was introduced at the 19th National Congress of the Communist Party of China that demonstrates the desire of China, as a major responsible power, to become a full-fledged participant in developing the rules of the game on this issue.

So far, we have not seen any fundamental changes to the current system of global governance, although China has been given the opportunity to play a more prominent role in it and advocate for expanding the rights of other countries that are underrepresented in this system.

China is gradually and systematically deepening the process of expanding the powers of non-Western countries in the International Monetary Fund (IMF) and the World Bank.²⁷ In parallel with the activities of the G7, the G20 activities are being stepped up with China playing a central role in this.²⁸

The definition of global governance received new meaning at the 19th National Congress of the Communist Party of China. It was stressed that Beijing bases its approach on mutual discussion, collaborative creation and joint usage.

As a “major and responsible country,” China intends to actively participate in the reformation and construction of the system of global governance. These statements indicate a change in the country’s assessment of its own role in the global community, as well as the desire to become an equal participant in the process of developing the new rules of global governance.²⁹

China assigns to the United Nations a central role in the system of modern international and legal relations as a guarantor of a kind of the multilateral approach to international affairs, preventing unilateral policies and protecting the universal adherence to international law.

²⁷ China’s Advantage: BRICS Countries to Expand their Presence in the IMF by 2019 // Russia Today. 26.04.2017.
URL: <https://russian.rt.com/business/article/382798-briks-mvf-vliyanie> (In Russian).

²⁸ Xinhua Insight: China’s G20 Influence Continues to Grow // Xinhuanet. 24.08.2016.
URL: http://www.xinhuanet.com/english/2016-08/24/c_135630568.htm

²⁹ Full Text of Xi Jinping’s Report at 19th CPC National Congress.
URL: http://russian.china.org.cn/exclusive/bxt/2017-11/04/content_41845752.htm (In Russian).

Beijing attaches great importance to the issue of reforming the United Nations and the Security Council, primarily to bringing the organisation in line with the changes in the balance of power taking place on the world stage and thus strengthening its representativeness.

This task can be completed, in particular, by increasing the influence of developing countries when addressing crucial issues. At the same time, Beijing believes that the basic principles of the UN's work as the primary structure of maintaining international architecture (collective diplomacy, the decisive role of the UN Security Council, with the permanent members retaining their power of veto) should not be changed.

For Russia, the Chinese vision of global governance, based on non-interference in the affairs of other countries, loyalty and respect for their values and traditions, is close to its own and in many respects understandable. Moscow and Beijing both participate in reforming international institutions. While the two countries are in favour of the five permanent members of the UN Security Council keeping the right to veto, they strive to develop and expand the Shanghai Cooperation Organisation and further the BRICS agenda. Russia also supports China's proposal to expand the quotas of several states in the IMF.

Russia, China and the United States. Security and Development

Russia and China are under increasing international and political pressure from the United States. At the same time, substantial economic interdependence remains between the U.S. and China, although close trade and economic ties cannot prevent the contradictions in relations between Beijing and Washington from deepening. The threat of a full-scale trade war has brought renewed tension to the bilateral relations.

In its National Security Strategy and Nuclear Posture Review, Washington singles out Moscow and Beijing as its strategic rivals, thus further pushing the Russian and Chinese leadership to deepen their long-term systemic cooperation.

Moscow and Beijing, while retaining the external attributes of a strategic partnership, have attained a higher level of interaction, influencing the system of global security and stability, as well as the development of global governance institutions. The result of the qualitative advancement in Russia–China relations is the appearance of real opportunities for Moscow and Beijing to seamlessly reformat the entire structure of international relations.

U.S.–China relations are being impacted by the rivalry between the “American” and “Chinese” worlds that is unfolding in global economics, geopolitics and culture. Musing on the problem of traditional and new or growing powers, the Russian expert K. Khadzhiev notes that, the great power status of the United States, which has allowed the country to lay claim to so-called unipolar world order, is based not only on its unprecedented economic and military-political might but

also on the absence of adequate resistance on the part of other actors in global politics to Washington's claims.³⁰

At present, Russia and China are offering indirect resistance to the United States, each in a specific area: Russia in advanced nuclear missiles and the settlement of regional conflicts and other issues, and China in matters of global finance, integration and regionalisation.

China and Russia are, along with other Eurasian states, actively promoting the creation of a Greater Eurasia within the framework of the Belt and Road Initiative through the integration of the latter with the Eurasian Economic Union (EAEU), as well as through the expansion of the SCO, and the implementation of Kazakhstan's *Nurly Zhol* ("The Bright Way") programme and other projects. Such measures strengthening the strategic positions of Russia and China in Eurasia and enhancing strategic stability in the region.

The interdependence of U.S.–China relations is manifested in the trade and economic ties between the two states. In 2017, bilateral trade amounted to roughly \$636 billion, while trade in services reached \$69.6 billion.³¹ This balance is growing consistently and significantly in China's favour.³² The U.S. market absorbs around 19 per cent of China's total exports.³³

The United States is the leading consumer of Chinese electronics, ferrous metals, engineering products and goods.³⁴ The Chinese economy depends on the U.S. market to such a degree that a 1.5 per cent drop in the latter's GDP would mean a four to five per cent decrease in its exports to that country.³⁵

China continues to actively purchase U.S. Treasury Bonds (to the tune of \$1.3 trillion in 2017). At the same time, the China Investment Corporation (CIC), which operates in the United States, purchased a significant share in 112 leading U.S. corporations in 2017.

In the United States, a system of lobbying for China's economic interests has developed based on powerful political and financial institutions, which is supported by the Chinese leadership and includes the Chinese Embassy, the trade council, U.S. public organisations and lobbying companies in its structure. Practically all U.S. corporations that have received access to the Chinese market are lobbyists for China, including Boeing, Citigroup and Coca-Cola, among others.³⁶

³⁰ Khadzhiev, K. The Status of Superpower: A Phenomenon on the Way Out in the 21st Century? // *International Life. Issues of Foreign Politics, Diplomacy and National Security*. 2017, no. 9, p. 79. (In Russian).

³¹ Wayne M. Morrison. China–U.S. Trade Issues. CRS Report. URL: <https://fas.org/sgp/crs/row/RL33536.pdf>

³² U.S.–China Trade Deficit Hits Record, Fuelling Trade Fight // *The New York Times*. 06.02.2018. URL: <https://www.nytimes.com/2018/02/06/us/politics/us-china-trade-deficit.html>

³³ Where Does China Export to? The Observatory of Economic Complexity. URL: https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/chn/show/all/2016/

³⁴ What Does China Export? (2016) The Observatory of Economic Complexity. URL: https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/chn/all/show/2016/

³⁵ Luzyanin, S. G. and Mamonov, M. V. China in Global and Regional Dimensions. Resources and Routes for "Rising to Prominence," pp. 5–32. URL: http://www.ifes-ras.ru/attaches/books__texts/KITMIR2_04.pdf (In Russian).

³⁶ Robert Dreyfuss. The New China Lobby // *The American Prospect*. 01.01.1997. URL: http://www.prospect.org/cs/articles?article=the_new_china_lobby_1197

At the same time, there is a widespread belief that conflict between the U.S. and China is likely despite the economic constraints and that the two countries are doomed to compete with one another.³⁷

The bonds between Russia and China are expanding each year despite Russia having smaller economic ties to China than the U.S. or Europe. Both countries are under growing international political pressure from the United States.

In particular, the National Security Strategy of the United States of America published in December 2017 names Moscow and Beijing as opponents of Washington that “challenge American power, influence, and interests, attempting to erode American security and prosperity.”

According to the document, Russia and China intend to make the economy less free and fair, strengthen their armed forces and control information and data in order to “suppress their people” and expand their influence.³⁸

The United States also accuses China of violating intellectual property rights and using economic levers to expand its political influence. Despite the seemingly more acute nature of U.S.–Russia conflicts following the events in Ukraine in 2014, China is mentioned more often in the Strategy than Russia.

The U.S. Nuclear Posture Review published in February 2018 notes that “while the United States has continued to reduce the number and salience of nuclear weapons, others, including Russia and China, have moved in the opposite direction. They have added new types of nuclear capabilities to their arsenals, increased the salience of nuclear forces in their strategies and plans, and engaged in increasingly aggressive behaviour, including in outer space and cyberspace.”³⁹

Pointing to the increasing threats emanating from Russia and China, the U.S. administration talks about the need to increase the flexibility of its nuclear forces, which includes installing low-power warheads on a selection of its submarine-launched ballistic missiles and returning its sea-based nuclear cruise missiles to service.⁴⁰

In early 2018, new tensions appeared in the U.S.–China relations due to the full-scale “trade war” that is gradually breaking out between the two countries. In line with the protectionist ideas expressed by Donald Trump during his election campaign, the United States has introduced a series of tariff restrictions on the import of solar panels, washing machines,⁴¹ steel and aluminium,⁴² and later introduced a wider package of China-oriented measures.

³⁷ Allison G. *Destined for War. Can America and China Escape Thucydides's Trap?* Boston and New York, 2017, p. 7.

³⁸ The National Security Strategy of the United States of America.
URL: <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>

³⁹ Nuclear Posture Review. February 2018 // Department of Defense.
URL: <https://media.defense.gov/2018/Feb/02/2001872886/-1/-1/1/2018-nuclear-posture-review-final-report.pdf>

⁴⁰ WSJ: United States Developing a New Sea-Launched Cruise Missile to Contain Russia and China // *Vzglyad*. 16.01.2018.
URL: <https://vz.ru/news/2018/1/16/903684.html> (In Russian).

⁴¹ U.S. Imposes Duties on Imports of Washing Machines and Solar Panels // *Interfax*. 23.01.2018.
URL: <http://www.interfax.ru/world/596647> (In Russian).

⁴² Donald Trump Announces Introduction of Duties on Steel and Aluminium Imports // *BBC Russian Service*. 01.03.2018.
URL: <https://www.bbc.com/russian/news-43250694> (In Russian).

These measures will affect mutual trade between China and the United States. Washington also announced plans to introduce special measures to combat Chinese exports and limit Chinese investments in several sectors in connection with accusations of unfair trade practices in technology transfer, intellectual property and innovations.⁴³

Beijing has stressed that a potential trade war would harm not only China and the United States but also the global economy as a whole. If such a war does break out, China is prepared to take the necessary measures to protect its interests.⁴⁴

In response to the restrictions on steel and aluminium imports, Beijing announced that it was introducing duties on goods from the U.S., including food products,⁴⁵ and published a list of possible retaliatory measures should the United States introduce more tariffs.⁴⁶

The United States subsequently announced the possibility of introducing additional fees.⁴⁷ At the same time, some experts suggest that the threat of new tariffs may be little more than a negotiating tool and that the chances of China and the United States resorting to introducing large-scale duties are quite slim.⁴⁸

In calling Moscow and Beijing its chief strategic rivals, Washington challenged Russia and China. This circumstance provides additional impetus for the Russian and Chinese leadership to further systemic and long-term cooperation.

Russia and China, while retaining the external attributes of a strategic partnership, have attained a higher level of interaction, influencing the system of global security and stability, as well as the development of global governance institutions.

There are four advantages to the cooperation between Moscow and Beijing. First, the partners retain full freedom in their relations with third countries except in circumstances where such relations may violate certain obligations of the existing partnership.

Second, the strategic cooperation between Russia and China is not an alliance. In fact, the partnership is superior to an alliance in almost all respects; regarding its intensiveness, the level of trust, depth and effectiveness.

⁴³ President Trump Announces Strong Actions to Address China's Unfair Trade // Office of the United States Trade Representative.

URL: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/march/president-trump-announces-strong>

⁴⁴ China Announces it is Prepared to Protect its Interests in a Trade War with the United States // RIA Novosti. 11.03.2018.

URL: <https://ria.ru/economy/20180311/1516100461.html> (In Russian).

⁴⁵ Bulletin on China's Foreign Economic Activities and Foreign Trade. Issue No. 5 // Official Website of the Ministry of Commerce of the People's Republic of China. 30.03.2018.

URL: <http://www.mofcom.gov.cn/article/bg/201803/20180302726462.shtml> (In Chinese).

⁴⁶ U.S. and China Digging their Trenches // Kommersant. 05.04.2018.

URL: <https://www.kommersant.ru/doc/3593658> (In Russian).

⁴⁷ Trump Ordered Further Analysis on the Imposition of Additional Tariffs on Chinese Goods // Kommersant. 06.04.2018.

URL: <https://www.kommersant.ru/doc/3594463> (In Russian).

⁴⁸ U.S. and China Digging their Trenches // Kommersant. 05.04.2018.

URL: <https://www.kommersant.ru/doc/3593658> (In Russian).

Third, it has more potential as the Russia-China partnership could act as an independent geopolitical power and deter potential adversaries.

Fourth, Russia and China have managed to adapt their cooperation to resolve any global or regional task, while at the same time preserving the swiftness of the decision-making process, tactical flexibility and strategic stability.

We have already passed the point of no return in Russia-China relations and, despite the desire of the United States and the European Union (EU) to damage these relations, the strategic partnership between the two countries continues to develop gradually in a number of areas (hydrocarbons, transport, investments). This is clearly one of the most glaring strategic miscalculations committed by the United States in the 21st century regarding Russia and China.

Another consequence of the improvement of Russia-China relations is the rise of opportunities to reform the international political system. Yet, neither Moscow nor Beijing are particularly interested in the possible restoration of the classic bipolar system, in which the Russia-China partnership could replace the Soviet "pole."

Potential Cooperation between Russia and China in Ensuring Security in Neighbouring Regions

Russia and China have a long history of cooperation when it comes to maintaining regional security. In 2017, new opportunities for cooperation between Moscow and Beijing in ensuring security in neighbouring regions arose in connection with the expansion of the SCO and the inclusion of the South Asia region into its sphere of influence.

At the same time, the regional rivalry between Russia and China on the one hand and the United State on the other is also intensifying. India's accession to the SCO took place against the background of deepening ties between New Delhi and Washington on issues of regional stability, as well as the increasingly frequent clashes of interests between India and China.

The fact that the concept of the Indo-Pacific Region has entered official discourse in Washington demonstrates the desire of the United States to create a broad inter-regional mechanism of interaction on security issues aimed at containing China. The development of U.S.–India ties in this area also poses a threat to Russian interests in the region, although at this stage India is avoiding deep involvement in U.S. initiatives.

Central Asia and Afghanistan remain a priority region for Moscow and Beijing, and China has stepped up its efforts to maintain security there. The situation in Northeast Asia, where tensions persist, also demands particular attention. The new challenges and growing threats in neighbouring regions, as well as the increasing pressure from the United State requires the development of information sharing practices, deeper cooperation between the relevant agencies in the two countries and the improvement of joint response mechanisms.

The official confirmation of the accession of India and Pakistan to the SCO at the June 2017 Summit in Astana (Kazakhstan) opens up new opportunities for interaction between Moscow and Beijing to ensure security in various regions of the world.⁴⁹ It is telling that the expansion of the SCO took place against the background of deepening cooperation between India and the United States in South Asia.

In late June 2017, the term “Indo-Pacific Region” was used during the Joint Statement on the results of Prime Minister Narendra Modi’s visit to the United States.⁵⁰ The two countries expressed their intention to cooperate in the region in order to strengthen stability and security.

The international stage is marked by the growing global and regional rivalry between Russia and China on the one hand and United States on the other. Both Russia and China face the challenge of a growing U.S. military presence along their borders combined with an increase in American military spending to \$700 billion in 2018 and an anticipated \$716 billion in 2019.⁵¹

The United States is also carrying out a programme announced by Donald Trump to build up its naval fleet and its missile defence capabilities.⁵² Moreover, the country is at the initial stages of a large-scale modernisation of its nuclear triad and is increasing its military presence in Eastern Europe and the Western Pacific Region – strategically important regions for Moscow and Beijing.

From the political point of view, the goal of arming the Indo-Pacific Region is to create a broad inter-regional mechanism for cooperation in the security sphere aimed at containing China.

The November 2017 ASEAN Summit saw the resurrection of the quadrilateral mechanism for discussing regional security issues involving the United States, Japan, India and Australia.⁵³

Meanwhile, New Delhi has demonstrated a rather ambiguous attitude towards continued cooperation in this format.⁵⁴ India is avoiding deep involvement in U.S. projects that would lead to military and political dependence on the United States and which are aimed at containing China. At the same time, however, China’s increased activity in South and Southeast Asia means that clashes between Beijing and New Delhi are becoming more and more frequent.

⁴⁹ SCO Secretary-General: “The Accession of India and Pakistan to the SCO is Confirmation the Organization’s Principle of Openness.” 11.06.2017. URL: <http://rus.sectsc.org/news/20170611/291959.html> (In Russian).

⁵⁰ Joint Statement – United States and India: Prosperity Through Partnership // Ministry of External Affairs. Government of India. 27.06.2017. URL: http://mea.gov.in/bilateral-documents.htm?dtl/28560/United_States_and_India_Prosperty_Through_Partnership

⁵¹ Trump’s Defense Budget // Center for American Progress. 28.02.2018. URL: <https://www.americanprogress.org/issues/security/news/2018/02/28/447248/trumps-defense-budget/>

⁵² Trump’s Future Fleet // Gazeta.ru. 16.11.2016. URL: <https://www.gazeta.ru/army/2016/11/16/10337135.shtml> (In Russian).

⁵³ The United States, Japan, India and Australia are Trying to Counter China, Creating a New Strategy of their Own // Politus.ru. 26.02.2018. URL: <http://politus.ru/politics/3354-ssha-yaponiya-indiya-i-avstraliya-stremyatsya-protivostoyat-kitayu-sozdavaya-svoyu-sobstvennyu-novuyu-strategiyu.html> (In Russian).

⁵⁴ Why India Should Be Wary of the Quad // The Wire. 13.11.2017. URL: <https://www.thewire.in/external-affairs/india-us-japan-australia-quadrilateral-alliance>

In the summer of 2017, the Chinese and Indian militaries were involved in a standoff on the border between the People's Republic of China and Bhutan at the Doklam plateau that lasted for over two months.⁵⁵ India's tough stance on the issue was largely determined by the need of making a "positive impression" on the region's smaller countries (Bangladesh, Nepal, Sri Lanka and the Maldives), demonstrating the country's ability to protect their interests.⁵⁶

Tensions between the two countries rose in early 2018 in connection with the political crisis in the Maldives, a country that India sees as belonging to its traditional sphere of influence and which has stepped up its cooperation with China in recent years.⁵⁷

The U.S. policy to drag India into its game of containing China creates direct threats to Russian interests. If this policy is successful, Russia could lose the Indian defence equipment and nuclear technology markets, and it also risks weakening its relations with one of the most important powers in the world today.

In these circumstances, it would be wise for Moscow and Beijing to step up interaction in the security field, including within the framework of the SCO, to ensure stability in the South Asian region and protect the interests of all parties involved.

Regional security in Central Asia is a traditional area of cooperation between Russia and China. The multilateral Peace Mission exercises, along with other joint military events, have been held in the region since 2005.⁵⁸ Against the backdrop of the worsening relations of both sides with the United States, as well as the new threats in Afghanistan, Russia and China need to intensify intelligence sharing and improve the mechanisms for the rapid joint response to emergency situations.

China significantly increased its role as a guarantor of regional security in Central Asia in 2017 and early 2018. There are rumours that, for the first time, Chinese soldiers carried out military patrols on Afghan territory, although both sides have denied these claims.⁵⁹ Subsequently, in early 2018, Western media reported on China's plans to provide financial and technical assistance for the construction of a new military base for the Afghan Armed Forces in the north of the country.⁶⁰ China has not confirmed this, however.

⁵⁵ Himalayan Conflict Comes to and End After More than Two Months. India and China Withdraw Troops from Border // Baikal Mir. 11.09.2017. URL: <http://baikai-mir.ru/2017/09/11/konflikt-v-gimalayah-dlivshijsya-bolshe-dvuh-mesyatsev-podoshel-k-kontsu-indiya-i-kitaj-otveli-vojska-ot-granitsy> (In Russian).

⁵⁶ "Our Stance at Doklam Will Make Positive Impression on Friends like Bangladesh, Nepal, Sri Lanka and Maldives" // The Times of India. 21.07.2017. URL: <https://timesofindia.indiatimes.com/jibber-jabber/our-stance-at-doklam-will-make-positive-impression-on-friends-like-bangladesh-nepal-sri-lanka-and-maldives/>

⁵⁷ Trouble in Paradise: What Caused the Political Crisis in the Maldives? // TASS. 06.02.2018. URL: <http://tass.ru/mezhdunarodnaya-panorama/4934359> (In Russian).

⁵⁸ SCO Peace Mission 2014 Anti-Terrorist Exercises. Profile // TASS. 22.08.2014. URL: <http://tass.ru/info/1393512> (In Russian).

⁵⁹ China again dismisses reports of military patrols in Afghanistan // Reuters. 23.02.2017. URL: <https://af.reuters.com/article/worldNews/idAFKBN162132>

⁶⁰ Now China's Helping to Build a Military Base in Afghanistan // Military Times. 02.02.2018. URL: <https://www.militarytimes.com/news/2018/02/02/now-chinas-helping-to-build-a-military-base-in-afghanistan>

China's increased security activity in the region is likely connected with the expectations that the situation in Afghanistan will deteriorate following the arrival into the country of a significant number of former fighters for so-called Islamic State and other radical Islamic groups that were defeated in Syria and Iraq.⁶¹

The situation in Northeast Asia remains uncertain. Although the prospects for holding a summit between North Korea and the United States were outlined in late 2017 and early 2018, it is still unclear exactly how the situation in the region will develop.

The United States continues to apply economic pressure and build up its military presence in the region, while the militarisation of Northeast Asia will have negative consequences for Russia and China.

Thus, both Russia and China are faced with worsening military-political situations and growing common threats in neighbouring regions. The response to this should be to strengthen cooperation between the countries' militaries and intelligence services, as well as to improve the mechanisms of joint response to military and political crises in neighbouring regions.

Prospects for Reducing Tension on the Korean Peninsula: Opportunities for Russia–China Cooperation

The situation on the Korean Peninsula remains unstable as a result of the North Korean missile and nuclear programme, which presents a significant threat to the regional and global order and could easily turn into a military conflict.

Russia and China are interested in reducing tensions in Northeast Asia. This is understandable, given the fact that the two countries share common borders with North Korea, and that they both have strategic interests in the region. If Moscow and Beijing coordinate their foreign policy approaches, this could prove to be a significant contribution to the settlement of the situation on the Korean Peninsula.

The parties have put forward a joint initiative based on Beijing's ideas of a "double-freeze" and a "parallel advancement" towards the denuclearisation of the Korean Peninsula, as well as on the stage-by-stage Korean settlement plan proposed by Russia. At the same time, steps are being taken to normalise relations between China and South Korea, which have been complicated by Seoul's decision to deploy U.S. THAAD missile defence systems on its territory.

The trend towards reducing tensions in the region that took shape during the XXIII Olympic Winter Games in 2018 has been actively built upon since then. On April 27, 2018, an inter-Korean summit was held for only the third time in the history of the two countries. However, the principled positions adopted by all sides to the missile and nuclear programme mean that there are still tremendous difficulties and uncertainties in the development of the situation of the Korean Peninsula.

⁶¹ Islamic State is banned in the Russian Federation.

The Korean Nuclear Problem: The Global Community's Position

North Korea bases its political logic on the strategy of “nuclear weapons promoting peace,” and Pyongyang finds abandoning its nuclear programme without any security guarantees impossible.

Regardless of whether security interests dictate it, the North Korean missile and nuclear programme poses a significant threat to the regional and international order. The North Korean policy is also of particular concern for the United States, which seeks to maintain order in the Asia-Pacific Region based on its leadership.

The UN Security Council adopted a series of resolutions that make provisions for a package of large-scale sanctions against North Korea, including an embargo on the import and export of nuclear goods and a restriction on the movement of energy, financial and labour resources into and out of the country.⁶²

The United States, South Korea and Japan have also taken steps to form a large-scale coalition against North Korea and have adopted measures outside the UN resolutions aimed at reducing diplomatic, economic and trade ties with North Korea to isolate the country completely.⁶³

In addition, the United States regularly conducts exercises near the Korean Peninsula, demonstrating its military might and exerting pressure on Pyongyang.⁶⁴ A long list of states, including China, support the wide-ranging sanctions regime against North Korea.⁶⁵

The restrictive measures imposed by the UN Security Council against North Korea over the past three years have dealt a serious blow to the country's socio-economic development: prices for basic necessities such as oil and grain have risen sharply, while the stagnation of imports and exports has led to a decrease in foreign exchange earnings.⁶⁶

Reducing tensions in the region largely depends on whether or not the needs of North Korea and the United States can co-exist. The United States has taken an

⁶² Resolution 2270 Adopted by the Security Council at its 7638th Meeting. Security Council Report. 02.03.2016.
URL: https://www.securitycouncilreport.org/atf/cf/%7b65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7d/s_res_2270.pdf
Resolution 2276 Adopted by the Security Council at its 7656th Meeting. Security Council Report. 24.03.2016.
URL: https://www.securitycouncilreport.org/atf/cf/%7b65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7d/s_res_2276.pdf
Resolution 2321 Adopted by the Security Council at its 7821st Meeting. Security Council Report. 30.11.2016.
URL: https://www.securitycouncilreport.org/atf/cf/%7b65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7d/s_res_2321.pdf
Resolution 2356 Adopted by the Security Council at its 7958th Meeting. Security Council Report. 02.06.2017.
URL: https://www.securitycouncilreport.org/atf/cf/%7b65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7d/s_res_2356.pdf
Resolution 2371 Adopted by the Security Council at its 8019th Meeting. Security Council Report. 05.08.2017.
URL: https://www.securitycouncilreport.org/atf/cf/%7b65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7d/s_res_2371.pdf
Resolution 2375 Adopted by the Security Council at its 8042nd Meeting. Security Council Report. 11.09.2017.
URL: https://www.securitycouncilreport.org/atf/cf/%7b65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7d/s_res_2375.pdf

⁶³ U.S., South Korea and Japan Agree to Step Up Measures Against North Korea // BBC Russian Service. 14.02.2017.
URL: <http://www.bbc.com/russian/news-38965013> (In Russian)

⁶⁴ Washington and Seoul Begin Major Exercises near Korean Peninsula // RIA Novosti. 16.10.2017.
URL: <https://ria.ru/world/20171016/1506887766.html> (In Russian).

⁶⁵ China Joins UN Sanctions Against North Korea // EurAsia Daily. 14.08.2017.
URL: <https://eadaily.com/ru/news/2017/08/14/kitay-prisoedinyatsya-k-sankciyam-oon-protiv-kndr> (In Russian).

⁶⁶ Oil Prices in North Korea up 70%! Have China's "Preventative Sanctions" Led to This? // Zhicheng. 25.04.2017.
URL: <http://www.zhicheng.com/n/20170425/136665.html> (In Chinese).

uncompromising stance on the North Korean nuclear issue, so the stakes in a possible confrontation between Washington and Pyongyang are high.

While North Korea is constantly improving its nuclear arsenal, the country's achievements still do not compare to the military potential of the world's leading powers. Right now, one of the goals of the North Korean nuclear programme is to exert psychological pressure on the United States.

The events of 9/11 demonstrated to the world just how vulnerable the United States was. This was a shock for U.S. society. Now Pyongyang is taking advantage of this fact.

Washington's policy towards Pyongyang is not expected to change anytime soon. Recent U.S. steps and the statements made by Donald Trump suggest that Washington has no intention of easing the sanction pressure on North Korea. And while the likelihood of an armed conflict remains low, the threat of war is used as a way of applying further pressure on the country.⁶⁷

Opportunities for Resolving the Situation on the Korean Peninsula. The Contribution of Russia and China

Russia and China are interested in reducing tensions in Northeast Asia. This is understandable, given the fact that the two countries share common borders with North Korea, and that they both have strategic interests in the region. The destabilisation of the situation and the threat of it turning into a military conflict might cause considerable damage to security in, and the development of, the Russian Far East.

As a nuclear power and a party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), Russia opposes the North Korean missile and nuclear programme and has joined the international sanctions against that country. At the same time, however, Moscow believes it is unpractical to isolate any state in international affairs.

Moscow has long provided humanitarian assistance to North Korea and worked to develop extensive ties with Pyongyang at the level of political contacts and practical economic and humanitarian cooperation. However, this work has decreased significantly in recent years in connection with the international sanctions.⁶⁸

As a neighbouring state and an interested party, it is essential for China to renew its vision of the North Korean problem, given the unstable and tense situation on the Korean Peninsula.

As Chinese experts point out, there is still a misunderstanding of China's principled "no war, no chaos, no nukes" position. Not only does this slogan indicate that these circumstances are unacceptable for Beijing, but it also reflects the interdependence of these factors.

⁶⁷ Should You Worry about a U.S. War with North Korea? Not Really. // The Washington Post. 11.01.2018.
URL: https://www.washingtonpost.com/news/monkey-cage/wp/2018/01/11/should-you-worry-about-a-u-s-war-with-north-korea-not-really/?utm_term=.1c90c4fb7a79

⁶⁸ The Democratic People's Republic of Korea // Official Website of the Ministry of Foreign Affairs of the Russian Federation.
URL: <http://www.mid.ru/ru/maps/kp/?currentpage=main-country> (In Russian).

China opposes the use of nuclear weapons on the Korean Peninsula, which could lead to war and chaos in the region. The very fact that North Korea possesses nuclear weapons poses a significant threat to Chinese interests and security.⁶⁹ Moreover, the level of technological development in North Korea is insufficient to ensure security while developing and storing nuclear weapons.

At the same time, China – like all North Korea’s neighbours – has no interest in making Pyongyang hostile towards Beijing. It is not in China’s interests to see a defeated North Korea, as this would bring the traditional moral principles of Chinese diplomacy into question. It is thus important for Beijing to take account of and somehow balance all these factors, which requires considerable political acumen.

What is more, prolonged uncertainty about the North Korean nuclear problem could severely hamper China’s strategic development and jeopardise its political, diplomatic, social and economic security. Beijing is thus interested in resolving the issue as quickly as possible.

It is also essential in the process of resolving the North Korean nuclear problem to take the dynamics of the interaction between all interested parties into account, primarily those of the world’s leading powers. It is important for countries to coordinate their positions and avoid creating new tensions in inter-state relations.

Linking denuclearisation and bilateral cooperation has already led to difficulties in Russia–North Korea and China–North Korea relations, as well as in relations between China, the United States, Russia and other countries.

Moreover, the lack of progress in settlement of the North Korean nuclear issue could also lead to a renewed Cold War-like atmosphere: the United States frequently uses the North Korean problem to justify its attempts to increase its influence in the region; North Korea attributes conducting nuclear missile tests to the hostile actions of the United States; conservative forces in South Korea pursue their interests; and Japan uses the crisis as an excuse to ease military restrictions inside the country.

Russia and China could make a significant contribution in determining the future of the Korean Peninsula. Moscow and Beijing coordinated their foreign policy approaches in 2017–2018, which has had, and continues to have, an impact on the settlement of the situation.

The consolidated position of the two countries on the Korean issue is outlined in the Joint Statement by the Russian and Chinese Foreign Ministries on the Korean Peninsula’s problems made on July 4, 2017.⁷⁰

In the document, the parties put forward a joint initiative based on Beijing’s ideas of a “double-freeze” and a “parallel advancement” towards the denuclearisation of the Korean Peninsula, as well as on the stage-by-stage Korean settlement plan proposed by Russia.

⁶⁹ SINA. URL: <http://www.mil.news.sina.com.cn/china/2016-09-12/doc-ixvukhv8155511.shtml>

⁷⁰ Joint Statement by the Russian and Chinese Foreign Ministries on the Korean Peninsula’s Problems // Official Website of the Ministry of Foreign Affairs of the Russian Federation. 04.07.2017.
URL: http://www.mid.ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/2807662 (In Russian).

Specifically, the sides proposed that North Korea should, by way of a voluntary political decision, announce a moratorium on the testing of nuclear explosive devices and ballistic missile tests, and the United States and the Republic of Korea should refrain from large-scale joint military exercises.

In parallel, the parties could open negotiations and adopt general principles that include the non-use of force, the rejection of aggressive measures, a striving towards peaceful co-existence and the intention to make efforts to denuclearise the Korean Peninsula with a view to the comprehensive settlement of a number of outstanding issues, including the nuclear problem.

The Joint Statement calls upon all parties involved in the negotiation process to promote, in an acceptable format, the formation of a mechanism for peace and security in Northeast Asia to normalise relations between the states concerned.

There are three stages to the road map proposed by Russia for the settlement of the crisis on the Korean Peninsula. The first stage is a “double freeze,” while the second involves the establishment of a direct dialogue between the United States and North Korea on issues of peaceful coexistence and mutual recognition and the resumption of the inter-Korea dialogue.

The third stage of the Russian road map concerns the launching of multilateral negotiations on complex issues and possible mechanisms for peace and security in Northeast Asia, including the denuclearisation and demilitarisation of the Korean Peninsula. The plan has received the support of China.⁷¹

At the same time, efforts are being made to normalise relations between North and South Korea, although the process has been complicated following Seoul’s decision to deploy U.S. THAAD missile defence systems on its territory.

Beijing understands that it is unrealistic to demand that South Korea abandon the missile defence system altogether, which is why it has proposed finding a compromise solution in their bilateral relations. It is unlikely that the South Korean side will be prepared to provide China with special technical information about the deployment of the THAAD missile defence system.

South Korea has assured China that the system will only be used as a pre-emptive measure against a possible strike from North Korea and will not be directed at Beijing.⁷² Seoul has also said that it is neither considering deploying additional THAAD systems or any other U.S. missile defence systems in its territory, nor does it intend to transform its relations with the United States and Japan into an alliance.⁷³

On December 14, 2017, President of the Republic of Korea Moon Jae-in and President of the People’s Republic of China Xi Jinping held talks to discuss the development of bilateral relations and the situation on the Korean Peninsula.

⁷¹ The Greater Eurasian Partnership and the “Nine Bridges” Initiative. How Will the Rules of the New Economic Game Work? // Materials of the Valdai Discussion Club. 27.11.2017.
URL: <http://ru.valdaiclub.com/events/posts/articles/evraziyskoe-partnyerstvo-initsiativa-devyati-mostov> (In Russian)

⁷² President of South Korea Gives Assurance that THAAD System Will Not be Directed Against China // Rambler. 12.12.2017.
URL: <https://news.rambler.ru/troops/38650105-prezident-yuzhnoy-korei-zaveril-cto-sistema-thaad-ne-napravlena-protiv-kitaya/> (In Russian).

⁷³ Seoul Not Considering Joining US Missile Defense System: FM Kang // The Korea Herald. 30.10.2017.
URL: <http://www.koreaherald.com/view.php?ud=20171030000817>

The parties reached an agreement on the four principles of ensuring peace and stability on the Korean Peninsula: the unacceptability of war; denuclearisation; the peaceful settlement of all problems, including the denuclearisation of North Korea through dialogue and negotiations; and the idea that improving relations between Pyongyang and Seoul will ultimately lead to the resolution of the problems on the Korean Peninsula.⁷⁴

Against the backdrop of U.S. demands that their East Asian allies increase their contribution to regional security, it is expected that the South Korean leadership will continue to insist that Seoul takes on a more independent role in global affairs and strive to develop more balanced relations with China.

Tensions in the region were reduced during the XXIII Olympic Winter Games in 2018. Before the Games, North and South Korea reached an agreement on the restoration of full-scale dialogue on a broad range of issues, including military matters.⁷⁵ The North and South Korean teams marched together under a single flag at the Opening Ceremony, and a unified team competed in the women's ice hockey tournament.⁷⁶ A government delegation from North Korea also attended the Games.⁷⁷

During the Winter Olympics, Pyongyang did not conduct any nuclear or missile tests, and the United States and South Korea suspended military exercises directed against North Korea. North Korea also promised to suspend missile and nuclear tests moving forward.

All these measures are in line with the joint Russian and Chinese initiative.⁷⁸ Having said that, North Korea's participation in the Winter Games and other friendly steps taken by Pyongyang can largely mostly be put down to pressure from sanctions and the realisation that the risk of an armed conflict was fast becoming a reality.

After the Games, the sides reaffirmed their commitment to continuing the dialogue. The leader of the Democratic People's Republic of Korea, Kim Jong-un, visited China on March 25–28, 2018, marking the first foreign visit of the Chairman of the State Affairs Commission.⁷⁹ In April, Minister of Foreign Affairs of the Democratic People's Republic of Korea, Ri Yong-ho, made an official visit to Russia.⁸⁰

⁷⁴ South Korea and China Agree to Cooperate on the Settlement of the North Korean Issue and Develop Economic Ties // Official Website of the Embassy of Korea (Republic) in the Russian Federation. 15.12.2017.
URL: http://overseas.mofa.go.kr/ru-ru/brd/m_7353/view.do?seq=760417 (In Russian).

⁷⁵ Russian Foreign Ministry Welcomes Agreement between North and South Korea // RIA Novosti. 10.01.2018.
URL: <https://ria.ru/world/20180110/1512363376.html> (In Russian).

⁷⁶ Winter Olympics Open in Pyeongchang // Rossiysky Stadion. 09.02.2018. URL: <http://stadium.ru/news/09-02-2018-segodnya-v-yujnokoreiskom-phenchane-otkrivayutsya-olimpiiskie-igr> (In Russian).

⁷⁷ Korean Conciliation: Will it Last? // RIAC. 12.01.2018.
URL: <http://russiancouncil.ru/analytiks-and-comments/analytiks/koreyskoe-zamirenie-nadolgo-li> (In Russian).

⁷⁸ Commentary: The Problem on the Korean Peninsula Cannot be Resolved without Taking China's Proposals into Account // Xinhua News Agency. 09.03.2018. URL: http://russian.news.cn/2018-03/09/c_137027474.htm (In Russian).

⁷⁹ A Sign of Respect: Kim Jong-un Makes First Foreign Visit to China // RIA Novosti. 28.03.2018.
URL: <https://ria.ru/world/20180328/1517425346.html> (In Russian).

⁸⁰ DPRK Foreign Minister Makes Official Visit to Russia // RIA Novosti. 9.04.2018.
URL: <https://ria.ru/politics/20180409/1518192896.html> (In Russian).

A historic inter-Korean summit took place on April 27, 2018, the first of its kind for 11 years. At the summit, the parties signed a declaration expressing their desire to turn the ceasefire that has been in place since 1953 into a peace agreement. The heads of state also announced that the long-term goal of both sides was the full denuclearisation of the Korean Peninsula. In practical terms, the parties agreed to expand contacts, resolve humanitarian issues (in particular regarding family reunification) and develop transport cooperation.⁸¹ The fact that the U.S. administration agreed to the proposal put forward by the North Korean side in March 2018 to hold bilateral talks at the summit level is another indication that tensions may be reduced further.⁸² The U.S.–DPRK bilateral talks took place on June 12, 2018 in Singapore.

Given the current situation, there are several possible scenarios for the development of the situation on the Korean Peninsula:

- Long-term continuation of the bilateral dialogue and adoption of the “double freeze” initiative put forward by Russia and China. Even if progress is made in North Korea’s relations with South Korea, China and Russia, and even if a U.S.–North Korea dialogue is opened, denuclearisation of the Korean Peninsula is unlikely in the foreseeable future.
- Return of all parties a confrontational stance but without any radical measures being taken. Such a scenario would involve the United States and South Korea resuming joint military exercises and North Korea conducting new nuclear tests, thus plunging the Korean Peninsula into uncertainty once again.
- Calls from the United States for military action were frequent in early 2018. While Washington insists that it will not take steps in this direction without the consent of South Korea, disagreement from Seoul will not be a barrier to war, according to Chinese experts. It is unlikely, however, that the United States will launch a war without China’s consent. The escalation of the situation into a military conflict could damage the security and interests of all the states in the region and appears unlikely at the moment.

Further efforts to promote the settlement of the situation on the Korean Peninsula on the part of Russia and China could include:

- Establishing an informal and confidential channel of communication between the United States and North Korea with Chinese and Russian mediation and participation;
- Discussing the conditions of and prospects for the resumption of the six-party talks on the North Korean nuclear problem;
- Supporting the efforts of South Korea to develop a dialogue with North Korea and the initiatives of Moon Jae-in aimed at maintaining stability;

⁸¹ “The Beginning of a New History and a New Era of Peace” // Kommersant. 27.04.2018.
URL: <https://www.kommersant.ru/doc/3615005> (In Russian).

⁸² Trump and Kim Jong-Un to meet on June 12 in Singapore // BBC Russian Service. 10.05.2018.
URL: <https://bbc.com/russian/news-44074365> (In Russian).

- Maintaining a dialogue with North Korea in order to prevent damage to Russian and Chinese interests;
- According to Russian experts, it would be wise to discuss the possibility of the United States, China and Russia, as guarantors of the nuclear non-proliferation regime and permanent members of the UN Security Council, developing a new formula for ensuring compliance with the NPT that takes the position of North Korea as a country that possesses weapons of mass destruction into account (a similar problem exists in relation to India and Pakistan);
- Developing close cooperation between Russia and China within the framework of the UN Security Council on the issue of unilateral sanctions and compliance with the provisions of the NPT, in particular on issues of guaranteeing the security of non-nuclear states;
- Discussing the possibility of holding trilateral consultations involving the United States, South Korea and China, with the possible inclusion of Russia, on the deployment of THAAD missile defence systems on South Korean territory – that is, establishing sub-regional military confidence-building measures regarding these systems;
- Discussing prospects for the continuation of the international sanctions against North Korea and their impact on the development of trade and economic ties in the region;
- Discussing a plan for the possible coordination of actions if a crisis arises in North Korea (covering issues such as: creating zones of responsibility, setting up refugee camps and developing humanitarian assistance programmes, establishing control over strategic nuclear facilities, etc.);
- Promoting the delineation in international discussion, primarily on the U.S. agenda and the North Korean nuclear issue, in particular with regard to human rights in North Korea, with priority being given to the nuclear problem as the most dangerous;
- Promoting the concept of peace, on the Eurasian continent in particular, and speaking out against bellicose rhetoric in international affairs.

Prospects for Russia–China Cooperation in the Middle East

The Middle East is a region that has traditionally fallen under the influence of external forces. The desire of the United States to take a less active role in the Middle Eastern affairs, which was marked by the withdrawal of troops from Iraq in 2011 under the Obama administration, coincided with the increasing involvement of Russia and China in the processes taking place in the region.

The emerging crisis of statehood in the Middle East, the threat of terrorism and the general state of global politics have prompted Moscow, which has a long history of cooperation with Middle Eastern countries, to play a role in the region's affairs. Beijing's involvement is not so much connected to possible threats to the

country as it is to internal development processes, economic complementarity with the countries in the region and the strategy of becoming a major power behaving in a responsible manner.⁸³

Russia and China see the influence of the United States in the Middle East during the 1990s and the 2000s, when Washington dominated the region as being wholly destructive. However, neither Moscow nor Beijing is calling for the United States to withdraw from the region. They are interested in cooperating with Washington and working out joint approaches to ensuring the security and development of the Middle East.

This type of relationship suits Moscow perfectly, as Russia does not have the necessary economic clout. Notwithstanding, Russia could make the switch in the next few years from exporting weapons to exporting integrated security using – and promoting – new developments.

Crises in the Middle East: The Evolution of the Approaches of Russia and China

The transformational processes that have been taking place in the Arab world have led Russia and China to the realisation that they need to adopt new approaches to their respective foreign policies in the Middle East.

Russia and China traditionally oppose the interference of external players in the domestic affairs of the countries in the region in contravention of international law. For a long time, Moscow did not view the Middle East as a priority region, focusing from the 1990s onwards on its relations with the West.

Before Xi Jinping came to power, China's foreign policy was based on the principle of “*tao guang yang hui*” (“keep a low profile and bide your time”), which explains why Beijing never had any desire to interfere directly in the resolution of complex and long-standing conflicts in the Middle East.⁸⁴ At the same time, Russia and China never used human rights as a rhetorical instrument in their foreign policies, something that their Middle Eastern partners found appealing.

The non-interference of Moscow and Beijing in the region's affairs led to a severe infringement of Russian and Chinese interests, to the extent that the countries lost investments that had already been made.⁸⁵ In particular, Russia and China abstained from the vote on UN Security Council Resolution No. 1973 sanctioning foreign intervention in Libya.⁸⁶ This direct military intervention by Western states is what led to the overthrow of Muammar Gaddafi. Considering the results of

⁸³ Cit. ex: Middle East Makes U.S. Nervous: How China Can Use this Opportunity and Buy Some Time (Part 4) // Guancha. Inosmi.ru. 01.02.2018. URL: <https://inosmi.ru/politic/20180201/241314379.html> (In Russian).

⁸⁴ How Does China View the Problems in the Middle East? // Al-Jazeera. 26.05.2016. URL: <https://www.aljazeera.net/news/reportsandinterviews/2016/5/25/قرشال-اياضرق-لى-ابن-يصل-ارظن-تغىك> (In Arabic).

⁸⁵ China Says Suffers “Large-Scale” Economic Losses in Libya // Reuters. 24.02.2011. URL: <https://af.reuters.com/article/libyaNews/idAFTOE71N06L20110224>

⁸⁶ Resolution 1973 Adopted by the Security Council at its 6498th Meeting. 17.03.2011. URL: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N11/268/41/PDF/N1126841.pdf?OpenElement> (In Russian).

these approaches, as well as the destructive influence of the actions of Western governments in Afghanistan and Iraq, Russia and China took a different decision on the Syria issue.

While Russia and the United States had an active military presence in Syria, China adopted a more flexible position, one that left room for manoeuvre. However, Beijing expressed its general attitude towards regional conflicts at the very beginning of the Syrian crisis, opting to veto alongside Russia in October 2011 the UN Security Council Resolution to impose sanctions against the Bashar al-Assad regime. Moscow and Beijing would subsequently reject several proposals put forward by third countries to resolve the conflict.⁸⁷ The steps taken by China in this situation reflect the evolution of Beijing's approach to the problems in the Middle East.⁸⁸ China has significant strategic advantages in the region, acting as a preferred partner for the states in the region thanks to its ability to provide loans and develop economic interaction. The need to defend and promote its interests demanded that its political potential, imbued with economic and diplomatic power, be realised. Moreover, the Middle East is an essential component of the Chinese Belt and Road Initiative.⁸⁹

Russia's and China's Ties with Middle Eastern Countries

The Russian Federation presented its updated Foreign Policy Concept in 2016. The document mentions the Middle East several times, primarily in the context of ensuring security and combatting international terrorism.⁹⁰

This approach is in many ways a response to the threats to Russia emanating from the Middle Eastern region, especially considering the proliferation of the Jabhat al-Nusra (Al Nusra Front, or al-Qaeda) and so-called Islamic State terrorist organisations in Syria and Iraq. These groups also threaten China's security, recruiting fighters both domestically and from Russia (as well as from existing terrorist organisations such as the Caucasus Emirate and the Turkistan Islamic Party).

The question of the possible return of foreign terrorist fighters to their homelands has been raised. To counter these threats, both China and Russia continued their close cooperation with Syrian intelligence services and the armed forces in the fight against Islamic State and other terrorist organisations. For example, according to official media reports, Chinese military advisors have taught government troops in Syria how to handle Chinese weapons,⁹¹ while the military and political leaders of the two countries continued to hold regular meetings and con-

⁸⁷ Michael D. Swaine. Chinese Views of the Syrian Conflict // Carnegie.
URL: http://carnegieendowment.org/files/Swaine_CLM_39_091312_2.pdf

⁸⁸ China's Position on Syria // Carnegie. 10.02.2012.
URL: <http://carnegie-mec.org/2012/02/09/ar-pub-47151#1> (In Arabic).

⁸⁹ The G.C.C. Countries and China's Belt and Road Initiative (BRI): Curbing Their Enthusiasm? // Middle East Institute. 17.10.2017. URL: <http://www.mei.edu/content/map/gcc-countries-and-chinas-belt-and-road-initiative>

⁹⁰ Foreign Policy Concept of the Russian Federation // Official Website of the Ministry of Foreign Affairs of the Russian Federation. 01.12.16.
URL: http://www.mid.ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/2542248 (In Russian).

⁹¹ China Boosts Syria Support // Global Times. 18.08.2016. URL: <http://www.globaltimes.cn/content/1001150.shtml>

sultations.⁹² Meanwhile Russia, at the request of the official Syrian government, launched a military operation in the country on September 30, 2015, a move that in many ways altered the balance of powers in the country and the Middle East as a whole.⁹³

Through its multi-vectored policy and consolidated military presence Russia has been able to expand its economic opportunities in the Middle East. Leading Russian corporations are planning to develop energy, military-technical, agricultural and other types of cooperation with the countries in the region.

Russian experts have helped to build the first nuclear power plant in the Middle East near the Iranian city of Bushehr, and the two sides have signed contracts on the construction of additional blocks.⁹⁴ Contracts were signed on the construction of nuclear plants in Turkey⁹⁵ and Egypt,⁹⁶ with work already under-way. In addition, relevant agreements were signed with Jordan,⁹⁷ and negotiations are under-way with Saudi Arabia and other countries.⁹⁸

Russian weapons – from assault rifles to air defence systems (including the S-300 and S-400 systems) – are in demand in the region and are supplied both to major regional players and to Russia's less influential partners. Moscow has been involved in the exploitation of large hydrocarbon deposits and the construction of the related infrastructure in Egypt,⁹⁹ Turkey,¹⁰⁰ Syria,¹⁰¹ Iraq,¹⁰² and Iran¹⁰³ since late 2015. What is more, Russia works with the Organisation of the Petroleum Exporting Countries (OPEC) to stabilise oil prices.¹⁰⁴

China has become the largest investor in the Middle East, surpassing the United

⁹² Assistant to Syrian President Holds Talks with China // BBC Russian Service. 14.08.2012.
URL: https://www.bbc.com/russian/international/2012/08/120813_syria_jet_downed.shtml (In Russian).

⁹³ Syrian President Appeals to Russia for Military Aid // RBC. 30.09.2015.
URL: <https://www.rbc.ru/politics/30/09/2015/560b97489a79476f7150d5d2> (In Russian).

⁹⁴ Iran and Russia Open New Chapter in History of Bushehr NPP // RIA Novosti. 09.09.2016.
URL: <https://ria.ru/atomtec/20160909/1476497856.html> (In Russian).

⁹⁵ Akkuyu Nuclear Power Plant (Turkey) // RIA Novosti. 10.12.2017.
URL: <https://ria.ru/spravka/20171210/1510584872.html> (In Russian).

⁹⁶ Egypt and Rosatom Approve Record Contracts for Construction of NPP // RBC. 11.12.2017.
URL: <https://www.rbc.ru/business/11/12/2017/5a2e88b29a794759db1a99a8> (In Russian).

⁹⁷ Agreement between Russia and Jordan on Construction of NPP Enters into Force // RIA Novosti. 28.06.2016.
URL: <https://ria.ru/atomtec/20160628/1453678547.html> (In Russian).

⁹⁸ Riyadh Intends to Sign Contract for Construction of First NPP by End of Year // RIA Novosti. 15.01.2018.
URL: <https://ria.ru/atomtec/20180115/1512651435.html> (In Russian).

⁹⁹ Rosneft Acquires Stake in Giant Gas Field // Official Rosneft Website. 10.10.2017.
URL: https://www.rosneft.ru/press/news_about/item/188273 (In Russian).

¹⁰⁰ Gazprom Brings TurkStream to Turkish Border // RIA Novosti. 04.11.2017.
URL: <https://ria.ru/economy/20171104/1508202489.html> (In Russian).

¹⁰¹ Russia's Foreign Policy: Looking Towards 2018 // RIAC. 18.12.2017.
URL: <http://russiancouncil.ru/activity/publications/vmeshnyaya-politika-rossii-vzglyad-v-2018> (In Russian).

¹⁰² Ibid.

¹⁰³ Rosneft Pivots to the East // Gazeta.ru. 21.02.2017.
URL: <https://www.gazeta.ru/business/2017/02/21/10536629.shtml> (In Russian).

¹⁰⁴ OPEC Votes for Stability // RBC. 25.03.2017.
URL: <https://www.rbc.ru/newspaper/2017/05/26/5926b5ca9a79471f44048cb6> (In Russian).

States.¹⁰⁵ At present, Middle Eastern countries continue to sign cooperation agreements with China to carry out projects as part of the Belt and Road Initiative.¹⁰⁶

Other countries in the region are also stepping up the pace of the alignment of their development strategies with the Belt and Road Initiative. Chinese experts note the balanced and diversified structure of China's diplomatic relations with the countries in the Middle East.¹⁰⁷ China's role in the region's economy has increased dramatically, which is in large part due to the compatibility of their economic structures: Middle Eastern countries supply hydrocarbons to China, while Beijing sends various goods and products to the region.

In the run-up to Xi Jinping's official visits to Saudi Arabia, Egypt and Iran in January 2016,¹⁰⁸ China published its first ever policy paper on cooperation with Arab countries.¹⁰⁹ The President's trip to the Middle East and the intensification of foreign relations with the region's countries received extensive coverage in official Chinese media outlets.¹¹⁰

This could indicate that Beijing has accumulated enough experience in the Middle East and has worked out which direction it wants to take with regard to its policy in the region. What is more, news broke in early 2016 that China had set up its first overseas military base in Djibouti in the Horn of Africa.¹¹¹

China had long planned to have a military presence in Africa so that it could protect Chinese business in the region. The base's location in Djibouti means that the country will be able to track the situation along essential logistics routes: goods and hydrocarbons travel to China from the Persian Gulf States to the Suez Canal via the Gulf of Aden. According to some estimates, China has a desire to develop its presence not only in Africa but in the Middle East as well.¹¹²

Russia and China take part in various multilateral formats of cooperation with the countries of the Middle East. Russia is, more specifically, developing ties with the region within the framework of the Arab-Russian Cooperation Forum and in the form of strategic cooperation with the Cooperation Council for the Arab States of the Gulf (GCC).¹¹³

¹⁰⁵ China is Largest Foreign Investor in Middle East // MEMO. 24.07.2017.
URL: <https://www.middleeastmonitor.com/20170724-china-is-largest-foreign-investor-in-middle-east>

¹⁰⁶ Chinese Wisdom Illuminates Future of Middle East // Guangming Online. 29.12.2017.
URL: http://epaper.gmw.cn/gmrb/html/2017-12/29/nw.D110000gmrb_20171229_2-10.htm (In Chinese).

¹⁰⁷ Ibid.

¹⁰⁸ President Xi Jinping Visits Saudi Arabia, Egypt, Iran. Jan. 19-23, 2016 // Xinhuanet.
URL: <http://www.xinhuanet.com/english/cnleaders/201601xjp>

¹⁰⁹ Full Text of China's Arab Policy Paper // Xinhuanet. 13.01.2016.
URL: http://news.xinhuanet.com/english/china/2016-01/13/c_135006619.htm

¹¹⁰ Hello, Middle East! China's New Role in the Middle East // Xinhuanet. 15.01.2016.
URL: http://news.xinhuanet.com/herald/2016-01/15/c_135013096.htm (In Chinese).

¹¹¹ China's First Overseas Military Base to Open in Africa // Vedomosti. 12.07.2017.
URL: <https://www.vedomosti.ru/politics/news/2017/07/12/721345-kitai-zarubezhnyu-bazu> (In Russian).

¹¹² Why China's Djibouti Presence Matters // The Diplomat. 13.04.2016.
URL: <http://thediplomat.com/2016/04/why-chinas-djibouti-presence-matters>

¹¹³ Foreign Policy Concept of the Russian Federation // Official Website of the Ministry of Foreign Affairs of the Russian Federation. 10.12.2016.
URL: http://www.mid.ru/foreign_policy/news/-/asset_publisher/ckNNonkJE02Bw/content/id/2542248 (In Russian).

China cooperates with the region's countries through its traditional cooperation formats, such as the China–Arab Cooperation Forum. The BRICS and the SCO could serve as a promising platform for the development of contacts between Moscow and Beijing on the one hand and the countries of the Middle East on the other, which may help when it comes to implementing joint economic initiatives and ensuring security.

Russia–China cooperation in the Middle East should not merely be aimed at countering the U.S. actions. Through the interaction of all three influential external players with the region's countries, many issues can be solved. In this context, it would be worth studying further the issue of creating a security architecture in the region.

Moscow, Beijing and Washington could suggest setting up a security system in the Persian Gulf in the GCC+2 format (adding Iraq and Iran). In addition, Russia traditionally maintains working contacts with Saudi Arabia¹¹⁴ and Iran.¹¹⁵ Moreover, China is a key trading partner for these countries.¹¹⁶

Efforts to reduce tensions between Riyadh and Tehran and strengthen trust between them will also lead to a weakening of competition in other parts of the region. This will make it possible for Saudi Arabia and Iran to develop more constructive relations.

With time, it may be worth considering the possibility of creating a regional multilateral security organisation in the Middle East on a collective basis, with the involvement of Russia, China, the United States and the European Union as observers.

The settlement of the Syrian crisis and the post-conflict reconstruction of the country will require large-scale investments. If a plan for political transition in Syria in the interests of all parties to the conflict and the Assad regime uses force to suppress its opponents, then it is unlikely that international institutions will provide aid or investments in the post-conflict period.

Russian experts believe that, given the fact that China, Iran and Russia are building up cooperative ties, the sides could define their areas of responsibility both on the restoration of Syria, and on the Middle East as a whole.

China has already expressed its intention to take part in the restoration of Syria.¹¹⁷ Vladimir Putin has talked about the importance of this in the past.¹¹⁸ Russian companies are also expanding their presence in the country.

¹¹⁴ Inter-State Relations between Russia and Saudi Arabia // RIA Novosti. 05.10.2017.
URL: <https://ria.ru/spravka/20171005/1505783216.html> (In Russian).

¹¹⁵ The Islamic Republic of Iran // Official Website of the Ministry of Foreign Affairs of the Russian Federation. 16.04.2018.
URL: <http://www.mid.ru/ru/maps/ir/?currentpage=main-country> (In Russian).

¹¹⁶ Saudi Arabia. The Observatory of Economic Complexity. URL: <https://atlas.media.mit.edu/en/profile/country/sau/>;
Iran. The Observatory of Economic Complexity. URL: <https://atlas.media.mit.edu/en/profile/country/ir/>

¹¹⁷ Putin proposed to develop a program for the reconstruction of Syria // RIA Novosti. 11/22/2017.
URL: <https://www.ria.ru/syria/20171122/1509364549.html> (In Russian).

¹¹⁸ Sixty-ninth session of the United Nations General Assembly. Item 91 of the Agenda. Developments in the Field of Information and Telecommunications in the Context of International Security. 13.01.2015. URL: <http://www.mid.ru/documents/10180/882233/A+69+723+Ru.pdf/269baca6-5664-4651-b1a9-74e640262173> (In Russian).

The integration of the International North–South Transport Corridor running through Russia, Azerbaijan and Iran and into India with the Belt and Road Initiative could become an element of strategic Russia–China cooperation.

Russia and China may both be interested in gaining continental access to the Middle East using the territories and infrastructure of Iran and Iraq in order to strengthen their influence in the Arab Mashreq sub-region, including Lebanon, Syria, Jordan and Iraq. The countries in the region may also be interested in this, as diversifying international relations will allow them to stabilise political and socio-economic life.

Russia has a wealth of experience in the region and directs considerable resources towards the development of diplomatic contacts and ensuring security in the Middle East. China, in turn, aims to develop economic ties with regional countries, becoming a key trading partner for them. What is more, the massive and strategically important China–Pakistan Economic Corridor leads right into the Middle East. All this notwithstanding, the United States remains the major external player in the region, where it has a robust military presence.

Coordinated actions between Russia and China could have a positive effect on regional stability, with Moscow, Beijing and the countries of the Middle East carrying out joint projects while at the same time guaranteeing security.

Russia–China Cooperation in Information Security, Information Space Governance and Artificial Intelligence

Russia and China have similar positions on strategically important areas of information space governance and ensuring international information security. The two countries support the idea of information sovereignty and, through the United Nations, jointly promote the initiative to create a new order in the information space based on the equal participation of all states. They are also both interested in increasing their role in governing the information space.

Bilateral relations between Russia and China in cyberspace are based on the Inter-State Agreement on Cooperation in Ensuring International Information Security. Moscow and Beijing oppose the use of information technology to interfere in the internal affairs of states, undermine their sovereignty and stability, or for terrorist, extremist and separatist purposes.

Russia and China are also in favour of preventing an arms race in the information space and taking a multilateral approach to information security. On the international stage, the sides are promoting a joint initiative to develop a code of conduct in information security.

The joint efforts of Moscow and Beijing in the global, regional and bilateral formats could make a vital contribution to the balanced development of the global information space. Given the continued reliance on key technologies developed in the West, it is important for Russia and China to develop cooperation, specifically in the promotion of joint research projects and partnerships between private companies.

Artificial intelligence could become an important area of the technology partnership between Russia and China in the coming years. China has set some ambitious goals for the development of next-generation artificial intelligence, aiming to become the foremost global centre for the development of AI technology by 2030.

Russia also intends to step up its efforts in the development of artificial intelligence. At the same time, the concurrent interest of both states in this area is partly due to the need to prevent them from falling behind the United States, which relies on a vast network of partners, while Russia and China are isolated and must thus rely on cooperation with each other.

The Russia–China Partnership in International Information Security and Information Space Governance

Russia–China interaction in the information space includes cooperation to ensure international information security and a well-governed cyberspace. Nowadays issues of the global governance of the information space have become a subject of debate and rivalry among the major powers.

The strategic partnership between Russia and China in managing the information space and information security relies on a high level of mutual political trust and partner relations in all spheres. The unanimity of the positions of the two countries on the issue of global Internet governance was manifested most profoundly in 2011, when, after several years of efforts, Moscow and Beijing put forward a joint initiative on the development of an “International Code of Conduct for Information Security” at the United Nations, as well as in 2015, when they presented a revised draft of the document along with their partners in the SCO.¹¹⁹

At the same time, Moscow and Beijing stress that cooperation is mutually beneficial and is not directed against third countries: it aims to protect their information space from external encroachments.

Moscow and Beijing have similar positions regarding the norms and rules of conduct in the information space, and the two countries adhere to a unified line in negotiations within the framework of the United Nations.

Russia and China have reached a consensus on the sources of threats to information security and oppose the use of information technologies to interfere in the internal affairs of states, undermine their sovereignty or their political, economic or social stability, or for terrorist, extremist and separatist purposes.¹²⁰ The two countries are also in favour of preventing an arms race and international conflicts in cyberspace and would like to see as many states as possible involved in the negotiation process.

Russia and China are rapidly growing cyber powers. In terms of the number of Internet users, China is the global leader, with Russia occupying seventh

¹¹⁹ Sixty-ninth session of the United Nations General Assembly. Item 91 of the Agenda. Developments in the Field of Information and Telecommunications in the Context of International Security. 13.01.2015. URL: <http://www.mid.ru/documents/10180/882233/A+69+723+Ru.pdf/269baca6-5664-4651-b1a9-74e640262173> (In Russian).

¹²⁰ Top 20 countries with the highest number of Internet users. Internet World Stats. URL: <https://www.internetworldstats.com/top20.htm>

place.¹²¹ At the same time, according to *McAfee Security Research*, the countries are among the most susceptible to cybercrime.¹²² For example, Russia and China were among the countries most affected by the *WannaCry* virus.¹²³

Russia and China are mostly dependent on critical Western technologies in the information space while at the same time being condemned by the West as the countries where the cyberattacks originate from. In this connection, the parties put forward initiatives for radical changes in the management of the information space and strive to strengthen their influence in this area.

Russia and China actively participate in various international forums and mechanisms for managing the information space.

At the **global level**, Moscow and Beijing could act as a unified front on issues related to the governance of the information space. The states should jointly advocate a new world order in this area, as well as responsible behaviour on the Internet.

Moscow and Beijing should also support and nurture the United Nation's leading role in managing the international information space and advocate a multilateral model of Internet governance under its aegis.

Additionally, Moscow and Beijing lobby for Internet sovereignty. Particular attention is paid to the new Information Security Doctrine of the Russian Federation on the "protection of the sovereignty of the Russian Federation in the information space."¹²⁴

China has also been following a concept of information sovereignty over the past two years, including the Cybersecurity Law of the People's Republic of China,¹²⁵ the National Cybersecurity Strategy,¹²⁶ and the International Strategy of Cooperation on Cyberspace.¹²⁷ According to the State Security Law of the People's Republic of China, information sovereignty is a crucial principle supported by the country's leadership.¹²⁸

¹²¹ Top 20 Countries with the Highest Number of Internet Users // Internet World Stats.
URL: <https://www.internetworldstats.com/top20.htm>

¹²² Cyber Crime in the World. The State of Cyber Crime in Different Regions of the World. 17.04.2017.
URL: http://www.tadviser.ru/index.php%D1%81%D1%82%D0%B0%D1%82%D1%8C%D1%8F:%D0%BA%D0%B8%D0%B1%D0%B5%D1%80%D0%BF%D1%80%D0%B5%D1%81%D1%82%D1%83%D0%BF%D0%BD%D0%BE%D1%81%D1%82%D1%8C_%D0%B2_%D0%BC%D0%B8%D1%80%D0%B5 (In Russian).

¹²³ Which Countries Suffered from the WannaCry Computer Virus? // BBC Russian Service. 15.05.2017.
URL: <http://www.bbc.com/russian/features-39928406> (In Russian).

¹²⁴ Decree No. 646 of the President of the Russian Federation "On Approving the Information Security Doctrine of the Russian Federation." 16.12.2016. URL: <http://www.garant.ru/products/ipo/prime/doc/71456224> (In Russian).

¹²⁵ Cybersecurity Law of the People's Republic of China. Official Website of the National People's Congress of the People's Republic of China. 07.11.2016. URL: http://www.npc.gov.cn/npc/xinwen/2016-11/07/content_2001605.htm (In Chinese).

¹²⁶ National Cybersecurity Strategy (Full text) // Xinhuanet. 27.12.2016.
URL: http://www.xinhuanet.com/politics/2016-12/27/c_1120196479.htm (In Russian).

¹²⁷ International Strategy of Cooperation on Cyberspace // Official Website of the Small Leading Group of the Central Committee of the Communist Party of China for Cybersecurity and Informatization. 01.03.2017.
URL: http://www.cac.gov.cn/2017-03/01/c_1120552617.htm (In Chinese).

¹²⁸ State Security Law of the People's Republic of China.
URL: https://chinalaw.center/administrative_law/china_state_security_law_2015_russian (In Russian).

It is essential that Russia and China continually express their support for this position on all international platforms and develop joint research in this sphere.

The joint efforts of Moscow and Beijing on the command and control of cyber-weapons and the promotion of peace in global Internet governance are of particular importance.¹²⁹ This is a pressing task in connection with the militarisation of cyberspace and the expansion of the list of possible countermeasures against cyberattacks. For example, the new Nuclear Posture Review of the United States mentions the possibility of using nuclear weapons in the fight against non-nuclear threats such as cyberattacks.¹³⁰

At the **regional level**, it would be useful for Russia and China to work out a joint strategy in cyberspace and develop pragmatic cooperation. Not only does cooperation in the field of information security and cyber-management within the framework of the SCO, BRICS, ASEAN Regional Forum and other structures help to create a peaceful, safe, open and multilateral information environment, but it is also crucial for boosting the influence of Moscow and Beijing in the global governance of the Internet.

Russia and China should, within the framework of the SCO, actively promote the development and implementation of the Agreement between the Governments of the Member States of the Shanghai Cooperation Organisation on Cooperation in the Field of Ensuring International Information Security and make issues of information space management a priority in the Organisation's discussions and practical work.¹³¹ At the same time, Russia and China should continue their joint work to advance the International Code of Conduct for Information Security at the United Nations.

As part of BRICS, Russia and China should continue their activities within the framework of the Working Group on Cooperation in Information and Communication Technologies, strive to coordinate the positions of the member countries on the international stage and promote the unification of domestic rules and regulations, further cooperation in e-commerce and the use of the Internet, particularly in the spheres of public health and education, and facilitate the resolution of information security issues, in order to truly integrate the geographically dispersed BRICS states. Furthermore, Moscow and Beijing could promote the development of a fibre optic cable network linking the BRICS countries.¹³²

Russia and China could also develop cooperation in order to create a digital Silk Road. While the Chinese Belt and Road Initiative is not an official regional organisation, Moscow and Beijing could develop cooperation within the framework of the project, offering assistance in information security and informatisation to states along the New Silk Road to overcome the digital divide and improve the

¹²⁹ Nuclear Posture Review. February 2018 // US Department of Defense.
URL: <https://media.defense.gov/2018/feb/02/2001872876/-1/-1/1/executive-summary-translation-russian.pdf> (In Russian).

¹³⁰ Ibid.

¹³¹ Agreement Between the Governments of Member States of the Shanghai Cooperation Organization on Cooperation in the Field of Ensuring the International Information Security. URL: <http://docs.cntd.ru/document/902289626> (In Russian).

¹³² By Fear and BRICS // Kommersant. 19.03.2013. URL: <https://www.kommersant.ru/doc/2149243> (In Russian).

information infrastructure. This will have a positive effect on the future development of the region and will also increase the influence of Russia and China in the information space.

At the same time, **bilateral cooperation** serves as a basis for strengthening the positions of Russia and China in the management of the Internet.

Russia and China continue to develop their cooperation in information security as part of the Intergovernmental Agreement on Cooperation in the Field of Ensuring International Information Security signed in 2015.¹³³ The deepening of practical cooperation between the two countries in this area is based on the strategic importance of information systems and means of communication, as well as their security, for Russia and China. According to Special Representative of the President of the Russian Federation for International Cooperation on Information Security Andrey Krutskikh, the agreement is successful, and its results are visible on a consistent basis.¹³⁴

Russia and China have adopted a number of important documents in recent years that define the priorities of state policy in information security. For example, the Law on Cybersecurity came into force in China on June 1, 2017.¹³⁵ Similarly, the Law on the Security of Critical Information Infrastructure entered into force in Russia on January 1, 2018.¹³⁶

A new direction for Russia–China cooperation could be the exchange of experience on the legal regulation of information security issues. At the 4th World Internet Conference in Wuzhen, China, Head of the Federal Service for Supervision of Communications, Information Technology and Mass Media (Roskomnadzor) Alexander Zharov noted that the Chinese authorities are showing an increasing interest in legislative experience and the latest legislative acts in Russia concerning the protection of network security.¹³⁷

It is also necessary to intensify information exchanges and take additional cooperative measures to jointly combat different cyberthreats. Ties in this area will help the sides to implement measures to fight terrorist and criminal activities on the Internet, a goal that is of importance to both Beijing and Moscow. They will also contribute to the development of informatisation and the enhancement of the role of the countries in the global management of cyberspace.

A positive trend in 2017 that needs to develop is the involvement of leading IT companies of the two countries in joint information security projects. Cooperation was discussed at several platforms: at the 4th World Internet Conference in

¹³³ People's Republic of China // Official Website of the Ministry of Foreign Affairs of the Russian Federation. 08.05.2015. URL: http://www.mid.ru/ru/maps/cn/-/asset_publisher/WhKWb5DVBqKA/content/id/1257295 (In Russian).

¹³⁴ The Aims of China and Russia Coincide, Says Krutskikh // RIA Novosti. 27.07.2017. URL: <https://ria.ru/world/20170727/1499248373.html> (In Russian).

¹³⁵ Cybersecurity with Chinese Characteristics: New Internet Law Comes into Force in China // TASS. 29.05.2017. URL: <http://tass.ru/mezhdunarodnaya-panorama/4290068> (In Russian).

¹³⁶ Federal Law No. 187-FZ "On the Security of Critical Information Infrastructure of the Russian Federation" dated July 26, 2017. URL: <https://rg.ru/2017/07/31/bezopasnost-dok.html> (In Russian).

¹³⁷ Roskomnadzor Head: China Interested in Studying Russian Federation Laws on Cybersecurity // TASS. 04.12.2017. URL: <http://tass.ru/ekonomika/4780954><http://tass.ru/ekonomika/4780954> (In Russian).

Wuzhen; the World Economic Forum in Dalian;¹³⁸ the IX International IT Forum in Khanty-Mansiysk,¹³⁹ and the Internet Security Forum in Moscow.¹⁴⁰

During the conference in Wuzhen, the Russian anti-virus provider Kaspersky Lab signed a Memorandum of Understanding with the Cyberspace Administration of China setting out the main areas of cooperation in Internet security.¹⁴¹

Joint research into new technologies and cooperation in technological trends also needs to be intensified. Interaction in this area will help ensure information security. Moscow and Beijing could step up the level of joint research and development into such technologies as artificial intelligence, the Internet of Things, blockchain, 5G and *Internet Protocol version 6 (IPv6)* to prevent Western countries from monopolising information technologies.

The joint work of Russian and Chinese scientists and engineers to create reliable telecommunications equipment that is capable of fending off possible cyber-attacks from the outside could prove to be a promising area of cooperation.¹⁴²

Moscow and Beijing could also contribute to the development of a shared Internet market and the promotion of cross-border e-commerce, since the digital economies of the two countries possess considerable potential for cooperation.

Creating a mechanism for the joint training of Russian and Chinese experts in information security through education cooperation and student exchanges should become an essential aspect of cooperation. In the long term, it would be wise to set up a joint training project to promote an entrepreneurial spirit and develop practical skills among young specialists.

Artificial Intelligence as a Promising Area for Cooperation between Moscow and Beijing

Artificial intelligence (AI) has the potential to be an important sphere of the technological partnership between Russian and China. AI is one of the absolute priorities of China's technological development today. In June 2017, the State Council of the People's Republic of China adopted an ambitious plan for the development of this area which is designed to make the country a leader in this new and rapidly growing sector of the economy by 2030.

Beijing already has made considerable progress in this area. According to the Association for the Advancement of Artificial Intelligence (AAAI), 23 per cent of the authors of academic papers on AI topics were based in China, compared to 34 per cent from the United States (the figures for 2012 were 10 per cent and

¹³⁸ Trust in Robots and the Fight Against Viruses: What Was Discussed at the "Summer Davos" Forum in China // TASS. 30.06.2017. URL: <http://tass.ru/ekonomika/4375723> (In Russian).

¹³⁹ IX International IT Forum with the Cooperation of BRICS and SCO Countries. Khanty-Mansiysk. June 6–7, 2017. URL: <https://itforum.admhmao.ru/2017> (In Russian).

¹⁴⁰ Internet Security Forum Held in Moscow // Natsionalny Kontrol. 27.04.2017. URL: http://nkpress.ru/news/society/v_moskve_proshel_forum_bezopasnogo_internetainterneta (In Russian).

¹⁴¹ Kaspersky Lab and Cyberspace Administration of China Agree on Cooperation // TASS. 03.12.2017. URL: <http://tass.ru/obschestvo/4779835> (In Russian).

¹⁴² Rogozin: Russian Federation and People's Republic of China Discuss Creation of Cyber Defence System for Critical Infrastructure // TASS. 30.10.2017. URL: <http://tass.ru/ekonomika/4686672> (In Russian).

41 per cent, respectively.)¹⁴³ There is at least one area of artificial intelligence in which Chinese researchers have surpassed their American counterparts in the number of published articles – namely, deep learning – and this happened back in 2013.¹⁴⁴

On July 8, 2017, the State Council of the People's Republic of China published a notification of the approval of the Next Generation Artificial Intelligence Development Plan that had taken place the previous month.¹⁴⁵ The Plan is a strategy for the development of artificial intelligence technologies and industries that is divided into three stages (to 2020, 2025 and 2030) and aimed at China achieving global leadership in artificial intelligence and becoming a world centre for the development of AI-based industries. The plan for the first three years (2018–2020) was published in late 2017 and set out the course of action for the first stage.¹⁴⁶

The “socialism with Chinese characteristics” entails setting ambitious goals, and this involves concentrating significant financial, technical and human resources for priority tasks. As is the case with other scientific and technical programmes that are being carried out in the People's Republic of China, particular emphasis is placed on civil-military integration, the exchange of technologies between sectors of the economy, and the rapid commercialisation of the results obtained.

Fifteen government agencies and structures are involved in the implementation of the Plan, including: the Ministry of Science and Technology; the National Development and Reform Commission; the Ministry of Education; the Ministry of Industry and Information Technology; the Academy of Sciences; the Academy of Engineering; the Scientific and Technical Committee of the Central Military Commission; and the China Association for Science and Technology, among others.¹⁴⁷

During the first stage of the Plan's implementation (up to 2020), China plans to reduce the gap with the leading AI countries and ensure that its technologies in this area are at the global forefront. Its main priorities are robotics and robotic vehicles, virtual and augmented reality, cross-media technologies, big data, group artificial intelligence and autonomous artificial intelligence. By 2020, companies that work in artificial intelligence should be producing a turnover of some 150 billion yuan, with the total output of related industries reaching 1 trillion yuan per year.

The goal by 2025 is to become a global leader in at least a part of the artificial intelligence industry, with production volumes of the relevant business areas

¹⁴³ China Looks to Overtake US Lead in AI research // *Teslarati*. 19.02.2018.

URL: <https://www.teslarati.com/china-overtake-us-ai-research>

¹⁴⁴ “As China Marches Forward on A.I., the White House Is Silent” // *The New York Times*. 12.02.2018.

URL: <https://www.nytimes.com/2018/02/12/technology/china-trump-artificial-intelligence.html>

¹⁴⁵ Notification of the Plan for the Development of Next-Generation Artificial Intelligence (Document No. 35 of the State Council of the People's Republic of China for 2017) // Official Website of the State Council of the People's Republic of China. 08.07.2017. URL: http://www.gov.cn/zhengce/content/2017-07/20/content_5211996.htm (In Chinese).

¹⁴⁶ China Publishes Plan of Action to Stimulate Development of Artificial Intelligence Industry // *Xinhua*. 15.12.2017.

URL: <http://russian.people.com.cn/n3/2017/12/15/c31517-9305144.html> (In Russian).

¹⁴⁷ 15 Ministries and Commissions Join Forces to Create First Four National Innovation Platforms: Focus on Plans to Develop Next-Generation Artificial Intelligence // Official Website of the State Council of the People's Republic of China. 23.11.2017. URL: http://www.gov.cn/xinwen/2017-11/23/content_5241718.htm (In Chinese).

reaching 400 billion yuan and related industries turning over 5 trillion yuan per year. By 2030, China will be the foremost global centre of development of artificial intelligence technologies, occupying leading positions in all areas of related technology development and boasting a domestic industry that produces a turnover of 1 million yuan and attendant industries that produce 10 trillion yuan per year.

The most important features of the National Plan are:

- The focus on technological leadership. The intention here is to perform an in-depth analysis of global trends in AI development and obtain quick results by concentrating tremendous resources on a limited number of priority areas in order to achieve a breakthrough.
- The systemic approach. When implementing the plan, considerable attention will be paid to ensuring close relations among institutions of fundamental science, as well as companies and institutes that work in the applied science and production industries, taking the features of individual enterprises involved in AI into account.
- The support of the market. Particular attention will be paid to commercialising the scientific and technical results of the work. Attention will also be paid to the involvement of commercial companies (including private businesses) in the implementation of the plan.
- The openness of technologies, and the exchange of technologies between industries and enterprises under various forms of ownership.

In general, the Chinese leadership is counting on securing leading positions in artificial intelligence, in the hope that this will help the country turn the industry into a driver of economic growth in sectors where the traditional sources of the competitiveness of Chinese industry, such as low labour costs, have been almost completely exhausted.

Leaders in the Chinese IT industry will benefit from the implementation of the National Strategy. In November 2017, the Ministry of Science and Technology made Baidu, Alibaba and Tencent Holdings, as well as the producer of voice-recognition software iFlyTek, the first group of national priority companies for the development of the artificial intelligence industry. Alibaba intends to invest \$15 billion into research and development over the next three years alone.¹⁴⁸

In 2017, Russia also announced plans to step up its efforts in the development of artificial intelligence technologies. In September last year, Vladimir Putin announced that whoever achieves leadership in artificial intelligence will become the “ruler of the world,” noting that Moscow will strive to progress in this area.¹⁴⁹

It is not clear whether Russia has a large-scale national programme for the development of artificial intelligence similar to the Chinese initiative. Having said that,

¹⁴⁸ China Recruits Baidu, Alibaba and Tencent to AI “National Team” // South China Morning Post. 21.11.2017.
URL: <http://www.scmp.com/tech/china-tech/article/2120913/china-recruits-baidu-alibaba-and-tencent-ai-national-team>

¹⁴⁹ Putin: Leader in Artificial Intelligence Creation Will become Ruler of the World // TASS. 01.09.2017.
URL: <http://tass.ru/obschestvo/4524746> (In Russian).

artificial intelligence has long been one of the priority areas in the work of the Russian Foundation for Advanced Research Projects, a state structure set up to finance promising scientific research and development projects in areas related to national defence and security.¹⁵⁰

The concurrent interest of both Russia and China in this promising area is partly due to the need to prevent the countries from falling behind the United States, which published its National Artificial Intelligence Research and Development Strategic Plan back in 2016.¹⁵¹ What is more, the United States relies on a vast network of technology partners, including Japan, the European Union and other countries, while Russia and China may become increasingly isolated against the background of worsening relations with the United States and the growing restrictions on technology exchange. Artificial intelligence could thus become a promising direction for the Russia–China partnership.

¹⁵⁰ Russian Foundation for Advanced Research Projects Website. URL: <http://fpi.gov.ru/about/areas> (In Russian).

¹⁵¹ National Artificial Intelligence Research and Development Strategic Plan // National Science and Technology Council. October 2016. URL: https://www.nitrd.gov/PUBS/national_ai_rd_strategic_plan.pdf

The Development of Russia–China Cooperation in the Eurasian Space

The Development of Cooperation within the Framework of the SCO

In 2017, India and Pakistan completed the process of becoming members of the Shanghai Cooperation Organisation. The expansion of the SCO is a testament to the growing influence of the organisation in global and regional affairs. South Asia has become a priority region in particular.

At the same time, the accession of India and Pakistan creates new opportunities and challenges for the SCO. With it comes the need to improve the system of governance and coordinate the interests of all member countries more actively, taking the tensions in India–Pakistan relations, as well as any possible differences that may arise between New Delhi and Beijing, into account.

One of China's priorities is the promotion of its Belt and Road Initiative and its integration with the EAEU, as well as the elimination of any strategic concerns that may arise in connection with these projects on the part of India. The SCO member states also need to pay additional attention to regional economic ties within the framework of the organisation, including the issue of setting up an SCO Development Bank and an SCO Development Fund and forming a system to support infrastructure projects.

In order to expand cooperation within the SCO, it is necessary to support the development of close ties between Russia and China and strengthen cooperation between China and India. The interaction between the three countries through the SCO is complemented by a dialogue within the framework of the Russia–India–China strategic triangle, the priorities of which are to develop strategic contacts, further coordinate positions on the most important global and regional issues and strengthen the influence of the RIC on the international arena.

The year 2017 was crucial for the SCO, in large part thanks to the accession of India and Pakistan to the organisation as part of its first expansion, which speaks to the influence the SCO enjoys in international and regional politics.

However, the most important event for the SCO in 2017 was the Astana summit, which resulted in the adaptation of a package of documents including the Astana Declaration, which reflects the consolidated approaches of the member states towards the organisation's further development, as well as evaluations of key international issues;¹⁵² the Convention of the Shanghai Cooperation Organisation on Combating Extremism;¹⁵³ the Statement of the Heads of State of the SCO

¹⁵² Astana Commemorative Declaration: Towards a Security Community. 03.12.2010. URL: <http://www.osce.org/ru/cio/74990?download=true> (In Russian).

¹⁵³ The convention of the Shanghai Cooperation Organization on Counterting Extremism. URL: [http://ecrats.org/upload/iblock/349/%D0%9A%D0%BE%D0%BD%D0%B2%D0%B5%D0%BD%D1%86%D0%B8%D1%8F%20%D0%BF%D0%BE%20%D1%8D%D0%BA%D1%81%D1%82%D1%80%D0%B5%D0%BC%D0%B8%D0%B7%D0%BC%D1%83%20%D1%80%D1%83%D1%81%D1%81%D0%BA%D0%B8%D0%B9\).pdf](http://ecrats.org/upload/iblock/349/%D0%9A%D0%BE%D0%BD%D0%B2%D0%B5%D0%BD%D1%86%D0%B8%D1%8F%20%D0%BF%D0%BE%20%D1%8D%D0%BA%D1%81%D1%82%D1%80%D0%B5%D0%BC%D0%B8%D0%B7%D0%BC%D1%83%20%D1%80%D1%83%D1%81%D1%81%D0%BA%D0%B8%D0%B9).pdf) (In Russian).

Member States on Joint Counteraction to International Terrorism;¹⁵⁴ and other decisions. Finally, the membership of India and Pakistan in the SCO was finalised at the Summit.¹⁵⁵

The Astana Declaration stresses that the SCO has established itself as a universally recognised and respected multilateral association whose activities are aimed at maintaining peace and stability in the SCO space, jointly combating new challenges and threats, strengthening trade, economic, cultural and humanitarian ties, and opening up huge potential of good-neighbourliness and interaction among the SCO states and their peoples.¹⁵⁶

In the coming years, we may see an escalation in the contradictions between globalist and anti-globalist trends, a significant change in the balance of forces on the global stage and an increasingly complicated international geopolitical situation. The Shanghai Cooperation Organisation is at a crucial stage of its development. In the face of the emerging changes, Russia and China must adapt to the tendencies that are taking shape and adopt constructive approaches to further development of the SCO.

Attention should be paid to the opportunities and challenges associated with the expansion of the SCO. The addition of member states has altered the organisation's internal management structure, and the model of coordinating the interests of all sides within its framework will also transform moving forward.

Although the general prospects for the development of the SCO are clear, new problems may arise. It is essential to carry out comprehensive assessment of the requirements of all member countries and pay particular attention to the dynamics of multilateral interaction: only by taking the interests of all members into account will it be possible to determine the main line of the organisation's conduct and its development paths.

In the future, the number of conflicts of interests within the SCO may increase, and settling disagreements among member states may become a new function of the organisation.

The SCO's Central Asian members fear that the expansion of the SCO may lead to a deterioration of their strategic position and their gradual peripheralisation. In this regard, an essential task for the SCO is to overcome the differences between new and long-term members. The accession of India and Pakistan means that South Asia has become another priority region for the SCO, alongside Central Asia.

Expanding the SCO while at the same time refining its work could create new advantages for the SCO, allowing it to increase its effectiveness and generate favourable trends. At the same time, the next five years will mark a new period in the SCO's formation and will thus be of crucial significance for the organisation.

¹⁵⁴ Statement of the Heads of State of the Shanghai Cooperation Organisation Member States on Joint Counteraction to International Terrorism. 09.06.2017. URL: <http://www.infoshos.ru/ru/?id=138> (In Russian).

¹⁵⁵ The Astana declaration of the Heads of State of the Shanghai Cooperation Organisation // Official Website of the President of the Russian Federation. 09.06.2017. URL: <http://kremlin.ru/supplement/5206> (In Russian).

¹⁵⁶ *Ibid.*

If it emerges successfully from this period, the development of the SCO will be accelerated.

Given the priority areas of China's development "in the new era," the strategic significance of the SCO for Beijing is growing from the point of view of security, stability and development.

China appears to be concerned by the "India factor" that has been introduced into the SCO. India occupies a unique strategic position in the region: New Delhi maintains close partner ties with Moscow, has deep historical roots in Central Asia and pursues its interests there, although there are significant disagreements in India's relations with China, and even more so with Pakistan. At the same time, India is working to harmonise the political stances of Asian countries and the United States.

India has been pursuing many of its interests striving to become a member of the SCO. Meanwhile, China has taken a cautious stance to India's accession to the organisation, and the expert community in the country has voiced fears about the prospects for the SCO's development in connection with the situation surrounding the disputed Doklam plateau.

Yet China and India are neighbouring states, and Beijing is prepared to develop relations with New Delhi based on peaceful coexistence, forming stable and harmonious ties. China, in turn, is ready to give India a detailed explanation of its foreign policy strategies and plans.

For Beijing, priority areas of its activities within the SCO will be the gradual promotion of the Belt and Road Initiative, its efficient integration with the EAEU, the achievement of strategic cooperation with New Delhi and the elimination of India's concerns about the Chinese projects. At the same time, the increased geographical coverage of the SCO following the expansion could contribute to the promotion of the Belt and Road Initiative.

In resolving the emerging problems facing the SCO, it is essential that Russia and China maintain close strategic ties, prioritise reinforcing institutional mechanisms within the framework of the SCO and at the same time work to strengthen contacts between China and India.

In this context, it would make sense to strengthen contacts between Russia, China and India as part of the strategic triangle. In bilateral documents, Moscow and Beijing value cooperation in the Russia–India–China (RIC) format very highly, emphasising the fact that it plays a vital role in promoting regional and global peace, stability and sustainable development.

The long-term stability of the RIC format is determined primarily by the composition of its members and their growing role in global politics. Even though Russia, China and India are involved in other dialogue formats and organisations with more formal structures, and despite the possible obstacles and tensions on the bilateral tracks, the three countries are united by a wide range of constant and common interests.

The priorities of RIC, according to Moscow and Beijing, are to strengthen strategic contacts, coordinate their positions on the most important global and regional

issues, promote practical cooperation between Russia, China and India, and boost the RIC's influence in international affairs.¹⁵⁷

At the same time, the format may prove to be insufficiently practically useful in the future. The creation of multilateral departmental coordination mechanisms on specific economic issues within the framework of the SCO and BRICS will inevitably make such sector-specified cooperation platforms in the small RIC format superfluous.

On December 11, 2017, Minister of Foreign Affairs of the Russian Federation Sergey Lavrov, Minister of External Affairs of India Sushma Swaraj and Minister of Foreign Affairs of the People's Republic of China Wang Yi held the 15th Meeting of the Foreign Ministers of the Russian Federation, the Republic of India and the People's Republic of China in New Delhi.¹⁵⁸ The parties discussed pressing issues on the international and regional agenda, including the situation in the Middle East and the North Korean nuclear issue.

The fact that the three countries have agreed to coordinate their efforts within the United Nations, the G20, the SCO, BRICS and Asia Pacific regional frameworks, including the East Asia Summit, speaks to their involvement in global affairs. Moscow, Beijing and New Delhi stressed the absolute necessity of the fight against terrorism in all its forms and manifestations, including the spread of extremist ideologies.

The increase in the number of SCO member states makes more complicated effective regional cooperation within the organisation, which has not yet reached the necessary level of development. At the Astana Summit, the leaders noted the importance of continuing the expert consultations on the creation of the SCO Development Bank and the SCO Development Fund (Special Account) in accordance with the decision of the Shanghai Cooperation Organisation Council of Heads of Government (prime ministers) taken in Bishkek on November 3, 2016,¹⁵⁹ which is intended to provide financial support for projects implemented under the auspices of the SCO.¹⁶⁰

Russia could potentially benefit from the creation of an SCO Development Bank, as its purpose as a financial institution would primarily be to provide support for infrastructure facilities, which in the long term could ensure a high level of project assistance within the SCO.¹⁶¹

¹⁵⁷ Joint Statement of the People's Republic of China and the Russian Federation on the Current Situation in the World and Major International Issues // Official Website of the President of the Russian Federation. 04.07.2017.
URL: <http://kremlin.ru/supplement/5219> (In Russian).

¹⁵⁸ Joint Communiqué of the 15th Meeting of the Foreign Ministers of the Russian Federation, the Republic of India and the People's Republic of China Ministry of External Affairs Government of India. 11.12.2017.
URL: <http://mea.gov.in/bilateral-documents.htm?dtl/29171>

¹⁵⁹ Kyrgyzstan Calls for Creation of SCO Bank and Development Fund Once Again // Sputnik. 03.11.2016.
URL: <https://ru.sputnik.kg/economy/20161103/1030102291/kr-o-banke-i-fonde-razvitiya-shos.html> (In Russian).

¹⁶⁰ Press Release on the Results of the Shanghai Cooperation Organisation Council of Heads of State Meeting (Astana, June 8–9, 2017) // Official Website of the Shanghai Cooperation Organisation.
URL: <http://rus.sectso.org/documents> (In Russian).

¹⁶¹ Mikhailov, A. Y. and E. O. Knyazev. A Development Bank in the Structure of the Shanghai Cooperation Organisation // International Economic Relations.
URL: <https://cyberleninka.ru/article/v/bank-razvitiya-v-strukture-shanhayskoy-organizatsii-sotrudnichestva> (In Russian).

According to Russian experts, China contributes most financial resources to the organisation and is prepared to provide loans to other member countries, gradually ousting the dollar as the go-to currency for mutual settlements and thus increasing its political weight within the SCO.¹⁶² However, this initiative could significantly undermine Russia's role, as cheap Chinese money through the SCO's mechanisms would be another advantage for its members against the backdrop of falling oil prices.¹⁶³

With India becoming a full member of the SCO, this dilemma can be resolved, if New Delhi's contributions to the Bank equal those of China and Russia and thus automatically rule out the possibility of any one side gaining unilateral dominance.¹⁶⁴ However, this issue requires further expert discussion, with the participation of representatives of the SCO Business Council and the SCO Interbank Association.

The lack of a common SCO Bank for the member countries creates a situation in which many projects in Central Asia are financed by China directly, leading to a unilateral increase in the country's influence in the region. In this regard, the creation of a Development Bank in which China is the dominant force regarding authorised capital and presence on management bodies would seem like a sensible idea, although it would be essential to agree on the principles of investing in such an institution on terms that are beneficial for all parties concerned.

In this context, Russian experts believe that we should focus on developing detailed regulatory documents that include the procedures for setting preferential rates and schemes which take the interests of the recipient countries into account. This will ensure that due consideration is paid to the positions of Russia and other SCO members.¹⁶⁵

A preliminary consideration of issues related to financial and economic cooperation within the framework of the SCO allows the following recommendatory observations to be made:

- The effectiveness of the SCO's financial and economic activities can be improved through the optimisation of international legal regulation, as well as through the development of a fundamental agreement among all SCO member states.
- A systemic approach that includes the harmonisation of national legislation, aligning the levels of development of the member states, the creation of backbone structures necessary for practical project work should be consistently applied.¹⁶⁶

¹⁶²Results of the SCO Summit: What Russia and China did not Agree On // Odnako. 07.06.2012.

URL: <http://www.odnako.org/blogs/itogi-sammita-shos-o-chyom-ne-dogovorilis-rossiya-i-kitay> (In Russian).

¹⁶³Regnum: China Increases Influence in SCO, Drawing Russian Attention to United States' Aggressive Policy // TsentriAsia. 07.06.2012. URL: <http://www.centrasia.ru/newsA.php?st=1339049340> (In Russian).

¹⁶⁴Komissina, I. N. "Reflections in the Wake of the SCO Summit: New Realities, New Perspectives." National Strategy Issues, No. 1 (34), 2016, p. 77.

¹⁶⁵Shilina, M. G. International Legal Regulation of Economic Cooperation in the SCO: Features, Problems, Prospects // Eurasia and Finance: Finance Portal. 26.05.2015. URL: <http://www.eurasiainace.ru/naunye-statii/item/894-mezhdunarodno-pravovoe-regulirovanie-ekonomicheskogo-sotrudnichestva-v-ramkakh-shos-osobennosti-problemy-perspektivy.html> (In Russian).

¹⁶⁶Shilina, M. G. The Shanghai Cooperation Organisation as a Format of Political and Economic Cooperation among States. URL: <https://www.hse.ru/data/2015/01/19/1107010194/%D0%A8%D0%B8%D0%BB%D0%B8%D0%BD%D0%B0.pdf> (In Russian).

- The role of the non-state sector, which, as a rule, is more actively involved in promoting business cooperation, should be expanded. Conditions should be created to facilitate the involvement of private organisations in the financial and economic activities of the SCO.
- Economically sound solutions based on in-depth research and analysis of possible areas within the SCO should be developed. Areas of cooperation that have the potential for economic complementarity should promote the interest of partners and reduce uncertainty and distrust in business contacts.¹⁶⁷
- The SCO Interbank Association should have the opportunity to finance projects in flexible market conditions that correspond to the current economic situation. This will allow large-scale initiatives to be financed and will contribute to the further development of modern infrastructure for trade and economic relations among the SCO member states.¹⁶⁸
- The SCO should acquire the right to adopt recommendations on financial cooperation that can subsequently be submitted for final discussion and approval within the framework of the Shanghai Cooperation Organisation Heads of State Council and the Shanghai Cooperation Organisation Heads of Government Council.

Development of the Greater Eurasian Partnership Initiative

The concept of creating a Greater Eurasian Partnership spanning from Europe to Southeast Asia started to gain momentum in 2017. The EAEU developed cooperation in various formats with countries in Northeast Asia, Southeast Asia, South Asia and North Africa.

At the same time, it is necessary to develop specific formats for the creation of a broad inter-bloc trade and economic partnership in Eurasia, which could be achieved with the so-called “spaghetti bowl” principle.

The implementation of the Greater Eurasian Partnership initiative should contribute to the formation of a new and more equitable world order and allow Russia to transition to a strategy of advanced development and take a central position in the global economic system. It is significant that officials and experts in China have already pledged their support for the Russian initiative to forge the Greater Eurasian Partnership.

The concept of creating a Greater Eurasian Partnership from Europe to Southeast Asia was gradually gaining momentum in 2017. In 2016, the Eurasian Economic Union (EAEU) imported greater volumes of goods and services from the Asia-Pacific Economic Cooperation (APEC) than it did from the European Union, mar-

¹⁶⁷ SCO: Economic Problems // Alliance Media. 01.03.2007.

URL: http://www.vmeshmarket.ru/content/document_r_6B909796-40D5-40B6-B7B5-38800B3B2814.html (In Russian).

¹⁶⁸ Shilina, M. G. International Legal Regulation of Economic Cooperation in the SCO: Features, Problems, Prospects // Eurasia and Finance: Finance Portal. 26.05.2015.

URL: <http://www.eurasiafinance.ru/naunye-stati/item/894-mezhdunarodno-pravovoe-regulirovanie-ekonomicheskogo-sotrudnichestva-v-ramkakh-shos-osobennosti-problemy-perspektivy.html> (In Russian).

king the first time this happened.¹⁶⁹ The Free Trade Zone Agreement between the EAEU and Vietnam came into effect that same year.¹⁷⁰ Moreover, memorandums of cooperation with the governments of Mongolia and Cambodia were signed and entered into force.¹⁷¹ Negotiations on the creation of free trade zones with Iran, India, Egypt and Singapore were launched in 2017.¹⁷²

Speaking at a meeting of the Supreme Eurasian Economic Council in April 2017, President of the Russian Federation Vladimir Putin stressed that expanding the external borders of the integration association should continue on a systematic and targeted basis.¹⁷³

This work is complicated by the fact that no precedents currently exist for inter-bloc trade and economic partnerships of this kind. However, experts and economists in the Eurasian Economic Commission (EEC) believe that within ten years the Greater Eurasian Partnership would exist as a network of free trade zones and trade blocs, and this will most likely be achieved with the so-called “spaghetti bowl” principle (meaning several trading partnerships with various groups of participants and under different sets of rules).¹⁷⁴

In this regard, the most pressing task is to determine the optimal institutional formats that would help make the process of forming the community in Central Asia irreversible.¹⁷⁵

Among other things, the creation of the Greater Eurasian Union is a way for Russia to adopt a strategy of advanced development by accelerating new technological facilities and institutes of the new global economic order. In this case, Russia and the EAEU could claim full participation in the new centre of the global economic system.¹⁷⁶

¹⁶⁹ EEC Minister Tatyana Valovaya and European Commissioner Johannes Khan Open Talks on the Need for Balanced Relations between EAEU and EU // Official Website of the Eurasian Economic Commission. 06.12.2017. URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/6-12-2017-3.aspx> (In Russian).

¹⁷⁰ Free Trade Zone Agreement Signed by EAEU and Vietnam Takes Effect // Official Website of the Eurasian Economic Commission. 06.10.2016. URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/06-10-2016-1.aspx> (In Russian).

¹⁷¹ Special Course at the Centre for Eurasian Research: Lecture on the Prospects for the EAEU's Dialogue with the International Community // Eurasian Communications Centre. 15.03.2017. URL: <http://eurasiancenter.ru/expert/20170315/1004442721.html> (In Russian).

¹⁷² EAEU Opens Negotiations on Creation of Free Trade Zones with Iran, India, Egypt and Singapore // International Centre for Trade and Sustainable Development. 17.04.2018.

URL: <https://ru.ictsd.org/bridges-news/%D0%BC%D0%BE%D1%81%D1%82%D1%8B/news/%D0%B5%D0%B0%D1%8D%D1%81-%D0%BD%D0%B0%D1%87%D0%BD%D0%B5%D1%82-%D0%BF%D0%B5%D1%80%D0%B5%D0%B3%D0%BE%D0%B2%D0%BE%D1%80%D1%8B-%D0%BE-%D1%81%D0%BE%D0%B7%D0%B4%D0%B0%D0%BD%D0%B8%D0%B8-%D0%B7%D0%BE%D0%BD%D1%81%D0%B2%D0%BE%D0%B1%D0%BE%D0%B4%D0%BD%D0%BE%D0%B9-%D1%82%D0%BE%D1%80%D0%B3%D0%BE%D0%B2%D0%BB%D0%B8-%D1%81-%D0%B8%D1%80%D0%B0%D0%BD%D0%BE%D0%BC-%D0%B8%D0%BD%D0%B4%D0%B8%D0%B5%D0%B9>

¹⁷³ Expanded Meeting of the Supreme Eurasian Economic Council // Official Website of the President of the Russian Federation. 14.04.2017. URL: <http://www.kremlin.ru/events/president/transcripts/54293> (In Russian).

¹⁷⁴ V. E. Petrovsky. Towards a Greater Eurasian Partnership: Challenges and Opportunities // International Affairs. 23.06.2017. URL: <https://interaffairs.ru/news/show/17811> (In Russian).

¹⁷⁵ Timofey Bordachev. Russia and China in Central Asia: The Great Win-Win Game // Russia in Global Affairs. 01.07.2016. URL: <http://www.globalaffairs.ru/valday/Rossiya-i-Kitai-v-Tcentralnoi-Azii-bolshaya-igra-s-pozitivnoi-summoi-18258> (In Russian).

¹⁷⁶ China in Global and Regional Politics. History and Modernity. Issue No. XXII. Moscow: Institute of Far Eastern Studies Russian Academy of Sciences, 2017. URL: <https://publications.hse.ru/mirror/pubs/share/direct/211288436> (In Russian).

The Greater Eurasian Partnership could form the foundation of a new and more equitable world order based on multipolarity, the sovereign equality of states, respect for the diversity of cultures, religions and civilisations and inclusive and non-discriminatory international cooperation.¹⁷⁷

The initiative to create a Greater Eurasian Partnership has already received the political support of China, which intends to work with Russia to study the issue of promoting and furthering it. The Ministry of Foreign Affairs is developing close contacts with economic agencies in order to implement agreements on the creation of the Greater Eurasian Partnership.¹⁷⁸

The dialogue between the representatives of the Russian and Chinese expert communities and the scientific grounding of the Greater Eurasian Partnership project are just as important. Overall, Chinese scientists and experts are positive about the initiative, seeing great opportunities for the development and construction of a Greater Eurasia.¹⁷⁹

Promoting the Implementation of the Belt and Road Initiative and Alignment with the EAEU

It is of interest to both Russia and China to promote the alignment of the EAEU and the Silk Road Economic Belt as an element of the Belt and Road Initiative, as it will help China become a global leader in the transport of goods between Europe and Asia.

At the same time, Russia is attempting to shift the focus from its involvement in the Chinese initiative to its equitable integration into EAEU processes. Progress in this area has been connected, among other things, to the formation by the EEC of a list of priority projects for EAEU countries, primarily in transport and logistics, which support the formation of the Silk Road Economic Belt. What is more, the EEC is developing cooperation with China on an agreement concerning trade and economic cooperation, and in 2017 the parties signed a Joint Statement on the completion of negotiations at the initial stage.

The Belt and Road Initiative is also becoming an increasingly important aspect of China–EU cooperation. Several European countries are already involved in projects connected to its implementation, although a unified strategy on the issue has not been developed within the European Union as a whole. At the same time, the European Union stresses that the Belt and Road Initiative should be balanced in nature, and not one-sided.

The active negotiation and consultation process on promoting Eurasian economic integration within the framework of the Eurasian Economic Union and the Silk Road Economic Belt project as part of the Belt and Road Initiative continues. The main problem for Russia in this process relates to the fact that it wants to shift the

¹⁷⁷ Towards a Greater Eurasian Partnership: Challenges and Opportunities // Eurasian Studies.
URL: <http://eurasian-studies.org/archives/4424> (In Russian).

¹⁷⁸ China Welcomes Russia's Desire to Create Greater Eurasian Partnership // RIA Novosti. 03.08.2016.
URL: <https://ria.ru/east/20160803/1473546327.html> (In Russian).

¹⁷⁹ The Geo-Economics of Eurasia. Astana Club, November 2015, p. 25.

focus from its involvement in the Silk Road Economic Belt initiative to the initiative's equitable alignment with the EAEU. Accordingly, it is a question of whether the equivalent initiatives can be integrated with each other.

Progress was made in this area in 2017 after the EEC drew up a list of priority projects to be implemented by EAEU countries in support of the Silk Road Economic Belt project. Thirty-nine of these projects involve the construction of new roads and the modernisation of existing roads, the establishment of transport and logistics centres, and the development of key transport hubs.¹⁸⁰

The large-scale project to construct new motorways as part of the 8445-km Western Europe–Western China international transport route is almost completed.¹⁸¹ The construction of a high-speed railway between Moscow and Kazan is also under discussion.¹⁸² It is expected that trains on the route will travel at speeds of up to 400km/h, with a journey time of 3.5 hours.

The issue of developing mechanisms for attracting Chinese investments into the project is currently being studied.¹⁸³ The idea of building a China–Kyrgyzstan–Uzbekistan railway that would open access to the markets of Western Asia and the Middle East is also being discussed.¹⁸⁴

The development of the Armenia–Iran railway will connect the railway systems of the two countries, allowing Armenia access to Kazakhstan and China and beyond via Iran. A direct rail link will thus be established between Iran and the Persian Gulf countries, which will allow the transportation of goods by land to countries participating in the Silk Road Economic Belt project.¹⁸⁵ Russia has proposed three main logistics projects as a part of the integration project: the construction of a high-speed railway between Beijing and Europe for the delivery of goods via Kazakhstan, Russia and Belarus; the construction of a motorway connecting China, Kazakhstan, Russia, Belarus and Europe; and the development of the Northern Sea Route.

According to Deputy Prime Minister of the Russian Federation at the time Igor Shuvalov, the Belt and Road Initiative forms a huge system that creates opportunities for the development of transport, public relations, science and education.¹⁸⁶ The integration of the two projects is a response to the tasks set by the President of

¹⁸⁰ EAEU: 39 projects within Silk Road // RESCUE. 02.03.2017.

URL: <http://rescue.org.ru/ru/news/analytics/5798-eaes-39-proektov-v-ramkakh-shelkovogo-puti> (In Russian).

¹⁸¹ Key Section of Trans-Continental Corridor Completed in China // Regnum. 20.11.2017.

URL: <https://regnum.ru/news/2346807.html> (In Russian).

¹⁸² China to Invest \$5.9 Billion into Moscow–Kazan Railway // BBC Russian Service. 08.05.2015.

URL: http://www.bbc.com/russian/business/2015/05/150508_china_russia_railway (In Russian).

¹⁸³ V. Petrovsky. Russia–China: Prospects for Cooperation Within the EEC // Materials of the Valdai International Discussion Club. 06.02.2018. URL: <http://ru.valdaiclub.com/a/highlights/rossiya-kitay-eek> (In Russian).

¹⁸⁴ China, Kyrgyzstan and Uzbekistan Want to Build a Common Railway // Sputnik. 09.08.2017. URL: <https://ru.sputniknews-uz.com/economy/20170809/6003413/kitai-kidgizstan-uzbekistan-postroyat-jeleznuu-dorogu.html> (In Russian).

¹⁸⁵ Pairing of the EAEU and SREB Acquires Real Outlines: The List of Infrastructure Projects Has Been Agreed // Official Website of the Eurasian Economic Commission. 01.03.2017.

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

¹⁸⁶ Exclusive: Shuvalov – Russia Proposes Three Main Logistics Projects to China // Xinhua. 08.09.2017.

URL: http://russian.news.cn/2017-09/08/c_136592750.htm (In Russian).

the Russian Federation in his Address to the Federal Assembly. Over the next six years, Russia must increase the throughput capacity of the Baikal–Amur Mainline and the Trans-Siberian Railway to 180 million tonnes per year; cut freight delivery times from Vladivostok to Russia’s western border to seven days; and increase the volume of transit shipments on Russia’s railways almost fourfold, thus turning the country into a global leader in cross-Eurasian transit shipping.¹⁸⁷

An essential vector in the integration of the Belt and Road Initiative and the EAEU is interaction under the trade and economic cooperation agreement. In 2017, the parties agreed on the main content of the document, and on October 1, 2017, they signed a Joint Declaration on the Principal Conclusion of Negotiations on the Agreement on Trade and Economic Cooperation.¹⁸⁸ This step contributes to the formation of a mechanism for cooperation between the EAEU and China, the development of bilateral ties between the member states and Beijing, and the creation of a broader integration path in Eurasia as a whole.

On May 14–15, Beijing hosted the first Belt and Road Forum for International Cooperation, which brought together representatives of over 100 countries, including heads of state and government. President Vladimir Putin was also in attendance, alongside the heads of six government ministries.

The event was also attended by the directors of several international organisations, including the United Nations, the International Monetary Fund, the World Bank and the World Trade Organisation. In total, more than 1200 people took part in the Forum, which was dedicated to the initiative announced in the autumn of 2013 to create the Silk Road Economic Belt and the 21st Century Maritime Silk Route Economic Belt, which form the Belt and Road Initiative.¹⁸⁹

The Russian participants in the Forum noted the desire of the event’s organisers to ensure, as much as possible, the specific and binding wording of the final documents, as well as to transform the meeting into a permanent dialogue and consultative platform similar to G20 negotiating mechanisms.

At G20 Summit of 2017, Moscow praised the results of the Forum, where the participants had enjoyed a productive exchange of views on such issues of mutual interest as the integration of policies and development strategies and practical interaction to strengthen interconnectedness, as well as reaching an important consensus in international affairs and achieving other significant results.¹⁹⁰

A special meeting was held at the Forum to discuss the creation of a mechanism for the effective long-term cooperation of think tanks as a part of the Belt and Road

¹⁸⁷ Presidential Address to the Federal Assembly // Official Website of the President of the Russian Federation. 01.03.2018. URL: <http://en.kremlin.ru/events/president/news/56957>

¹⁸⁸ China and the EAEU Declared the Conclusion of Negotiations on the Agreement on Trade and Economic Cooperation // Official Website of the Eurasian Economic Commission. 02.10.2017. URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/2-10-2017-5.aspx> (In Russian).

¹⁸⁹ Cit. ex: “One Belt One Road.” The Main Themes of Xi Jinping’s Speech // Xinhua. Insofmi.ru. 17.05.2017. URL: <http://inosmi.ru/politic/20170517/239368854.html> (In Russian).

¹⁹⁰ Joint Statement of the Russian Federation and the People’s Republic of China on the Further Deepening of Relations in the Comprehensive Partnership and Strategic Cooperation // Official Website of the President of the Russian Federation. 04.07.2017. URL: <http://kremlin.ru/supplement/5218> (In Russian).

Initiative, including in the format of the Silk Road Think Tank Network. Priority areas of interaction for research organisations include the creation of websites for the exchange of information and publication of research; setting up visual and dynamic “Belt and Road” databases for the analysis of big data; publishing joint reports; and holding special events and parallel discussion sessions on exchanges between analytical centres on the sidelines of Belt and Road Forums.¹⁹¹

The Belt and Road Initiative is also becoming an increasingly important aspect of the interaction between China and the European Union. The project has been included in the European Union’s list of important discussion topics. Moreover, experts believe that the European Union could boost its international influence by taking an active role in the implementation of the Belt and Road Initiative. However, the European Union has not yet developed a unified strategy on the project due to the uneven economic development of the EU member states and the various economic challenges they face.

However, several EU countries are already involved in the implementation of the Belt and Road Initiative, which is expected to contribute to the improvement of their infrastructure and address the lack of interconnectedness and the poorly developed political coordination. It is in the interests of both China and the European Union to develop cooperation within the framework of the Belt and Road Initiative, as the two entities complement each other; Beijing has the financial resources and technologies, while the European Union provides investment standards and a regulatory system. What is more, the goals of the Belt and Road Initiative are in line with the United Nations’ Sustainable Development Goals.¹⁹²

The development of EU–China cooperation in the implementation of the Belt and Road Initiative is achieved both through the EU–China dialogue mechanism and as part of the 16+1 format (the Central and Eastern European countries plus China), which includes measures and projects related to economics, trade, infrastructure, finance, tourism, education, agriculture and culture. As noted at the China – Central and Eastern Europe (CEE) summits, which form a part of the 16+1 format, this mechanism contributes to the development of China–CEE relations, as well as China’s relations with the European Union as a whole.¹⁹³

Nevertheless, some actors within the European Union call for caution regarding China’s proposals, pointing to the fact that a summit in a restricted format could undermine the integrity of the European Union.¹⁹⁴

The EU–China dialogue is also complicated by the restrictions imposed by the European Union on the access of Chinese goods to its markets. In early November

¹⁹¹ Six Consensuses on Building a “Splendid and Prosperous Silk Road” Belt and Road Forum for International Cooperation, May 15, 2017, Beijing.

¹⁹² Exclusive: SIPRI Expert Richard Ghiasy – Active Participation in One Belt One Road Initiative Will Help Boost EU Influence // Xinhua. 23.11.2017. URL: http://russian.news.cn/2017-11/23/c_136774799.htm (In Russian).

¹⁹³ Growing Tensions Between China and the EU Over 16+1 Platform // The Diplomat. 29.11.2017. URL: <https://thediplomat.com/2017/11/growing-tensions-between-china-and-the-eu-over-161-platform>

¹⁹⁴ EU’s New Anti-Dumping Rules Threaten Trade Relations with China // The Diplomat. 01.12.2017. URL: <https://thediplomat.com/2017/12/eus-new-anti-dumping-rules-threaten-trade-relations-with-china>

2017, the European Parliament adopted new rules for calculating anti-dumping duties on imported goods that take environmental indicators and compliance with safety requirements into account. China opposed these changes, accusing the European Union of violating WTO regulations.¹⁹⁵

The European Union stresses that the Belt and Road Initiative should be balanced in nature, and not one-sided to the sole benefit of China.¹⁹⁶ European businesses have also expressed their concern about the initiative, claiming that the Belt and Road Initiative does not help to simplify the activities of European companies on the Chinese market. Moreover, the bulk of the resources are directed towards the activities of state-owned companies, while private capital could be utilised more productively.¹⁹⁷

Concerns of this kind are starting to grow into political sticking points in Europe. Former Federal Minister for Foreign Affairs of Germany Sigmar Gabriel stated in an interview with *Der Spiegel* that China, just like the United States and Russia, ignores the interests of the European Union in its foreign policy.¹⁹⁸

The Arctic as a Sphere of Russia–China Cooperation

Russia–China interaction on the development of the Arctic Region is an essential aspect of the comprehensive partnership and strategic cooperation between the two countries. At the same time, China largely sees its participation in the development of the Arctic from the perspective of implementing the Belt and Road Initiative.

China has long demonstrated a high degree of interest in exploiting the potential of the Arctic, although it only started to cooperate actively in this area with Russia after it received observer status in the Arctic Council in 2013.

At the Belt and Road Forum for International Cooperation in 2017, the Russian delegation expressed an interest in connecting the Northern Sea Route to the Belt and Road Initiative. The same year, China adopted the Concept of Maritime Cooperation under the Belt and Road Initiative, in which the Arctic was included as a strategic region of the initiative, and the Northern Sea Route was identified as one of the three major maritime channels.

China published its Arctic Policy White Paper in January 2018, outlining Beijing's interests in the area, which are connected to the potential for the formation of a maritime economic corridor between China and Europe via the Arctic Ocean, as well as the development of natural resources, fisheries and tourism in the Arctic.

¹⁹⁵ EU's New Anti-Dumping Rules Threaten Trade Relations with China // The Diplomat. 01.12.2017.

URL: <https://thediplomat.com/2017/12/eus-new-anti-dumping-rules-threaten-trade-relations-with-china>

¹⁹⁶ For more detail, see: Macron: Silk Road Could Turn Transit Countries into Vassals of China // EurAsia Daily. 09.01.2018.
URL: <https://leadaily.com/ru/news/2018/01/09/makron-sheikovy-put-mozhet-prevratit-tranzitnye-strany-v-vassalov-kitaya> (In Russian).

¹⁹⁷ Cit. ex: Xi Jinping's Silk Road Under Threat due to One-Way Traffic // The Financial Times. Insofmi.ru. 11.05.2017.

URL: <https://inosmi.ru/politic/20170511/239320085.html> (In Russian).

¹⁹⁸ Interview mit Außenminister Gabriel "In einer Welt voller Fleischfresser haben es Vegetarier schwer" (Interview with Foreign Minister Gabriel "In a world full of carnivores, vegetarians have a hard time") // Spiegel. 02.08.2018.

URL: <http://www.spiegel.de/spiegel/sigmar-gabriel-im-interview-ueber-europas-schwaeche-a-1186208.html>

At the same time, China intends to respect the interests of all actors and take the common goals of the international community into account. It also plans to promote sustainable development in the region. Russia, in turn, is interested in developing the infrastructure of the Russian section of the Arctic and attracting Chinese investments into projects in the region.

Chinese research and commercial vessels have already made trial runs along the Northern Sea Route, although it is unlikely that this China–Europe route will be used to its full potential in trade navigation in the short term.

Russia and China are also discussing the opportunities for cooperation in the construction of the marine transport infrastructure in the Arctic and are carrying out joint hydrocarbon production projects in the region (for example, Yamal LNG). At the same time, scientific cooperation in the Arctic has been intensified through joint expeditions and research activities. Nevertheless, further expansion of interaction is to a large extent complicated by a lack of mutual trust at all levels, as well as by lengthy and complicated processes of projects negotiation.

Russia and China in the Arctic: A History of Inter-State Cooperation

China has long demonstrated a high degree of interest in exploiting the potential of the Arctic, although Russia was initially cautious about developing joint activities in the region.

For a long time, the repeated appeals of Chinese experts to turn relations on Arctic issues into a comprehensive partnership and strategic interaction were ignored by the Russian side. But this all changed in 2013, when China was granted observer status in the Arctic Council, which implies obligations to respect the sovereignty, sovereign rights and jurisdiction of the Arctic states.¹⁹⁹ From this moment, Moscow and Beijing started to expand the sphere of mutual interests in the region and study the issue of complementarity in their cooperation, creating a space for further cooperation.

Cooperation in the Arctic region was deemed an important area of cooperation at the 20th, 21st and 22nd regular meetings of Russian and Chinese heads of government.²⁰⁰ During the 20th Regular meeting held on December 16–17, 2015, the two sides signed a joint communiqué stating that a mutual understanding had been achieved on strengthening cooperation in the development and operation of the Northern Sea Route and on researching Arctic navigation.²⁰¹

¹⁹⁹ Observers // Official Website of the Arctic Council.

URL: <https://www.arctic-council.org/index.php/ru/about-us/arctic-council/observers> (In Russian).

²⁰⁰ 20th Regular Meeting of Russian and Chinese Heads of Government // Official Website of the Government of the Russian Federation. 17.12.2015. URL: <http://government.ru/news/21123/>; (In Russian).

^{21st} Regular Meeting of Russian and Chinese Heads of Government // Official Website of the Government of the Russian Federation. 07.11.2016. URL: <http://government.ru/news/25196/> (In Russian).

^{22nd} Regular Meeting of Russian and Chinese Heads of Government // Official Website of the Government of the Russian Federation. 01.11.2017. URL: <http://government.ru/news/29983/> (In Russian).

²⁰¹ 20th Regular Meeting of Russian and Chinese Heads of Government // Official Website of the Government of the Russian Federation. 17.12.2015. URL: <http://government.ru/news/21123/> (In Russian).

Russia also invited China to take part in the joint development of the Arctic Sea Route, specifically by investing in the construction of railways that will connect all the main ports along the Northern Sea Route and the Trans-Siberian Railway.²⁰²

During his speech at the Belt and Road Forum for International Cooperation held in Beijing on May 14–15, 2017, President of the Russian Federation Vladimir Putin expressed an interest in connecting the Northern Sea Route to the Belt and Road Initiative.²⁰³

The proposal received the support of the Chinese leadership, and on June 20, 2017, the National Development and Reform Commission of the People’s Republic of China and the State Oceanic Administration published a joint Concept on Maritime Cooperation under the Belt and Road Initiative proposing active cooperation in the construction of an economic corridor connecting Europe and China via the Arctic Ocean.²⁰⁴

The publication of the Concept marked the first time that the Arctic had entered the strategic sphere of the Chinese project. The status of the so-called “Polar Silk Road” was also established, and the Northern Sea Route was identified as one of the three major maritime channels of the Belt and Road Initiative.

The Joint Statement by the People’s Republic of China and the Russian Federation on Further Deepening the Comprehensive Strategic Partnership of Coordination published on July 4, 2017, officially recognised cooperation in the Arctic as a component of the comprehensive partnership and strategic interaction between the two countries.²⁰⁵

Russia and China have reached an agreement on strengthening cooperation in the Arctic Region promoting the development of interaction between relevant agencies, research organizations and institutions in the two countries in areas such as the development and use of the Northern Sea Route, the organisation of joint research expeditions, the exploration and development of energy resources, the promotion of Arctic tourism, and environmental protection.

The document, which is based on the initial experience of the cooperation between the two sides, can be seen as a roadmap for joint work and coordination in the Arctic.

The sides confirmed their common interest in cooperation in the Arctic Region during Russian Prime Minister Dmitry Medvedev’s trip to China on October 31–November 2, 2017.²⁰⁶

²⁰² Russian Federation Invites China to Invest in Construction of Railways Leading to Northern Sea Route // TASS. 30.03.2017. URL: <http://tass.ru/ekonomika/4138270> (In Russian).

²⁰³ The Belt and Road Forum for International Cooperation // Official Website of the President of the Russian Federation. 14.05.2017. URL: <http://kremlin.ru/events/president/news/54491> (In Russian).

²⁰⁴ Cit. ex: Full Text of the Concept on Maritime Cooperation under the One Belt one Road Initiative // Xinhua. Kazakhstan News. 21.06.2017. URL: https://aqparat.info/news/2017/06/21/8535918-polnyi_tekst_koncepcii_sotrudnichestva_n.html (In Russian).

²⁰⁵ Joint Statement by the People’s Republic of China and the Russian Federation on Further Deepening the Comprehensive Strategic Partnership of Coordination // Official Website of the President of the Russian Federation. 04.07.2017. URL: <http://kremlin.ru/supplement/5218> (In Russian).

²⁰⁶ Medvedev Arrives in Beijing on Two-Day Visit // RIA Novosti. 31.10.2017. URL: <https://ria.ru/politics/20171031/1507876251.html> (In Russian).

China's Goals and Priorities in the Arctic

China published its Arctic Policy White Paper in January 2018. According to the document, China seeks to play a significant role in the formation of international standards governing activity in the Arctic and calls upon the Belt and Road Initiative to create new opportunities for parties interested in the establishment of a “Polar Silk Road” and investing in the sustainable socio-economic development of the Arctic.²⁰⁷

China sees great potential in the Arctic Region for the formation of a maritime economic corridor between China and Europe via the Arctic Ocean and calls for the coordination of development strategies with Arctic states to promote joint efforts in this direction.

China encourages its enterprises to develop infrastructure for these transport routes and carry out commercial trail voyages under existing legal regulations. The country also intends to afford special attention to ensuring the safety of maritime navigation in the region.

The Chinese government actively studies transport routes and conducts hydrographic work in order to improve the quality and safety of navigation and discover new logistical capabilities that the Arctic may possess.

In addition, China plans to develop, in collaboration with the Arctic states, the exploration of oil, gas, minerals and non-fossil fuels, as well as the fisheries and tourism industries, respecting the traditions and ways of life of peoples of the region and taking steps to protect the environment.²⁰⁸

China has expressed its intention to work with other countries to form the “community with a shared future for mankind” in the Arctic Region. As it realises its interests, Beijing will pay due attention to the interests of other countries and the common goals of the international community. It will also combine protection of the Arctic with the development of its potential and strive to maintain a suitable balance of current and long-term interests to promote sustainable development of the region.

In this regard, it is worth emphasising that Russia and China have supported dialogue on cooperation in the Arctic Region since 2013.²⁰⁹ China is interested in establishing transit routes along the Northern Sea Route and developing the Arctic's natural resources in cooperation with Russia.

Additionally, according to its White Paper, China has the capital, technology, market, knowledge and experience to play a key role in expanding the region's transport networks.²¹⁰ The country has the advantage of possessing significant financial resources for dealing with these kinds of problems.²¹¹

²⁰⁷ Full Text: China's Arctic Policy // The State Council Information Office of the People's Republic of China. 26.01.2018.
URL: http://english.scio.gov.cn/2018-01/26/content_50313403.htm

²⁰⁸ Ibid.

²⁰⁹ Ibid.

²¹⁰ Ibid.

²¹¹ Russia's Ambassador to China Sees the Country's Interest in the Arctic as Quite Natural // ASPOL Website. 09.02.2018.
URL: http://www.forumarctic.com/conf2017/news/politika/Posol_Rossii_v_KNR_schitaet_interes_Kitaya_k_Arktike_vpolne_estestvennym/ (In Russian).

Russia, in turn, is interested in developing infrastructure in the Arctic Region.²¹² During his Address to the Federal Assembly of the Russian Federation, President Vladimir Putin stressed that the Northern Sea Route is a key to the development of the Russian Arctic and the Far East. Russia faces the task of turning the route into a global and competitive transport artery, continuing the active policy of attracting investments and forming centres of social and economic growth in the Far East.²¹³

Joint Russia–China Projects in the Arctic

Russia and China are actively developing business cooperation in Arctic shipping. For example, the Chinese *Xue Long* (“Snow Dragon”) icebreaking research vessel and the *Yong Sheng* transport ship belonging to the Chinese China Ocean Shipping Company (COSCO) completed their first voyages through the Northern Sea Route with Russian assistance.²¹⁴

Chinese merchant ships have made trial runs along the Northern Sea Route,²¹⁵ opening new commercial opportunities for the route and furthering China’s ambitions to become a leader in maritime shipping.²¹⁶

The two countries have also embarked upon practical cooperation in the construction of the sea transport infrastructure of the Arctic. In 2014, the administration of the Jilin Province in China signed a framework agreement with the Russian holding Summa Group on cooperation in the construction of a significant multifunctional port in Zarubino.²¹⁷

In addition, the China Poly Group corporation may become the principal investor in the construction of the Belkomur railway (White Sea – Komi Republic – Urals) on the Western stretch of the “Polar Silk Road.”²¹⁸ The large-scale project also includes the construction of deep seaports in Murmansk and Arkhangelsk.

However, according to experts, even if the extent of the Arctic sea ice reduces, it is unlikely that the Northern Sea Route can be used for the direct delivery of goods between China and Europe in the short term. Economic projects in the Russian Arctic could nevertheless act as a driver for the development of shipping along the Northern Sea Route, as well as for Russia–China cooperation in this area, as such projects will require a road system to be developed in polar regions.²¹⁹

²¹² Russia and China to Create Polar Silk Road // RIA Novosti. 29.01.2018.
URL: <https://ria.ru/analytics/20180129/1513490180.html> (In Russian).

²¹³ Presidential Address to the Federal Assembly // Official Website of the President of the Russian Federation. 01.03.2018.
URL: <http://en.kremlin.ru/events/president/news/56957>.

²¹⁴ China Includes Vital Russian Route in its Sphere of Interests // Vzglyad. 26.01.2018.
URL: <https://vz.ru/economy/2018/1/26/905387.html> (In Russian).

²¹⁵ China Searching for Alternatives to Northern Sea Route // Nezavisimaya Gazeta. 02.10.2017.
URL: http://www.ng.ru/economics/2017-10-02/1_7085_china.html (In Russian).

²¹⁶ China Intends to Become Global Leader in Maritime Shipping // Vedomosti. 26.12.2017.
URL: <https://www.vedomosti.ru/business/articles/2017/12/26/746523-kitai-nameren> (In Russian).

²¹⁷ Jilin Province Government and Russian Holding Summa Sign Framework Agreement // Xinhua. 24.05.2014.
URL: <http://russian.people.com.cn/n/2014/0524/c31518-8732144.html> (In Russian).

²¹⁸ Road to the White Sea // Gudok. 28.02.2018. URL: http://www.gudok.ru/first_person/?ID=1406324 (In Russian).

²¹⁹ A. Lomanov. Ice Silk Road: A Programme for Mutual Coupling // Materials of the Valdai Discussion Club. 06.02.2018.
URL: <http://ru.valdaiclub.com/a/highlights/ledyanoy-shyelkovyy-put/> (In Russian).

The Yamal LNG project on the extraction, production and supply of liquified natural gas is an example of prosperous Russia–China cooperation in the use of the Arctic’s energy resources, serving as the first comprehensive initiative between the two countries in the oil and gas sector beyond the Arctic Circle and as a major investment project for the liquification of the region’s natural gas.²²⁰

On December 8, 2017, a ceremony was held in honour of the successful launch of the first Yamal LNG train.²²¹ The project’s shareholders include the Russian company NOVATEK (which controls 50.1 per cent of the shares), the French corporation Total (20 per cent), the China National Petroleum Corporation (CNPC, also 20 per cent), and the Silk Road Fund (with 9.9 percent of the shares).²²² China has thus become the second-largest shareholder in the project. Moreover, Chinese companies are heavily involved in the construction of the Yamal LNG modules.

Russia and China are also stepping up scientific cooperation in the Arctic. The first joint Russia–China Arctic expedition ended on August 19, 2016, saw Chinese researchers being granted access to Russia’s exclusive economic zone on the Arctic Ocean for the first time ever.²²³ This was a breakthrough in the joint research activities of the two states in the polar region.

What is more, in 2013, the Ocean University of China and St. Petersburg State University set up a roundtable meeting for the Russian and Chinese expert communities to exchange views on Arctic issues. The meeting also aimed to make such exchanges more formal and standardised.²²⁴

In December 2017, the St. Petersburg State Marine Technical University and the China Shipbuilding Research Centre signed an agreement on the joint development of new technologies for carrying out ocean research, modelling ice loads and analysing ship strength.²²⁵

Even though the countries have intensified cooperation in the Arctic significantly in recent years, there are also several difficulties in the interaction between the two sides.

Arctic projects typically have long development cycles and require large-scale investments, with no guarantee that a profit will even be made. Therefore, priority projects in the region are carried out by state enterprises in Russia and China, or by private Russian companies that have a great deal of experience in the area.

²²⁰ China and Russia Cooperate on North Pole Megaproject // China Internet Information Centre. 13.12.2017.
URL: http://russian.china.org.cn/exclusive/bxt/2017-12/13/content_50101220.htm (In Russian).

²²¹ Putin Kicks Off Loading of First Liquefied Gas Tanker at Yamal LNG Facility // TASS. 08.12.2017.
URL: <http://tass.ru/ekonomika/4797044> (In Russian).

²²² Russia to Discuss Reducing Taxes on Dividends of Chinese Yamal LNG Partners // RBC. 16.10.2017.
URL: <https://www.rbc.ru/rbcfreenews/59e4c65f9a794780b6630305> (In Russian).

²²³ First Joint China–Russia Expedition to North Pole Brings Fruitful Results // China Internet Information Centre. 19.10.2016.
URL: http://russian.china.org.cn/exclusive/bxt/2016-10/19/content_39638975.htm (In Russian).

²²⁴ “Arctic Policy in the 21st Century” Round Table Meeting // Official Website of St. Petersburg State University.
URL: http://www.econ.spbu.ru/content/news/139/1803/?sphrase_id=139234 (In Russian).

²²⁵ Russian and Chinese Scientists Agree on Joint Development of Arctic Research Technologies // TASS. 18.12.2017.
URL: <http://tass.ru/v-strane/4823063> (In Russian).

While Russia and China have reached several agreements on cooperation in the Arctic, it takes a long time to coordinate the actions of the two sides. Consequently, the media often refers to the Russia–China partnership in the region as ineffective. The Yamal LNG project is, of course, an exception.

Most of the joint projects in the Arctic are progressing with great difficulty, and lack of mutual trust is certainly one of the causes of this. Uncertainty persists even while implementing initiatives that have already been agreed upon. For example, there were disagreements about who would receive the first shipment of liquefied gas from Yamal LNG.

Before the official commissioning of the project, news agencies (including those in Russia) reported that the first batch of liquefied gas from Yamal LNG would be delivered to China, as Chinese companies had pumped significant amounts of money into the project. However, the shipment eventually went to the United States, which had by that time imposed sanctions against Russia's NOVATEK, one of the co-founders of Yamal LNG.²²⁶ This wholly unexpected move left a bad taste in the mouth of the Chinese investment community. It will take time for Russia to repair its reputation among Chinese investors.

The Chinese side also sees the differences among interest groups in Russia as obstacles to the development of bilateral cooperation. In turn, Russian companies are often cautious about developing partner ties with Chinese enterprises.

What is more, China points to certain discrepancies in Russia's position on bilateral cooperation in the Arctic. On the one hand, Moscow is interested in gaining access to the Chinese market and attracting investments and technologies in order to develop the Arctic Region, which is due in part to the sanctions regime imposed by the United States and the European Union. On the other hand, Russia is wary of China's participation in the development of the Arctic and wants to protect its sovereignty and national interests. Russia is also stepping up cooperation with South Korea and Japan to develop balanced interaction on the Arctic, even though the domestic and foreign policies of both countries are influenced by the United States, which has no interest in its allies developing close cooperation with Russia in the region.

China is also concerned about the imbalance in the Russia–China partnership in the Arctic: Russia's goals within the framework of the joint development of the Arctic are treated as a priority, while China's interests, according to the Chinese side, are not taken into full consideration. While Chinese companies may hold shares in joint projects, they act solely as developers and have no real say in the implementation. Chinese investors are also unhappy with the length of negotiations and with a few conditions set by the Russian side that they deem to be "discriminatory."

According to the Chinese side, Russia's strategic thinking harkens back to an era when geopolitics was the basis for international relations. China points out

²²⁶ First Batch of Yamal LNG Gas to be Exported to U.S. // RBC. 09.01.2018.
URL: <https://www.rbc.ru/business/09/01/2018/5a5450559a79470340dcfdae> (In Russian).

that, in the era of globalisation, if resources are not commercialised in the global trade turnover, their value cannot be actualised. So, as new energy and industrial revolutions accelerate, the value of Russia's natural resources will have to be reassessed, a fact that the Russian elites, according to the Chinese side, have not fully grasped yet.

Proposals for the Development of Russia–China Cooperation in the Arctic

Russia is the largest Arctic state, and the development of the region affects the country's prosperity. China, in turn, is interested in developing cooperation in the Arctic and is ready to take part in joint projects in the region. Cooperation between Russia and China in the polar region has great potential, and the two countries could adopt several measures to improve the quality of interaction.

Russia and China could strengthen the multi-level channels of communication between the central governments, local authorities and ordinary citizens to boost mutual trust. The two countries should deepen contacts, carry out a sober-minded assessment of shared interests and requirements and actively implement a concept of mutually beneficial cooperation. It would also be worthwhile to strengthen academic and non-government exchanges between the two countries, thus laying a solid foundation for the establishment of permanent trust relations.

The primary segments of the "Polar Silk Road" – a continuation of China's highly touted Belt and Road Initiative – are located on Russia's northern coast. From this point of view, both Russia and China are interested in developing cooperation in the creation of communications and navigation systems for Arctic vessels, as well as maritime search and rescue systems. They are also interested in developing the regional infrastructure, including the joint implementation of projects at the ports of Arkhangelsk, Murmansk and other cities.

At present, cooperation between Russia and China in the Arctic focuses primarily on the energy sector and infrastructure construction. However, the countries could expand interaction in fisheries and tourism.

Deepening scientific and research cooperation between Russia and China on Arctic issues should also become a priority. There are significant technical difficulties connected with the development of the Arctic, and this is an area where Russia and China could effectively complement each other. Specifically, China could provide financial and technical support for the modernisation of obsolete research facilities in the Russian Arctic. However, China's lack of practical experience in the region means that Beijing is looking to Moscow for support.

Russia and China could also strengthen cooperation in the environmental protection of the Arctic by creating mechanisms for monitoring the ecological situation and encouraging research and development into environmentally sound technologies. At the same time, China should coordinate actions with Russia to monitor

sea pollution and implement strict control measures on ships travelling in Arctic waters by the maritime navigation rules to prevent oil spills and ensure a rapid response to emergency situations.

The Chinese side has proposed setting up special economic zones or joint Russia–China industrial parks at seaports according to the Chinese model, which would encourage an open management system and allow investors to have a hand in their running and operation. Such projects would enable ports to be integrated, thus increasing their operational effectiveness.

Development of Trade and Economic Cooperation between Russia and China

Dynamics of Bilateral Trade

There was a significant increase in mutual trade between Russia and China in 2017, that rose by 31.5 per cent (to \$87 billion) or 20.8 per cent (to \$84.1 billion), depending on the side reporting the statistics (Russia and China, respectively). In any case, China is Russia's main trading partner, while Russia occupies the 10th position on the list of China's most important trading partners.

The rising prices on the commodities markets, the recovery of the Russian economy and the knock-on effect on the rouble, the increased consumer activity within the country and the favourable trends in the development of the Chinese economy have all influenced the positive dynamics of the bilateral foreign trade.

It is noteworthy that Russia and China began to move away from cooperation on megaprojects in 2017 towards permanent working cooperation. The role of e-commerce as an instrument for developing bilateral trade has also grown.

Russia's main exports to China include fuel, oil and oil products, timber and wood products, and agricultural and agro-industrial products, while it primarily imports machinery, equipment and vehicles, in particular as part of major joint projects being carried out on Russian territory.

A few factors have prevented Russia from increasing its exports further: Russian companies often lack the necessary knowledge to export goods to international markets and exporters also require assistance in the search for foreign partners and the procedures for certifying products and protecting intellectual property rights.

On top of this, many Russian manufacturers that want to expand into the Chinese market face trade restrictions. At the same time, it is essential for potential Chinese partners that the barriers to the development of international trade in Russia are lifted, and the corresponding costs for carrying out trade operations are reduced.

Russia and China can achieve the stated goal of a bilateral trade turnover of \$200 billion by 2020 if both countries demonstrate continued economic growth, and if the restrictions on the access of companies to the other country's market are lifted. It is important to diversify production and develop the transport and logistics infrastructure to increase container traffic, and the opportunities presented by the integration of the EAEU and the Belt and Road Initiative should not be overlooked.

In 2017, Russia and China began to move away from cooperation on megaprojects "towards routine working cooperation... carefully elaborating every idea."²²⁷ At the same time, the Russian side has repeatedly cited specific results and noted

²²⁷ Xi Jinping's Visit to Moscow Proves to be Rich in Agreements and Prospects // Kommersant. 05.07.2017.
URL: <https://www.kommersant.ru/doc/3343375> (In Russian).

the general significance of diversifying the structure of trade with China.²²⁸ Meanwhile, China talks about turning the focus to quality and effectiveness.²²⁹

Russia–China trade relations continued to recover in 2017 following the 2015 downturn. According to the General Administration of Customs of the People’s Republic of China, the country’s trade with Russia (Fig. 1) amounted to \$84.1 billion

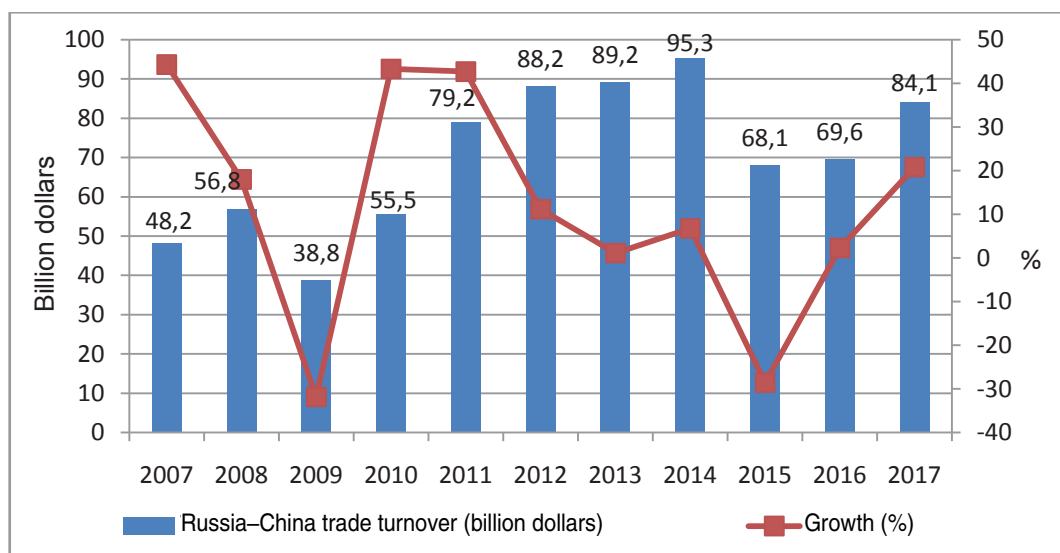


Figure 1. Dynamics of Russia–China Trade in 2007–2017 (General Administration of Customs of the People’s Republic of China data)

Sources: Data from the General Administration of Customs of the People’s Republic of China.

http://www.chinacustomsstat.com/asp/1/NewData/Record_Class.aspx?id=3386¤cy=usd;

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

http://www.chinacustomsstat.com/asp/1/NewData/Record_Class.aspx?id=2983¤cy=usd;

<http://www.customs.gov.cn/publish/portal119/tab4474/module12097/info319252.htm;>

<http://images.mofcom.gov.cn/www/201304/20130418103855384.pdf;>

<http://world.people.com.cn/n/2015/0430/c157278-26933800.html;>

<http://images.mofcom.gov.cn/trb/accessory/201204/1334625622976.pdf;>

<http://images.mofcom.gov.cn/trb/accessory/201004/1271299699167.pdf;>

<http://images.mofcom.gov.cn/trb/accessory/200904/1240391925972.pdf;>

<http://images.mofcom.gov.cn/trb/accessory/200904/1240391925972.pdf;>

<http://images.mofcom.gov.cn/trb/accessory/200805/1210067863884.pdf> (In Chinese).

²²⁸ Putin: Russia and China Moving in Right Direction to Optimize Trade Structure // TASS. 15.05.2017.
URL: <http://tass.ru/ekonomika/4252262> (In Russian).

²²⁹ One Belt One Road // Rossiyskaya Gazeta. 27.06.2017.
URL: <https://rg.ru/2017/06/27/posol-kitaia-v-rf-li-huej-rossiia-nadezhnyj-partner-i-vernyj-drug-kitaia.html> (In Russian).

Table 1. Russia–China Trade in 2017

	China–Russia trade turnover	Russia–China trade turnover	Chinese exports to Russia	Russian imports from China	Russian exports to China	Chinese imports from Russia	Russia’s balance of trade with China	China’s balance of trade with Russia
Value (million dollars)	84,094.67	86,964.30	42,897.44	48,042.30	38,922	41,197.23	–9120.30	1700.20
Share of country’s total trade volume/export/import (%)	2▲	14.9▲	1.9▲	21.2▲	10.9▲	2.2▲	–	–
Growth (%)	20.8	31.5	14.8	26.1	38.9	27.7	–	–

Sources: Data from the Federal Customs Service of Russia and the General Administration of Customs of the People’s Republic of China, calculations by R. Epikhina.

URL: http://www.customs.ru/attachments/article/25865/WEB_UTSA_09.xls;

http://www.chinacustomsstat.com/asp/1/NewData/Record_Class.aspx?id=3386¤cy=usd (In Chinese).

(+20.8 per cent year-on-year), while the Federal Customs Service of Russia’s statistics cites \$87 billion (+31.5 per cent year-on-year).²³⁰

According to China’s customs statistics, exports to Russia amounted to \$42.9 billion in 2017 (up 14.8 per cent from 2016), while imports totalled \$41.2 billion (up 27.7 per cent, see *Table 1*).²³¹ Interestingly, bilateral trade grew at a faster rate than foreign trade in general in both Russia and China.²³²

As of the end of 2017, China’s share in Russia’s foreign trade turnover had increased to 14.9 percent. China held on to its position as the leading supplier of goods to Russia and moved up to the first place on the list of the top importers of Russian goods.²³³ Moreover, according to the Russian Export Center (REC), China became Russia’s leading partner in non-energy and non-resource exports, accounting for 8.5 per cent of such exports.²³⁴

²³⁰ Data provided by the Federal Customs Service of Russia and the General Administration of Customs of the People’s Republic of China differ by several billion dollars every year. For more detail, see: Russian–Chinese Dialogue: The 2017 Model // RIAC. URL: <http://russiancouncil.ru/papers/Russia-China-Report33.pdf>; Table of Indicators on the Total Value of Imports and Exports by Country (Region) for December 2017 // China Customs Statistics Portal. URL: http://www.chinacustomsstat.com/asp/1/NewData/Record_Class.aspx?id=3386¤cy=usd (In Russian).

²³¹ Trade Turnover between Russia and China Grows to \$84 Billion in 2017 // RIA Novosti. 12.01.2018. URL: <https://ria.ru/economy/20180112/1512472678.html>

²³² Analytical Background and Statistics in the Foreign Trade of China and Russia for 2017 // Trade Mission of the Russian Federation in the People’s Republic of China. URL: <http://www.ved.gov.ru/files/images/2018/02/Analytical%20background%20and%20statistics%20in%20the%20foreign%20trade%20of%20China%20and%20Russia%20for%202017.pdf> (In Russian).; Results of the Foreign Trade of the Russian Federation // Federal Customs Service of Russia. URL: http://customs.ru/index2.php?option=com_content&view=article&id=24926&Itemid=1977 (In Russian).

²³³ Data from the Federal Customs Service of Russia. URL: http://www.customs.ru/attachments/article/25865/WEB_UTSA_09.xls (In Chinese).

²³⁴ Development of Russia’s Total Non-Energy and Non-Resource Exports in January–December 2017. Analytical Report. URL: [https://www.exportcenter.ru/upload/iblock/07e/%D0%AD%D0%BA%D1%81%D0%BF%D0%BE%D1%80%D1%82%20%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B8%202017_12%20\(%D1%81%D0%BF%D1%80%D0%B0%D0%B2%D0%BA%D0%B0\).pdf](https://www.exportcenter.ru/upload/iblock/07e/%D0%AD%D0%BA%D1%81%D0%BF%D0%BE%D1%80%D1%82%20%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B8%202017_12%20(%D1%81%D0%BF%D1%80%D0%B0%D0%B2%D0%BA%D0%B0).pdf) (In Russian).

Russia moved up to the 10th position (from 12th) in the ranking of China's major trading partners.²³⁵ Its share in China's foreign trade grew only slightly, remaining at around 2 per cent.

The growth of prices on the commodities markets, the recovery of the Russian economy and the knock-on effect on the rouble, the increased consumer activity within the country have all influenced the positive dynamics of the bilateral foreign trade.²³⁶ So too have the favourable trends in the development of the Chinese economy, which demonstrated a better-than-expected growth of 6.9 per cent in 2017.²³⁷ What is more, the policy for the development of industry and energy, which focuses on reducing excess capacities, cutting coal consumption and improving the environmental situation in China, is also worth nothing.

Given the complexities of the countries' economies, Russia's main exports to China continue to be fuel, oil and oil products. According to data published by the General Administration of Customs of the People's Republic of China, these goods accounted for 59 per cent of Russia's total exports to China in 2016, and 66.2 per cent in 2017. What is more, it was not just the cost indicators that demonstrated growth (up 43.2 per cent), as the physical volumes of goods sold also increased (up 23.7 per cent).

Russian energy accounts for 11 per cent of China's total energy imports, meaning that it is one of China's main partners in energy trade.²³⁸ The bilateral trade in this area continues to grow. Crude oil makes up the bulk of this category of goods (87 per cent).²³⁹

Russia continued to be China's primary supplier of oil in 2017, and the volumes look set to grow in the coming years,²⁴⁰ which will require further expansion of the transport infrastructure.²⁴¹ In November 2017, the China National Petroleum Corporation completed construction of the second track of the pipeline between Russia and Daqing, which will double the throughput of the line to 30 million tonnes per year.²⁴²

²³⁵ Data from the General Administration of Customs of the People's Republic of China.
URL: http://www.chinacustomsstat.com/asp/1/NewData/Record_Class.aspx?id=3386¤cy=usd (In Chinese).
The ranking lists individual countries (i.e., it does not include Hong Kong, Taiwan, the European Union, etc.).

²³⁶ Rising prices for raw materials and the appreciation of the rouble (from 3Q 2017 in particular) have interrupted the erratic behaviour of physical and cost indicators. For more detail, see: Analytical Background and Statistics in the Foreign Trade of China and Russia for 2017 // Trade Mission of the Russian Federation in the People's Republic of China.
URL: <http://www.ved.gov.ru/files/images/2018/02/Analytical%20background%20and%20statistics%20in%20the%20foreign%20trade%20of%20China%20and%20Russia%20for%202017.pdf> (In Russian).

²³⁷ Annual Report on the Chinese Economy for 2017 // The Central People's Government of the People's Republic of China Official Web Portal. URL: <http://www.gov.cn/zhuanti/2017zgjnb/index.htm> (In Chinese).

²³⁸ Report by Country (Russia) // Official Website of the Ministry of Commerce of the People's Republic of China.
URL: https://countryreport.mofcom.gov.cn/indexType.asp?p_coun=%B6%ED%C2%DE%CB%B9 (In Chinese).

²³⁹ Analytical Background and Statistics in the Foreign Trade of China and Russia for 2017 // Trade Mission of the Russian Federation in the People's Republic of China.
URL: <http://www.ved.gov.ru/files/images/2018/02/Analytical%20background%20and%20statistics%20in%20the%20foreign%20trade%20of%20China%20and%20Russia%20for%202017.pdf> (In Russian).

²⁴⁰ Rosneft Prepared to Increase Oil Exports to China via Kazakhstan almost Twofold // Vedomosti. 10.10.2017.
URL: <https://www.vedomosti.ru/business/news/2017/10/10/737231-rosneft-eksport-kitai> (In Russian).

²⁴¹ Russia Remains China's Main Oil Supplier // Vedomosti. 27.09.2017.
URL: <https://www.vedomosti.ru/business/articles/2017/09/27/735487-rossiya-nefti-kitai> (In Russian).

²⁴² More Russian Oil Heading to China // Euronews. 12.11.2017.
URL: <http://ru.euronews.com/2017/11/12/russia-china-new-pipeline> (In Russian).

The fact that the Federal Antimonopoly Service of Russia (FAS) reduced the tariff on transporting oil to China through Kazakhstan by 16.7 per cent should also contribute to increasing oil supplies to the country.²⁴³

Shipments of coal from Russia to China by rail showed a one-third increase in 2017.²⁴⁴ This occurred against the backdrop of numerous environmental inspections being carried out at coal mining enterprises in China and excess capacities being shut down. What is more, the introduction of sanctions on trade (including on the supply of coal) with North Korea and the challenging weather conditions at certain times of the year in major exporting countries have also contributed to this increase.²⁴⁵

As in previous years, timber and wood products occupied the second place in the list of Russian exports to China. According to data published by the General Administration of Customs of the People's Republic of China, while the cost of exporting these goods grew by 21.5 per cent year-on-year, their share in the trade turnover decreased from 11.49 per cent to 10.85 per cent.²⁴⁶

End-of-year results show that China held onto its status as the largest market for unprocessed timber products from Russia in 2017, accounting for almost 64 per cent of Russia's roundwood exports.²⁴⁷ The increase in the total value of these exports can be explained by the simplified procedure for processing imports introduced by the Manchuria Customs Service in 2017: over 85 per cent of the timber was imported into the country under a new scheme using electronic consignment notes, i.e. in a paperless format.²⁴⁸

The export of these types of goods (primarily sawn wood and plywood) continues to demonstrate high growth potential, especially in the wake of the decision of the Chinese government to limit commercial deforestation starting in 2017, eventually leading to a complete ban in 2020.²⁴⁹

²⁴³ FAS Cuts "Rosneft" Tariff on Exporting Oil to China // Vedomosti. 07.12.2017.

URL: <https://www.vedomosti.ru/business/articles/2017/12/07/744564-fas-snizila> (In Russian).

²⁴⁴ Overview of the Russian Railway Market in 2017 // Official Website of the United Wagon Company. 30.01.2018.

URL: <https://www.uniwagon.com/multimedia/expert/obzor-zheleznodorozhnogo-rynka-rf-v-2017-g/> (In Russian).

²⁴⁵ In an attempt to improve the air quality at the beginning of the winter heating season in 2017–2018, China launched a programme to transition from coal to gas and electricity. This proved to be ineffective in several regions, as the closure of coal-fired boiler houses actually led to a deficit of gas in the north of the country, and many people were left without heating. In Hebei province, for example, the decision was taken to return to using coal until 2020, when supplies of Russian gas are expected to begin. For more detail, see: China's Hebei Halts Coal to Gas Heating Conversion Project: Report // Reuters. 30.01.2018. URL: <https://www.reuters.com/article/us-china-pollution-gas/chinas-hebei-halts-coal-to-gas-heating-conversion-project-report-idUSKBN1FJ0CD>

²⁴⁶ Analytical Background and Statistics in the Foreign Trade of China and Russia for 2017 // Trade Mission of the Russian Federation in the People's Republic of China.

URL: <http://www.ved.gov.ru/files/images/2018/02/Analytical%20background%20and%20statistics%20in%20the%20foreign%20trade%20of%20China%20and%20Russia%20for%202017.pdf> (In Russian).

²⁴⁷ Roundwood Exports Drop 3% in 2017 // Information Agency Les Online. 10.02.2018.

URL: https://www.lesonline.ru/analitic/?cat_id=12&id=366264 (In Russian).

²⁴⁸ Transbaikal: Record Timber Exports to China // Sibir. Realii. 18.01.2018.

URL: <https://www.sibreal.org/a/28982029.html> (In Russian).

²⁴⁹ Annual Review of the State of the Economy and Main Areas of Foreign Economic Activity of the People's Republic of China in 2016 // Trade Mission of the Russian Federation in the People's Republic of China. URL: http://91.206.121.217/TpApi/Upload/7b377470-3007-44af-89c0-2cf849a62bdb/Economics_China_2016.pdf (In Russian).

According to data from the Chinese side, agricultural and agro-industrial products constituted the third most important type of imports from Russia in 2017 regarding volume (at 5.12 per cent). According to some reports, mutual trade in agricultural products hit record highs, exceeding \$3.5 billion.²⁵⁰ China has become the leading importer of Russian agricultural products.

In 2017, the commodity nomenclature of food products was expanded to include dairy products, vegetable oils and fish and seafood imported into China from Russia.

While some positive results were achieved during the negotiations between Russia and China, they have not yet affected the export dynamics. Specifically, the two countries agreed on increasing wheat exports and supplying buckwheat and sunflower seeds to the Chinese market.²⁵¹

The Ministry of Agriculture of the Russian Federation and the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China reached an agreement on the phytosanitary requirements for wheat. In addition, the list of regions permitted to export wheat to China was expanded to six, with the first deliveries cleared for February 2018.²⁵² Despite this, the value of grain exports dropped by 48.97 per cent in 2017.

China has lifted the critical restrictions on the export of poultry and pork, declaring 49 regions of the Russian Federation to be free of foot-and-mouth disease and permitting them to export cloven-hoofed animals and products made from them.²⁵³

Despite this, deliveries of poultry and pork have not yet begun. A wide range of administrative and technical issues need to be resolved before full-scale trade in these products might take place²⁵⁴. In addition, Brazilian, Canadian and U.S. meat producers have long been supplying the Chinese market, and there is no shortage of domestic producers. Russian companies will have a tough time trying to earn themselves a share of the market.

At the same time, the growth rate of Russia's leading food exports to China – fish, molluscs and shellfish – has slowed down, which is due in part to the fact that

²⁵⁰ Alexander Tkachov: Food Trade with China Reached \$3.5 billion in 2017 // The DairyNews. 06.03.2018.

URL: <http://www.dairynews.ru/news/aleksandr-tkachev-obem-torgovli-prodovolstviem-s-k.html> (In Russian).

²⁵¹ Russia and China Agree on Export of Buckwheat and Sunflower Seeds to China // RIA Novosti. 02.08.2017.

URL: <https://ria.ru/economy/20170802/1499607807.html> (In Russian).

²⁵² Although Russian wheat made up just 0.4 per cent of China's total wheat imports. For more detail, see: China's Wheat Imports for 2017 Grow 27.3% to 4.3 Million Tonnes // Information Agency RZD Parter.ru. 29.01.2018.

URL: <http://www.rzd-partner.ru/logistics/news/import-pshenitsy-v-kitay-po-itogam-2017-goda-vyros-na-27-3-do-4-3-mln-tonn> (In Russian); China Allows Five Russian Regions to Start Exporting Wheat // Rossiyskaya Gazeta. 26.02.2018.
URL: <https://rg.ru/2018/02/26/kitaj-razreshil-nachat-import-pshenicy-iz-piati-regionov-rossii.html>; (In Russian);
http://www.aqsiiq.gov.cn/xxgk_13386/jlqg_12538/zjgg/2018/201802/PO20180224356439500389.doc (In Chinese).

²⁵³ On the Recognition by China of 49 Regions of the Russian Federation being Free from Foot-And-Mouth Disease Without Vaccination and the Lifting of the Ban on the Import of Cloven-Hoofed Animals and Products Made from Them // Official Website of the Federal Service for Veterinary and Phytosanitary Surveillance. 07.09.2017.

URL: <http://www.fsvps.ru/fsvps/news/22714.html>. (In Russian).

²⁵⁴ China Removed the Key Restrictions on the Supply of Russian Meat to Its Market // Rossiyskaya Gazeta. 19.09.2017.

URL: <https://www.rg.ru/2017/09/19/kitaj-sniat-kliuchevye-ogranichenia-dlia-postavok-rossijskogo-miasa-na-svoj-rynok.html> (In Russian).

global prices for pollock have fallen 8.5 per cent. While the physical volume of exports increased by almost 7 per cent to around 595,100 tonnes, this could not offset the import cost reduction.²⁵⁵ Exports of dairy products, eggs and natural honey also fell, by 8.04 percent.²⁵⁶

However, exports of cocoa and cocoa products increased (up 393.55 per cent), as did exports of flour and cereal products (up 185.25 per cent), oilseeds (up 25.22 per cent) and vegetable and animal oils (up 16.05 per cent).²⁵⁷

A noticeable reduction in the relative share of such product categories as non-ferrous metals (from 8.38 per cent in 2016 to 4.52 per cent in 2017) and machinery and equipment (from 2.73 per cent in 2016 to 1.86 per cent in 2017) was recorded. Despite this, exports of agricultural equipment to China grew more than tenfold in the period January–November 2017 compared to the previous year, reaching \$3.7 million.²⁵⁸ The figure for 2016 was just \$0.2 million.²⁵⁹

Several factors have prevented Russia from increasing its exports. Russian companies often lack the necessary knowledge and relevant information to export goods to international markets. It may also be difficult for them to estimate the real cost of such an undertaking.

At the same time, open sources do not contain comprehensive information for potential exporters on the support available to them from the state. Russian companies may also require assistance in the search for foreign partners and the procedures for certifying products and protecting intellectual property rights.

The REC and its Export Schools partly address these tasks, but it would be worth expanding the scale of such educational programmes.²⁶⁰ Similar courses on doing business in Russia could be run in China.

What is more, many Russian manufacturers face trade restrictions when trying to enter the Chinese market in the form of supply quotas, mandatory licensing, phytosanitary and veterinary restrictions.

²⁵⁵ Chines Pollock Imports Up, Prices Down // Ribxoz. 15.03.2018.

URL: <https://ribxoz.ru/kitayskiy-import-mintaya-vyros-no-v-us/> (In Russian).

²⁵⁶ According to the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ), traces of substances that are banned in China (metronidazole, furazolidone, chloramphenicol and nitrofurazone) were detected in honey produced by the company Medovik Altaya (Altai Krai). A repeat of this situation could lead to a complete ban on the supply of these products from Russia. For more information, see: On the Situation Regarding the Export of Bee Farming Products to China // Official Website of the Federal Service for Veterinary and Phytosanitary Surveillance. 02.05.2017. URL: <http://www.fsvps.ru/fsvps/news/21049.html> (In Russian).

²⁵⁷ Statistics taken from: Analytical Background and Statistics in the Foreign Trade of China and Russia for 2017 // Trade Mission of the Russian Federation in the People's Republic of China.

URL: <http://www.ved.gov.ru/files/images/2018/02/Analytical%20background%20and%20statistics%20in%20the%20foreign%20trade%20of%20China%20and%20Russia%20for%202017.pdf> (In Russian). For more information on the experience of exporting vegetable oils to the People's Republic of China, see: Squinting to the Southeast // Altai Pravda. 31.03.2017. URL: <http://www.ap22.ru/paper/S-prischurom-na-yugo-vostok.html> (In Russian).

²⁵⁸ Artem Kovalenko. Exporter's Commandments // Expert Online. 19.04.2018.

URL: <http://expert.ru/ural/2017/47/zapovedi-eksportera/> (In Russian).

²⁵⁹ Russian Exports of Agricultural Equipment to China Grows more than Tenfold // Rossiyskaya Gazeta. 01.02.2018.

URL: <https://rg.ru/2018/02/01/eksport-rossijskoj-selhoztehnik-i-kitaj-vyros-v-10-raz.html> (In Russian).

²⁶⁰ Artem Kovalenko. Exporter's Commandments // Expert Online. 19.04.2018.

URL: <http://expert.ru/ural/2017/47/zapovedi-eksportera/> (In Russian).

For example, chemical industry products, as well as plastics and plastic products, are subject to anti-dumping duties.²⁶¹ The highest levies are on agricultural products (up to 65 per cent). Fertilisers incur fees amounting to 50 per cent when entering China. Meanwhile, zero rates apply to just 8 per cent of goods, including electrical machinery and equipment, wood and paper, oil and oil products.²⁶² While these barriers support Chinese producers, they make it difficult for Russia to diversify commodity exports to China. It would be a good idea to continue talks with the Chinese side on the further reduction of trade restrictions.

To support its exporters, the Russian government adopted a resolution in September 2017 to compensate up to 50 per cent of the cost of transporting flour, including to China, provided that it is shipped in containers.²⁶³ The resolution primarily concerns the export railway routes set up by REC in cooperation with RZD logistics and Freight Village Vorsino from Kaluga Region (Vorsino Station) to the Chinese cities of Dalian and Chengdu, as well as the route from Ufa to Chengdu that was opened in November 2017. The issue of extending these subsidies to shipments in covered wagons and cisterns is currently under consideration. These measures would make it possible to export oil and fat products.²⁶⁴

On top of this, the Made in Russia system of voluntary certification and labelling of non-primary export goods was set up in 2017.²⁶⁵ The aim is to increase recognition of Russian trademarks abroad.

China primarily exports machinery, equipment and vehicles to Russia. The share of these goods in Russia's purchasing structure grew from 42.62 per cent in 2016 to 44.48 per cent in 2017. Supplies of, for example, railroad locomotives, tram motor cars, rolling stock increased in value by 164 per cent.

The contract concluded between Mosinzhprouekt and the China Railway Construction Corporation (CRCC) for the construction of three stations on the Moscow Metro's Third Interchange Contour (Aminyevskoye Shosse, Prospekt Vernadskogo and Michurinsky Prospekt) and the track lines connecting them is among the major projects started in 2017 that include the delivery of machinery and equipment.²⁶⁶

²⁶¹ The anti-dumping duties on Russian products containing epichlorohydrin that had been in place since June 28, 2006, were lifted in June 2017. Nevertheless, anti-dumping duties on polyamides in primary forms (Nomenclature of Goods subject to Foreign Trade Code 39081019) continue to be collected. Specifically, anti-dumping duties have been approved for five years (that is, until April 21, 2021): 5.9 per cent on products manufactured by KuibyshevAzot, and 23.9 per cent on products from other companies. For more detail, see: Business Guide to the People's Republic of China. Portal for Cooperation among Small and Medium-Sized Businesses of the SCO and BRICS Member States. URL: http://91.206.121.217/TpApi/Upload/651811c2-b886-42ec-98b6-f7e02a848944/business_guide_2017_China.pdf (In Russian).

²⁶² China in No Hurry to Open its Markets // *Kommersant*. 02.10.2017. URL: <https://www.kommersant.ru/doc/3427477> (In Russian); China's Market: Access Issues. Analytical Report. Moscow: Roscongress, 2017. URL: http://apec-center.ru/wp-content/uploads/2017/09/china_market_access_issues.pdf (In Russian).

²⁶³ On Granting Subsidies from the Federal Budget to Russian Organizations to Compensate a Part of the Cost of Transporting Agricultural and Food Products by Land, including Rail. Resolution of the Government of the Russian Federation. URL: <http://static.government.ru/media/files/QpC1n0wL4Utd5lcstSAAYkHhspLkFw8A.pdf> (In Russian).

²⁶⁴ Exporting Flour and Oil to China will Become Cheaper // *Rossiyskaya Gazeta*. 19.11.2017. URL: <https://rg.ru/2017/11/19/eksportirovat-muku-i-maslo-v-kitaj-stanet-deshchevle.html> (In Russian).

²⁶⁵ Programme to Support Russian Brands and Goods Abroad // Official Website of the Russian Export Center. URL: https://www.exportcenter.ru/made_in_russia/ (In Russian).

²⁶⁶ China to be Involved in Moscow Metro Expansion // *Moscow 24*. 03.08.2017. URL: https://www.m24.ru/articles/metro/03082017/148031?utm_source=CopyBuf (In Russian).

Three tunnel-boring machines were delivered to Russia under the contract in the autumn of 2017.²⁶⁷ In addition, China Petroleum Engineering & Construction Corporation is responsible for designing, manufacturing and delivering the equipment, building booster stations and gas drying and purification plants and carrying out gas fractionation at the Amur Gas Processing Plant.²⁶⁸ The dynamics of the delivery of telecommunications equipment will be affected in 2018 by the fact that the Chinese company Huawei won the Rostelecom tender to lay an Internet cable to the Kuril Islands.²⁶⁹

Sales of Chinese cars in Russia increased in 2017. A total of 31,905 units of new Chinese models (including light commercial vehicles) were sold (up 4 per cent from the previous year). Since 2011, the most popular Chinese make of car on the Russian market has been Lifan, accounting for 53 per cent of the total number of Chinese cars on the country's roads.²⁷⁰ The Russian company Derways, which assembles cars for Lifan and a host of other Chinese automakers, became a full-fledged participant in the assembly of vehicles in Russia and was granted the right to import auto parts duty-free.²⁷¹

However, auto manufacturers have been told that they must gradually reduce the number of imported components used in the industrial assembly of motor vehicles and increase the share of Russian components to 30 per cent. They also must increase the number of cars assembled in Russia.

Cross-border e-commerce has significant potential as a new type of trade between Russia and China. Russia has become China's second-biggest market regarding e-commerce.²⁷²

In 2017, e-commerce became increasingly important as a tool for developing bilateral trade. In the first nine months of 2017 alone, electronic trade between Russia and China amounted to around \$1.6 billion (an increase of 26.6 per cent from the previous year).²⁷³ According to some estimates, however, cross-bor-

²⁶⁷ Khusnullin: China Delivers Three Moles to Russia for Moscow Metro Construction // Official Website of the Department of Urban Planning Policy and Construction of the City of Moscow. 19.09.2017.

URL: <https://stroim.mos.ru/news/tri-shchita-dlia-stroitelstva-metro-dostavili-v-rossiiu-iz-kitaia> (In Russian).

²⁶⁸ Other Chinese companies are involved in the project as well. Specifically, a consortium consisting of Tecnimont and Sinopec will carry out design work, provide materials and technical equipment and construct utilities, infrastructure and off-sites at the Amur Gas Processing Plant. China Gezhouba Group Corporation (CGGC) has signed a contract with NIPIGAS (part of Sibur Group) to carry out the construction and installation of equipment for the cryogenic separation of gas at the Amur plant. For more detail, see: China's CGGC to Take Part in Construction of Amur Gas Processing Plant // Gazprom Official Website. 04.07.2017. URL: <http://www.gazprom.ru/press/news/2017/july/article340465> (In Russian); China's CGGC to Take Part in Construction of Amur Gas Processing Plant // TASS. 04.07.2017. URL: <http://tass.ru/ekonomika/4386226> (In Russian).

²⁶⁹ Huawei to Connect the Kuril Islands // Kommersant. 18.11.2017. URL: <https://www.kommersant.ru/doc/3472487> (In Russian); Construction of Underwater Fibre-Optic Cable between Sakhalin and Kuril Islands to Begin in Early 2018 // Information Agency East Russia. 10.01.2018.

URL: <https://www.eastrussia.ru/news/stroitelstvo-podvodnoy-vols-sakhalin-kurily-startuet-v-nachale-2018g> (In Russian).

²⁷⁰ Around 32,000 Chinese Cars Were Sold in Russia in 2017 // Autostat Analytic Agency. 23.01.2018.

URL: <https://www.autostat.ru/news/32860/> (In Russian).

²⁷¹ Chinese Car Manufacturers Find Duty-Free Road to Russia // Izvestia. 08.11.2017.

URL: <https://iz.ru/666769/timur-khasanov/kitaiskie-avtokompanii-nashli-besposhlinnuiu-dorogu-v-rf> (In Russian).

²⁷² Cross-Border Electronic Trade for the Development of Cooperation between Russia and China // Website of the Association of Electronic Trading Platforms. 17.06.2017. URL: <http://www.aetp.ru/news/item/410960> (In Russian).

²⁷³ Cit. ex: Growth of Air Charter Freight Points to Boom in China-Russia E-Trade // Xinhua. China Internet Information Center. 29.11.2017. URL: http://russian.china.org.cn/business/txt/2017-11/29/content_50076136.htm (In Russian).

der online purchases between Russia and China totalled some \$4 billion. China accounted for 52 per cent of Russia's total online trade during the first six months of 2017.²⁷⁴

The impact of the Chinese AliExpress online retail service on Russian e-commerce deserves particular attention here.²⁷⁵ The company has continued to improve the quality of the services it offers to Russian consumers, including engaging experts at Yandex to optimise searches in Russian and cutting down delivery times.²⁷⁶

In 2017, the company opened a data centre in Moscow to process information on purchases, thus announcing its intention to expand its influence in the Russian market.²⁷⁷ Moreover, the company has started to introduce solutions into the Russian market that have proven to be useful in China.²⁷⁸ One such initiative was the launch of the AliExpress Connect, a social network for discussing the company's products and the home of its "blogger exchange." These measures will make it possible to increase the influence of "opinion leaders," thus giving positive attention to the development of e-commerce in China.

Ultimately, the increased sales of Chinese smartphones on the Russian market have had a positive influence on the development of e-commerce in Russia as a whole, and on the position of AliExpress in particular. This is because sales in the majority of countries where Chinese online stores are opening are closely linked to Internet access, and in most countries, people primarily use smartphones and tablets for this purpose.²⁷⁹ The export of popular and inexpensive Chinese phones is thus crucial to expanding the client base of online stores.

According to Maksim Oreshkin, Minister of Economic Development of the Russian Federation, Russia and China can achieve the stated goal of a bilateral trade turnover of \$200 billion by 2020 if both countries can demonstrate continued economic growth, and if the restrictions on the access of many companies to the other country's market are lifted.²⁸⁰

²⁷⁴ Igor Bakharev. The Online Trade Market in 2017, Russian Association of Internet Trade Companies Data // E-Pepper. 12.09.2017. URL: <https://e-pepper.ru/news/rynok-Internetinternet-torgovli-v-2017-godu-dannye-akit.html> (In Russian).

²⁷⁵ The AliExpress platform was the sixth most used mobile app in Russia in 2017, behind the Whatsapp and Viber instant messaging services, VKontakte, Sberbank Online and Instagram. For more detail, see: AliExpress to Launch Social Network and Blog Exchange in Russia // Vedomosti. 01.03.2018. URL: <https://www.vedomosti.ru/business/news/2018/03/01/752391-aliexpress-sotsialnuyu-set-birzhu#%2Fgalleries%2F140737493773696%2Fnormal%2F4>

²⁷⁶ AliExpress Hires Yandex Engineers to Improve Searches // Vedomosti. 01.11.2017. URL: <https://www.vedomosti.ru/technology/articles/2017/11/02/740280-aliexpress-yandeksa-poiska> (In Russian).

²⁷⁷ This was a necessary step to implement the plans to open the TMALL store in Russia for the sale of more expensive items and the Lowcoster outlet for goods costing up to 600 roubles (around \$10). For more, see: Chinese Company Invests in Data Centre in Moscow // RBC. 10.11.2017. URL: <https://www.rbc.ru/newspaper/2017/11/10/5a047f1d9a7947400ce3046d> (In Russian); AliExpress Launches New Platform in Russia for Goods Costing up to 600 Roubles // RBC. 05.02.2018. URL: <https://www.rbc.ru/business/05/02/2018/5a732bd89a794765d948f8a6> (In Russian).

²⁷⁸ Nearly \$150K Per Post? What You Need to Know about China's Key Opinion Leaders // Forbes. 22.05.2017. URL: <https://www.forbes.com/sites/joescobedo/2017/05/22/key-opinion-leaders-in-china/#2f1acd2e72ee>

²⁷⁹ Digital in 2018: World's Internet Users Pass the 4 Billion Mark // We Are Social. 30.01.2018. URL: <https://wearesocial.com/blog/2018/01/global-digital-report-2018>

²⁸⁰ Oreshkin Names Access of Russian Goods to Chinese Market as a Condition for the Country's Economic Growth // TASS. 01.08.2017. URL: <http://tass.ru/ekonomika/4454138> (In Russian).

At the same time, the achievement of this goal will depend on the price dynamics of Russia's main commodities exports. In this regard, it is essential at the same time to diversify the products offered and develop the transport and logistics infrastructure in order to increase container traffic.

The Chinese side believes that the costs of trade operations need to be lowered. According to the *Global Enabling Trade Report* published by the World Economic Forum (WEF), customs duties, non-tariff barriers, complicated import procedures, the high costs and restrictions on the throughput capacities of domestic transport lines and local sections of international transport corridors, corruption at border crossings, and differing local technologies and standards all contribute to the increased costs of importing goods to Russia.

High export costs are related to the differences in the technical and manufacturing levels of the two countries, the high transportation costs and long delivery times, the need to bring products in line with foreign technical standards and the complicated procedures at border control stations, among other factors. According to the WEF, export costs for Russia in 2016 amounted to \$109 per container, compared to \$56 for China. China ranked 52nd in the *Global Enabling Trade Report* regarding the "Efficiency and Transparency of Border Administration," while Russia was the 104th. Significant barriers in Russia's border administration limit the opportunities for further economic cooperation.²⁸¹

In the context of further developing bilateral trade, it would be wise to take due account of the opportunities presented by the integration of the EAEU and the Belt and Road Initiative.

On October 1, 2017, the Eurasian Economic Commission and the People's Republic of China signed the Joint Declaration on the Principle Conclusion of Negotiations on the Agreement on Trade and Economic Cooperation, marking the first major institutional trade and economic agreement between the two sides.²⁸² The document includes ten chapters covering the simplification of customs and trade procedures, intellectual property, industry-specific cooperation and state procurements, as well as new areas of cooperation such as e-commerce and competition.

Once the agreement enters into force, the two sides should set about implementing the relevant provisions, continually improving the business climate and the quality of financial services, simplifying trade and investment mechanisms and ultimately creating favourable institutional conditions for trade and economic cooperation between Russia, other EAEU member states and China and promoting further cooperation.

²⁸¹ The Global Enabling Trade Report 2016. World Economic Forum.
URL: <http://reports.weforum.org/global-enabling-trade-report-2016>

²⁸² China and the EAEU Declared the Conclusion of Negotiations on the Agreement on Trade and Economic Cooperation // Official Website of the Eurasian Economic Commission. 02.10.2017.
URL: <http://www.eurasiancommission.org/ru/nae/news/Pages/2-10-2017-5.aspx> (In Russian).

Joint Projects and Investment Cooperation between Russia and China

The total number of investment projects being carried out by Russian companies in China reached 211 in 2017, while the overall volume of Russian direct investment shrank by 67.5 percent to \$23.84 million.

Both countries report that Chinese investments into the Russian economy grew in 2017. The bulk of the money is directed towards projects in the resource industries, including the priority Yamal LNG and Verkhnechonskneftegaz projects and the project to develop the Klyuchevskoye gold deposit.

In 2017, Chinese companies stepped up investment activity in the Russian real estate market. A positive trend in the development of investment cooperation has been the diversification towards technology projects, with interest in start-ups and promising technologies reported on both the Chinese and the Russian side.

Russia and China are also developing major infrastructure joint projects. Progress has been made in developing cooperation on civil aircraft construction and nuclear energy.

The Intergovernmental Russia–China Commission for Investment Cooperation was set up in 2014 to improve the coordination of bilateral ties and eliminate systemic barriers to the movement of investment. In 2017, the list of joint investment projects was expanded to 73.

Specialised funds are being set up in order to finance projects, in particular the Russia–China Investment Fund (RCIF). In 2017, agreements were reached on the creation of several joint funds, including one between Vnesheconombank and the China Development Bank (CDB), another between the Russian Direct Investment Fund and the CDB, and another between Gazprombank and China Chengtong Holdings.

To further expand investment cooperation between Russian and Chinese companies, it would be worthwhile for them to conduct a thorough preliminary study of the relevant markets and regulations and search for potential partners. Russia and China should also officially take measures to attract and protect investments.

It is not easy to evaluate the actual scale of Russia–China investment cooperation using official data. The key investment partners of the two countries are offshore jurisdictions,²⁸³ data is published with significant delays and may vary dramatically between the Chinese and Russian sources.

Given the available information on the contracts signed and considering the shortage of accurate statistics from both sides, it may be assumed that China is investing heavily in the Russian economy, but neither side knows the real volume of these investments.²⁸⁴

²⁸³ Vasily Kashin. Does China Invest a Lot in Russia? // Materials of the Valdai Discussion Club. 09.06.2017. URL: <http://ru.valdaiclub.com/a/highlights/mnogo-li-kitay-investiruet-v-rossiyu> (In Russian).

²⁸⁴ Ibid.

Table 2. Chinese Investments into Russia in 2012–2016, billion dollars

	2012	2013	2014	2015	2016
Direct Chinese investment into Russia (year)	0.785	1.022	0.634	2.96	1.29
Accumulated Chinese investment in Russia	4.889	7.582	8.695	14.02	12.98

Source: <http://fec.mofcom.gov.cn/article/gbdqzn/upload/eluosi.pdf>

According to the National Bureau of Statistics of the People’s Republic of China, the total number of investment projects by Russian companies in China increased from 150 in 2016 to 211 in 2017. On the other hand, the volume of Russian direct investment in China fell by 67.5 per cent to \$23.84 million.²⁸⁵

As of March 2018, no official data for China’s 2017 direct investment in Russia’s economy were available. Only data for 2016 were published (see *Table 2*). The data available about the size of Chinese investments into the Russian economy may be inconsistent, but they do indicate that this investment in Russia grew in 2017, despite the overall decrease in Chinese investment in the Belt and Road countries. The Ministry of Commerce of the People’s Republic of China reports that China’s total investment in the Belt and Road countries declined by 1.2 per cent in 2017. Both Russian and Chinese sources highlighted the favourable dynamics of direct investment.

According to Chinese media, China’s direct investment into the Russian economy grew by 34.1 per cent in the first three quarters of 2017. To compare, the Central Bank of Russia reports that China’s direct investment stood at \$3.68 billion (up 87.1 per cent) as of October 1, 2017. Eurasian Development Bank analysts believe that thanks to new contracts to produce and process hydrocarbons, Chinese investors increased the volume of direct investment in Russia by \$3 billion to \$8.2 billion in 2017.²⁸⁶ According to Chinese sources, China’s direct non-financial investment in Russia grew by 36.8 per cent year-on-year in 2017.²⁸⁷ The contractual value of approved Russia–China projects in Russia reached \$7.75 billion (up 191.4 per cent).²⁸⁸

The intergovernmental commission for investment cooperation was set up in 2014 to better coordinate bilateral cooperation and dismantle systemic barriers to the movement of investment. At its 2017 annual meeting, the commission

²⁸⁵ Foreign Policy Information Portal // Website of the Russian Economic Development Ministry. URL: http://www.ved.gov.ru/exportcountries/cn/cn_ru_relations/cn_ru_mpk (In Russian).

²⁸⁶ Xiaoguang Hu. 2017 China and the World: China’s Development Tightens the Eurasian Belt // *Xinhua*. 25.12.2017. URL: http://www.xinhuanet.com/overseas/2017-12/25/c_1122163301.htm; (In Chinese); Direct Investment in Russia and Other EAEU Countries from Asia is Expected to Increase Substantially in 2018 (report by the EDB Centre for Integration Studies) // Eurasian Development Bank Website. 13.12.2017. URL: <https://eabr.org/press/news/eabr-v-2018-godu-ozhidaetsya-sushchestvennyy-rost-pryamyykh-kapitalovlozheniy-v-rossiyu-i-drugie-stra> (In Russian).

²⁸⁷ Website of the Administration of the Counsellor for Trade and Economic Affairs of the Chinese Embassy in Russia. URL: <http://ru.mofcom.gov.cn/article/ddgk> (In Chinese).

²⁸⁸ *Ibid.*

increased the list of joint investment projects from 66 to 73.²⁸⁹ Of these, 17 are already being implemented, attracting some \$15 billion in investments.²⁹⁰

Specialised funds are being set up to finance different projects. The Russia–China Investment Fund (RCIF), with a budget of \$2 billion, continues to select and fund investment projects.²⁹¹

In addition, agreements have been reached between Vnesheconombank and the China Development Bank (CDB) and between the Russian Direct Investment Fund and the CDB. A decision was also made to increase the capital of the Russia–China Investment Fund by another \$1 billion.

Gazprombank and China Chengtong Holdings signed a memorandum to set up a joint fund.²⁹² At the 2017 Belt and Road Forum for International Cooperation, China announced the creation of a 100-billion-yuan Russia–China fund for the development of regional cooperation, the first 10 billion yuan of which will be spent on facilitating cooperation between China’s north-eastern provinces and the Russian Far East.²⁹³

The bulk of Chinese investment in Russia is directed towards projects involving natural resources (mining, logging, etc.). The Analytical Credit Rating Agency estimates that around 68 per cent of the total volume of China’s direct investment in Russia is in projects involving raw materials.²⁹⁴

Contracts were concluded in 2017 for Chinese investors to purchase assets in the Russian oil and gas sector, and several projects were launched. The China National Petroleum Corporation and the Silk Road Fund participated in the launch of the first phase of the Yamal LNG project to extract, liquefy and supply natural gas. This marks the first in a series of investment projects between the two countries.²⁹⁵ CNPC controls 20 per cent of the project, while the Silk Road Fund owns a 9.9 per cent stake. Yamal LNG began producing liquefied natural gas in December 2017.²⁹⁶

²⁸⁹ Xi Jinping: We are Full of Optimism about the Prospects of China–Russia Relations // TASS. 02.07.2017.

URL: <http://tass.ru/opinions/interviews/4379492>; (In Russian); Russia–China Investment Cooperation // Website of the Russian Representative Office for Trade in China.

URL: <http://www.russchinatrade.ru/ru-cn-cooperation/investment> (In Russian).

²⁹⁰ The 22nd Regular Meeting of the Russian and Chinese Heads of Government // Website of the Ministry for the Development of the Russian Far East. 01.11.2017. URL: <https://minvr.ru/press-center/news/9548/> (In Russian).

²⁹¹ Partners // Official Website of the Russian Direct Investment Fund. URL: <https://rdif.ru/Partnership> (In Russian).

²⁹² Xi Jinping’s Visit to Moscow Proves Rich in Agreements and Prospects // Kommersant. 05.07.2017.

URL: <https://www.kommersant.ru/doc/3343375> (In Russian).

²⁹³ Russia and China to Create Joint Development Fund Worth 100 Billion Yuan // RIA Novosti. 15.05.2017.

URL: <https://ria.ru/economy/20170515/1494316853.html> (In Russian).

²⁹⁴ Chinese Capital Outflow Restrictions Give Way to New Opportunities for CIS Countries. 04.09.2017.

URL: <https://www.acra-ratings.ru/research/344> (In Russian).

²⁹⁵ China and Russia Cooperate on Megaproject in North Pole // China Internet Information Center. 13.12.2017.

URL: http://russian.china.org.cn/exclusive/bxt/2017-12/13/content_50101220.htm (In Russian).

²⁹⁶ Novatek Sets Date for launch of Yamal LNG // Vedomosti. 27.11.2017. URL: https://www.vedomosti.ru/business/articles/2017/11/27/743267-novatek-zapustit?utm_source=facebook.com&utm_medium=social&utm_campaign=yamal-spg-stanet-pervym-zavodom-novatek; (In Russian); Novatek Starts Production of Liquefied Gas at Yamal LNG Plant // RBC. URL: <https://www.rbc.ru/business/05/12/2017/5a266c2c9a794747585042ac> (In Russian).

Beijing Gas purchased 20 per cent in Verkhnechonskneftegaz from Rosneft.²⁹⁷ The project to lay the Power of Siberia gas pipeline is progressing on schedule. Gazprom and CNPC signed an additional agreement to begin gas supplies in December 2019 and continue to negotiate the parameters of the Western route.²⁹⁸

One of the major investment cooperation projects in 2017 was the development the Klyuchevskoye gold deposit in Zabaikalsky Region.²⁹⁹ In accordance with the agreement approved by the Russian government, China National Gold Group Hong Kong Limited or one of its direct or indirect subsidiaries may purchase between 60 and 70 per cent of the voting shares in the company Rudnik Zapadnaya-Klyuchi for the purpose of creating a favourable environment for investment cooperation on the project to produce precious metals in Russia.³⁰⁰

In February 2018, Russia and China agreed to set up a joint fund specialising in investments in the mining industry. The Klyuchevskoye gold deposit project will be the fund's first investment.³⁰¹

Investment in the property market intensified as the Russian economy started to recover and the exchange rate of the rouble stabilised.³⁰² The purchase of the Vozdvizhenka Center office complex, also known as *Voyentorg*, by Fosun Group and Avica Management Company was the largest deal of the first half of 2017. It was the first investment deal in the Russian property market involving a Chinese investor since 2010,³⁰³ and Fosun Group's first investment in the Russian property market.³⁰⁴

A positive trend in the development of investment cooperation is the diversification towards hi-tech projects (joint bicycle rental,³⁰⁵ electric vehicles,³⁰⁶ tourism and medicine.)³⁰⁷ Both Chinese and Russian businesses demonstrated an

²⁹⁷ Rosneft Closes Deal to Sell 20% in Verkhnechonskneftegaz to Beijing Gas for \$1.1 billion // TASS. 29.06.2017. URL: <http://tass.ru/ekonomika/4375714> (In Russian).

²⁹⁸ Statement for the Press Following Russia–China Talks // Official Website of the President of the Russian Federation. 04.07.2017. URL: <http://kremlin.ru/events/president/news/54979> (In Russian).

²⁹⁹ On Approval by Russia of the Draft Agreement between the Russian and Chinese Governments on Cooperation on the Implementation of the Project to Develop the Klyuchevskoye Gold Deposit (Zabaikalsky Territory) // Official Website of the Government of the Russian Federation. 14.10.2017. URL: <http://government.ru/docs/29638> (In Russian).

³⁰⁰ Ibid.

³⁰¹ Russia and China to Jointly Mine for gold in Zabaikalsky Territory // Rossiyskaya Gazeta. 16.02.2018. URL: <https://rg.ru/2018/02/16/reg-sibfo/rossiia-i-kitaj-vmeste-dobudut-zoloto-v-zabajkale.html> (In Russian).

³⁰² China and Russia in 2017: An Intricate Path of Growth. EY together with the Russia–China Investment Fund. URL: [http://www.ey.com/Publication/vwLUAssets/ey-china-and-russia-in-2017/\\$FILE/ey-china-and-russia-in-2017.pdf](http://www.ey.com/Publication/vwLUAssets/ey-china-and-russia-in-2017/$FILE/ey-china-and-russia-in-2017.pdf) (In Russian).

³⁰³ Investment in Russian Property Exceeds \$2 Billion in H1 2017 // Jones Lang LaSalle Website. 30.06.2017. URL: <http://www.jll.ru/russia/ru-ru/новости/1111/объем-инвестиций-в-российскую-недвижимость-превысил-два-млрд-долл-в-первом-полугодии> (In Russian).

³⁰⁴ Fosun Group and Avica Management Company Become Owners of Voyentorg // Vedomosti. 20.06.2017. URL: <https://www.vedomosti.ru/realty/articles/2017/06/20/695114-fosun-avica-voentorga> (In Russian).

³⁰⁵ Yuri Milner's Fund Invests in Bicycle Sharing Service // RBC. 06.07.2017. URL: <https://www.rbc.ru/business/06/07/2017/595e755d9a7947d0d17f3195> (In Russian).

³⁰⁶ Russia Invests in NIO E-Vehicle Start-Up // Evmode.ru. URL: <http://evmode.ru/2017/11/13/rossiya-vlozhas-v-elektromobilnyiy-startup-nio/> (In Russian).

³⁰⁷ Sovereign Investors to Spend \$500 Million on Russia–Chinese Tourism and Medicine // Vedomosti. 04.07.2017. URL: https://www.vedomosti.ru/business/articles/2017/07/05/709461-rossiisko-kitaiskii-turizm-meditsinu?utm_source=facebook&utm_campaign=share&utm_medium=social&utm_content=709461-rossiisko-kitaiskii-turizm-meditsinu (In Russian).

interest in start-ups and promising technologies. In particular, the Russia–China Investment Fund invested in the electric-vehicle start-up NIO and bought into Zhaogang,³⁰⁸ which trades in steel and rolled metal products over the Internet.³⁰⁹

Russia and China are developing major joint projects. In the field of infrastructure development, the China Railway Construction Corp. won the contract for construction of a segment of the Moscow Metro and thus became the first foreign company to enter the Russian market in this sphere.³¹⁰ It was originally thought that the Chinese company would only be an investor in the project, but it has since turned into the contractor. The construction of a railway bridge linking Tongjiang and Nizhneleninskoye and a road bridge linking Heihe and Blagoveshchensk is to be completed in 2018 and 2019, respectively.³¹¹

In the IT sector, progress has been made in the talks on a set of agreements on cooperation in nuclear energy.³¹² Additionally, the joint venture the China–Russia Commercial Aircraft International Corporation (CRAIC) has developed a wide-body long-range aircraft (known as the CR929). The project entered the design phase in late 2017, and suppliers are currently being identified for systems and equipment.³¹³

Russia and China agreed on a programme to develop space cooperation in 2018–2022, bringing the two countries’ interaction in this field to a new level.³¹⁴

According to a survey of Chinese businesspeople conducted by Ernst & Young, 28 per cent of the 142 investors polled see the Russian market as being extremely appealing, with 45 per cent seeing it as appealing.³¹⁵

In the long run, the two countries will need to dismantle a multitude of institutional barriers to bilateral cooperation. The business environment is an essential factor in this respect.

In the World Bank *Doing Business 2018* ranking, Russia and China rank 35th and 78th out of 190 countries, respectively, indicating that the Russian business cli-

³⁰⁸ RCIF Announces Investment in NIO // Official Website of the Russian Direct Investment Fund. 10.11.2017.
URL: <https://rdif.ru/fullNews/2679/>

³⁰⁹ Russia–China Investment Fund buys into Zhaogang // Vedomosti. 02.07.2017.
URL: <http://www.vedomosti.ru/business/articles/2017/07/03/706052-investitsionii-fond-zhaogang> (In Russian).

³¹⁰ Beijing-Style Underground Line // Website of the Moscow Complex for City Development Policy and Construction. 30.01.2017. URL: <https://stroj.mos.ru/articles/vietka-po-piekinski> (In Russian).

³¹¹ Bridge between Blagoveshchensk and Heihe to be Included in the Government Programme for the Far East // Website of the Ministry for the Development of the Russian Far East. 02.03.2018.
URL: https://minvr.ru/press-center/news/13198/?sphrase_id=330106 (In Russian).

³¹² Strategic Atom: China Addresses Russia with Proposals to Build New NPP // RIA Novosti. 17.08.2017.
URL: <https://ria.ru/atomtec/20170817/1500542443.html> (In Russian).

³¹³ CR929: What is Known About the China–Russia Aircraft // Aeronautica online. 29.09.2017.
URL: <https://aeronautica.online/2017/09/29/initial-cr929-parameters/> (In Russian).

³¹⁴ Russia and China Adopt Space Cooperation Programme for 2018-22 // TASS. 01.11.2017.
URL: <http://tass.ru/kosmos/4693065> (In Russian).

³¹⁵ 97% of resident investors polled by Ernst & Young say their knowledge of Russian legislation is below average. For more detail, see: China and Russia in 2017: An Intricate Path of Growth. EY together with the Russia–China Investment Fund. URL: [http://www.ey.com/Publication/vwLUAssets/ey-china-and-russia-in-2017/\\$FILE/ey-china-and-russia-in-2017.pdf](http://www.ey.com/Publication/vwLUAssets/ey-china-and-russia-in-2017/$FILE/ey-china-and-russia-in-2017.pdf) (In Russian).

Table 3. Business Environment Ranking of Russia, China in the *Global Enabling Trade Report 2016*

Country	Rank	Protection of property	Efficiency and accountability of public institutions	Access to finance	Openness to foreign participation	Physical security
China	42	51	24	45	33	96
Russia	113	119	64	112	94	109

Source: Global Enabling Trade Report 2016, World Economic Forum.

mate has developed significantly.³¹⁶ However, Chinese experts believe that the Russian business environment needs improvement in many aspects, since the World Bank's rating does not adequately reflect the status of foreign investors, and fails to take the costs of cross-border trade, the fluctuations in currency exchange rates and the openness of the market into account.

At the same time, a few unfavourable factors in the Russian investment climate, such as the protection of property, the availability of finance and physical security (*Table 3*), significantly affect the investment activity of Chinese businesses and hinder the development of investment cooperation between the two countries.

The joint report *China and Russia in 2017: An Intricate Path of Growth* by Ernst & Young and the Russia–China Investment Fund³¹⁷ mentions macroeconomic instability, fluctuations in the exchange rate of the rouble, the unpredictability of changes to laws, including tax legislation among the negative factors faced by Chinese investors in Russia.

In general, the objective of improving the investment climate requires close attention and coordination between the two countries. This objective depends on many factors and cannot be achieved overnight.

Among the main difficulties of entering the Russian market, investors mention the absence of preliminary information and the lack of in-depth understanding of the local specifics, promising market niches and the rules of the game.³¹⁸

An example of this involves China Huadian Corporation, which, when attempting to do business in Russia, ran into several economic and regulatory issues. The launch of the combined heat and power plant in Yaroslavl Region was postponed for half a year because the Chinese company had failed to meet Russian technical

³¹⁶ Doing Business 2018 // The World Bank. 31.10.2017.
URL: <http://www.doingbusiness.org/reports/global-reports/doing-business-2018>

³¹⁷ China and Russia in 2017: An Intricate Path of Growth. EY together with the Russia–China Investment Fund.
URL: [http://www.ey.com/Publication/vwLUAssets/ey-china-and-russia-in-2017/\\$FILE/ey-china-and-russia-in-2017.pdf](http://www.ey.com/Publication/vwLUAssets/ey-china-and-russia-in-2017/$FILE/ey-china-and-russia-in-2017.pdf)

³¹⁸ Chinese Businesspeople Identify the Most Appealing Sectors for Investment in Russia // Website of the Russian-Asian Union of Industrialists and Entrepreneurs. 15.12.2017. URL: https://raspp.ru/press_center/kitayskie-biznesmeny-opredelili-naibolee-privlekatelnye-napravleniya-dlya-investirovaniya-v-ru/; (In Russian); Chinese Business Notes Growth in Russia's Investment Appeal // Website of the Russian–Asian Union of Industrialists and Entrepreneurs. 27.04.2017.
URL: http://raspp.ru/press_center/kitayskiy-biznes-otmetil-rost-investitsionnoy-privlekatelnosti-rossii/ (In Russian).

safety standards in the course of the construction.³¹⁹ The irregularities then had to be rectified within a limited timeframe and at great financial cost.³²⁰

To further expand investment cooperation, Russian and Chinese companies need to be more thorough in conducting preliminary analyses of promising markets and regulatory standards, and they also should choose their potential partners carefully.

Both parties would benefit from inviting specialists in the respective country that could simplify the process and make overall interaction with partners easier. It is also important for Russia and China to implement extraordinary measures to attract and protect investments.

Both China and Russia need to take adequate measures to provide potential investors with legal advice on how to eliminate barriers for investment. It is also important to revise the Intergovernmental Agreement on the Encouragement and Mutual Protection of Investment, which was signed in 2006 and came into force in 2009, adapting the document to the actual needs of the two parties.³²¹

It is essential for Russia to attract Chinese capital not only in the raw-material sectors but also in advanced local processing, as in the case of the Klyuchevskoye gold mine. Cooperation on the digital economy appears to be promising: from video games to the introduction of *Internet of Things* technology in manufacturing.

Russian investors should be aware of changes in China's investment policy.³²² The Chinese authorities are introducing measures to increase the volume of foreign investments; they have expanded the list of sectors in which foreign companies are allowed to invest,³²³ and have also waived temporary income tax for foreign legal entities that reinvest in projects in the foreign investor-friendly sectors of China's economy.³²⁴

China is particularly interested in developing the economy of its internal and western regions,³²⁵ including those involved in the Yangtze–Volga cooperation mechanism.

³¹⁹ Territorial Generation Company No. 2 and Huadian Complete Combined Heating and Power Plant in Yaroslavl // Vedomosti. 08.06.2017.
URL: <https://www.vedomosti.ru/business/articles/2017/06/08/693686-tgk-2-huadian-dodelali> (In Russian).

³²⁰ The company completely abandoned the project to build a CHPP in Arkhangelsk Region, which had been agreed at the 2014 APEC Forum. The decision was caused by a conflict between the Russian participants, Gazprom and Territorial Generation Company No. 2. For details see: Arkhangelsk Region's Power Generation Left without China // Information Agency Region 22. 06.06.2017. URL: <https://region29.ru/2017/06/06/593659f52817ca520700834d.html> (In Russian).

³²¹ List of Russia's Bilateral International Treaties // Official Website of the Ministry of Foreign Affairs of the Russian Federation. URL: http://www.mid.ru/foreign_policy/international_contracts/2_contract/-/storage-viewer/bilateral/page-143/45914 (In Russian).

³²² China's Inbound and Outbound FDI Goals // China Briefing. 21.11.2017.
URL: <http://www.china-briefing.com/news/2017/11/21/chinas-inbound-and-outbound-fdi-goals.html>

³²³ Catalogue of Guides for Foreign Industrial Investment (as of 2017) // National Development and Reform Commission of the People's Republic of China and the Ministry of Commerce of the People's Republic of China. 28.06.2017.
URL: http://www.ndrc.gov.cn/zcfb/zcfbl/201706/t20170628_852857.html (In Chinese).

³²⁴ China Unveils Tax Exemption to Attract Foreign Investment // Xinhua. 28.12.2017.
URL: http://www.xinhuanet.com/english/2017-12/28/c_136858149.htm

³²⁵ China Says Will Sharply Widen Market Access for Foreign Investors // Reuters. 06.06.2018. URL: <https://in.reuters.com/article/china-parliament-consumption/china-says-will-sharply-widen-market-access-for-foreign-investors-idINKCN1GI0G7>

Russia–China Cooperation in the Banking and Financial Sector

One of the priority aspects of Russia–China cooperation in the financial sector is to increase mutual transactions in roubles and yuan. The People’s Bank of China made an important step in this direction in 2017, approving the launch of an international interbank system for transactions in foreign currencies based on the payment versus payment principle. The rouble will become the first foreign currency to be used in this format.

To prevent possible hold-ups and complications in mutual settlements between Russian and Chinese banks in the light of the sanctions imposed against Russia by the West (such complications did indeed exist, even though China did not support the sanctions), the Central Bank of Russia and the People’s Bank of China reached an agreement under which the financial structures of the two countries would conduct operations normally. Mutual payments are further simplified by the fact that Chinese banks have waived the practice of committing the funds of foreign banks in correspondent accounts.

Russian players entered the market of yuan-denominated bonds in 2017, with Rusal becoming the first Russian issuer of panda bonds. China’s Alibaba introduced a special payment instrument at Russian department stores.

Financial cooperation between the two countries has strengthened, and the volumes of mutual payments in the two national currencies grew: in Q1 2017, 16 per cent of all payments for Russian exports to China and 18 per cent of all import payments were made in roubles and yuan.³²⁶

In 2017, the People’s Bank of China approved the launch of an international interbank system for transactions in foreign currencies based on the payment versus payment principle to stimulate payments in the national currencies.³²⁷ The rouble became the first foreign currency to be used in such transactions in conjunction with the yuan. The new system will help reduce risks related to such payments, decrease the number of errors caused by time differences, and generally improve the effectiveness of international payments.

With the introduction of sanctions against Russia, Chinese banks have on occasion blocked payments by Russian banks, even though China does not support the sanctions and has not imposed restrictive measures of its own.³²⁸ This has resulted in longer processing times for Chinese clients of Russian banks, and payments have sometimes bounced.

In September 2017, the Central Bank of Russia and the People’s Bank of China agreed to normalise the payment procedures between the financial structures of

³²⁶ Russia & China to Extend Currency Swap Agreement to Lessen Dollar Dependence // Russia Today. 31.10.2017. URL: <https://www.rt.com/business/408305-russia-china-currency-swap/>

³²⁷ China Establishes Yuan-Ruble Payment System // Reuters. 12.10.2017. URL: <https://www.reuters.com/article/us-china-yuan-rouble/china-establishes-yuan-ruble-payment-system-idUSKBN1CH0ML>; Attack on Dollar: Russia, China Learn to bypass SWIFT // Invest Rating. 28.02.2018 URL: <http://www.invest-rating.ru/financial-forecasts/?id=12595> (In Russian).

³²⁸ Chinese Banks to Stop Dragging Feet on Russian Money Transfers // Vedomosti. 15.09.2017. URL: <https://www.vedomosti.ru/finance/articles/2017/09/15/733892-kitaiskie-banki> (In Russian); Aleksandrova, M. Russia–China Financial and Banking Cooperation. Asia and Africa Today, 2016, No 8 (709), pp. 28–29.

the two countries³²⁹ and the measure is expected to resolve the problem. Additionally, Chinese banks have stopped committing the funds of foreign banks, including Russian banks, in correspondent accounts, which has simplified the processing of China-bound payments by foreign banks.³³⁰

Rusal has made its debut on the Chinese panda bond market, issuing two instalments of yuan-denominated bonds within the first year. In March 2017, it issued bonds worth 1 billion yuan; in September 2017, it issued 500 million yuan. The bonds were placed on the Shanghai Stock Exchange for 2+1 years, at 5.5 per cent per bond per year. The overall value of the placement, for up to seven years, will amount to 10 billion yuan. Rusal thus became the first Russian issuer of panda bonds and the first foreign company with major production assets outside China to offer bonds on the Chinese market.³³¹

Alibaba introduced its own Alipay payment system at Russian retail chains (TsUM, GUM, DLT, high-end single-brand stores, Azbuka Vkusa, Lenta and Dixy), primarily to serve Chinese tourists.³³²

Inter-Regional Cooperation

China is an important economic partner for many Russian regions. In 2017, all the federal districts of Russia increased their trade with China, also upping the share of exports in that trade. More than 50 per cent of Russia's trade with China was generated by businesses located in the Central Federal District.

Specialised mechanisms have been set up to support inter-regional cooperation in the form of the Intergovernmental Russian–Chinese Commission for Cooperation and Development of the Russian Far East and Baikal Region and the North-east of the People's Republic of China and the Council of Cooperation between the Upper and Middle Reaches of the Yangtze River and the Volga Federal District.

The management company of the Russia–China Investment Fund for Regional Development was founded in 2017. 2018 and 2019 have been declared the years of Russia–China inter-regional cooperation and are expected to contribute to the expansion of bilateral cooperation on trade and economics and create new growth points in the bilateral relations.

One of Russia's priorities is to develop its Far East. Advanced development areas and the Free Port of Vladivostok are used for this purpose. China accounts for 30 per cent of total foreign investment in the region and over 50 per cent of the investment from the Asia Pacific Region. In 2017, Chinese investors became the

³²⁹ China to Stop Delaying Russian Money Transfers // Vedomosti. 14.09.2017.

URL: <https://www.vedomosti.ru/finance/articles/2017/09/14/733740-bank-rossii> (In Russian).

³³⁰ Ibid.

³³¹ Business Guide to China. Small and Medium-Sized Business Cooperation Portal of the SCO and BRICS Member States.

URL: http://91.206.121.217/TpApi/Upload/651811c2-b886-42ec-98b6-f7e02a848944/business_guide_2017_China.pdf (In Russian); UC Rusal Places Second Public Offering of Panda Bonds at 500 Million Yuan // RBC. 01.09.2017.

URL: <https://www.rbc.ru/rbcfreenews/59a97eac9a79473910ff9c84> (In Russian).

³³² China Brings Alipay to Russia // RBC. 27.04.2017.

URL: <https://www.rbc.ru/newspaper/2017/04/27/59009e899a7947b0cb9f06a5>; (In Russian);

Azbuka Vkusa Introduces Payment Service for Chinese Customers // Vedomosti. 11.01.2018.

URL: <https://www.vedomosti.ru/business/articles/2018/01/11/747478-azbuka-vkusa-zapustila> (In Russian).

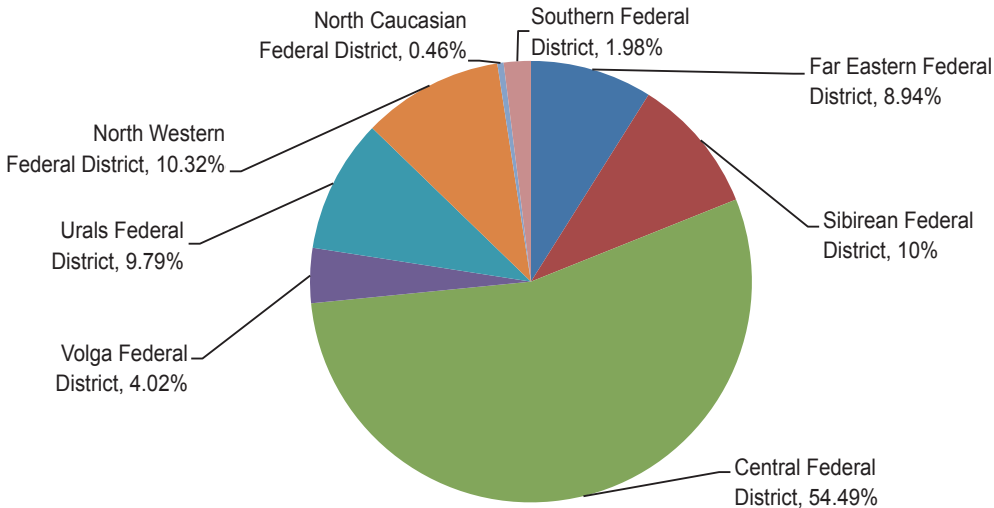


Figure 2. Russian Federal Districts' Contribution to Trade with China in 2017, %

main foreign participants in the advanced development areas in Russia's Far East concerning the money invested.

Many Russian regions are introducing regimes aimed at attracting foreign capital and launching local production of Chinese commodities. The Republic of Tatarstan has made particular progress in this respect: its trade with China grew by over 50 per cent in 2017.

China is an important economic partner for many Russian regions. Following the decline in the volume of exports to and imports from China experienced by several of Russian federal districts in 2016, numbers started to pick up again in 2017 on the back of economic stabilisation in Russia.³³³

According to the Federal Customs Service of the Russian Federation, the Central Federal District accounted for over 50 per cent of Russia's trade with China in 2017 (Fig. 2). All federal districts reported increased trade with China in 2017 and a rising share of exports in that trade (Table 4). Nevertheless, only the Far Eastern and Siberian federal districts reported more exports than imports for the year.

The highest increase in trade was reported in the Siberian Federal District (up 42.35 per cent). Volumes hit pre-crisis levels, and a positive trade balance was achieved by the end of the year.³³⁴

This was made possible by the increase in exports of coal, oil, wood and ores to China. At the same time, the Siberian regions had problems with increasing exports of grain, due in large part to China's stringent requirements on the cul-

³³³ Aleksandrova, M. Cross-Border and Interregional Cooperation between Russia and China: Contemporary Russia-China Relations. Moscow: Institute of Far Eastern Studies of the Russian Academy of Sciences, 2017, pp. 135-136.

³³⁴ 2013 Exports and Imports by Country for the Siberian Federal District // Website of the Siberian Customs Service. URL: http://stu.customs.ru/index.php?option=com_content&view=article&id=8765:-----2013-&catid=170:2012-12-26-07-57-01&Itemid=241 (In Russian).

tivation and storage of crops. Siberian farmers only managed to meet one of the nine requirements set by the Chinese side.³³⁵

China uses numerous measures to protect its domestic market. Due to the relatively low exchange rate of the Russian rouble, exports to China remain profitable even with the 65 per cent duty that is in place.³³⁶ However, farmers will find it increasingly more challenging to keep exports at the current level as the Russian economy continues its recovery causing the rouble to appreciate.

Finally, new support measures for exporters have not been fully implemented, including subsidies for railway container transportation services and “zero” tariffs on grain exports:³³⁷ the 70 per cent discount on the transport of grain products by rail only applies to routes longer than 2000 kilometres. Shorter routes are to be paid in full, which affects the product costs.

In this situation, Russian suppliers need to increase their operational effectiveness and reduce costs. It would also be worthwhile for Siberian grain producers to unite to operate on the Chinese market jointly.³³⁸

Russia is interested in the “active development of the potential of its regions through the involvement of interested investors from the Asia Pacific Region and elsewhere into regional development programmes and specific cooperation projects.”³³⁹ New instruments of stimulating interaction at the local level are being created for this purpose.

The Intergovernmental Russian–Chinese Commission for Cooperation and Development of the Russian Far East and Baikal Region and the Northeast of the People’s Republic of China began operation in 2017. The commission was set up to facilitate the transition from local to large-scale cross-border investment projects, primarily those related to transportation logistics³⁴⁰. A working group is to be set up for supporting such initiatives. The group will inform Chinese entrepreneurs about any Russian innovations that may be of use to them.

Cooperation is also discussed as part of the Council of Cooperation between the Upper and Middle Reaches of the Yangtze River and the Volga Federal District, which was set up in 2013. This format is unique as it unites regions of the countries that do not border one another.³⁴¹ The Yangtze–Volga format was originally

³³⁵ Siberia Exporting More to China than Importing // Rossiyskaya Gazeta. 21.12.2017.

URL: <https://rg.ru/2017/12/21/reg-sibfo/eksport-iz-sibiri-v-kitaj-prevysil-import-v-25-raza.html> (In Russian).

³³⁶ Ibid.

³³⁷ Altai’s Total Exports Grow, While Exports to China Shrink Dramatically // Rossiyskaya Gazeta. 16.11.2017.

URL: <https://rg.ru/2017/11/16/reg-sibfo/na-altai-rezko-snizilsia-eksport-tovarov-v-kitaj.html> (In Russian).

³³⁸ Ibid.

³³⁹ Maxim Oreshkin: We Intend to Actively Develop the Potential of the Russian Regions by Involving Asia-Pacific Investors in Cooperation Projects // Official Website of the Ministry of Economic Development of the Russian Federation. 14.06.2017. URL: <http://economy.gov.ru/minec/press/news/2017140602> (In Russian).

³⁴⁰ First Meeting of the Intergovernmental Russian–Chinese Commission for Cooperation and Development of the Russian Far East and Baikal Region and the Northeast of the People’s Republic of China // Website of the Ministry of Economic Development of Khabarovsk Krai. 11.09.2017. URL: <https://minec.khabkrai.ru/events/Novosti/2091> (In Russian).

³⁴¹ Regions of Volga Federal District Sign 11 Cooperation Agreements with Chinese partners // Website of the Plenipotentiary Representative of the President of the Russian Federation in the Volga Federal District. 16.06.2017. URL: <http://pfo.gov.ru/press/events/101454/> (In Russian).

launched as a roundtable discussion involving the governors of the Volga Federal District and the Upper and Middle Reaches of the Yangtze; it was transformed into the council of the same name in 2016. The council held its first session in Ulyanovsk in July 2016,³⁴² with the second being held in China's Anhui Province in June 2017.³⁴³ This format is being used to work on 21 priority investment cooperation projects.³⁴⁴ The primary areas of cooperation within the council format are agriculture, food industry, production of construction materials, development of commercial and residential housing, equipment manufacturing, tourism and IT.

The managing company of the Russia–China Investment Fund for Regional Development (RCIFRD) was created in 2017 for implementing, in Russia and abroad, investment projects that are of particular economic interest for the country.³⁴⁵ The company commands a budget of 100 billion yuan. The main investors in the RCIFRD are major Chinese state-owned and private corporations, including the China National Nuclear Corporation and residents of the Shenzhen Special Economic Zone. The fund's money will be used to invest in projects in nuclear energy, infrastructure, logistics and new technology, and as part of the Belt and Road Initiative and in the Yangtze–Volga format. Cooperation with China's Northeastern provinces and the Russian Far East is also among the priorities.

In February 2018, Russia and China launched their bilateral inter-regional cooperation years (2018–2019). This major project, which continues the tradition of thematic bilateral years first launched in 2006, is aimed at stimulating the further expansion of mutually beneficial relations between the regions of the two countries.³⁴⁶

China contributes heavily to the development of the Russian Far East. According to the Ministry for Development of the Russian Far East, foreign investment in the region grew 117.1 per cent in 2017, which is higher than the figure for 2016 and the average in Russia for 2017 (104.4 percent).

The advanced development areas and the Free Port of Vladivostok, including foreign residents, also made a significant contribution to investment growth.³⁴⁷ Chinese investment accounts for 30 per cent of the total foreign investment and exceeds 50 per cent of the investment from the Asia Pacific countries.³⁴⁸

In 2017, Chinese investors became the chief foreign participants in Russian territories of advanced development in terms of the money invested. They were

³⁴² Russia–China Investment Cooperation // Website of the Russian Representative Office for Trade in China.
URL: <http://www.russchinatrade.ru/ru/ru-cn-cooperation/investment> (In Russian).

³⁴³ Volga–Yangtze Cooperation Council Convenes in China // TASS. 16.06.2017.
URL: <http://tass.ru/ekonomika/4341518> (In Russian).

³⁴⁴ Ibid.

³⁴⁵ Website of the Russia–China Investment Fund for Regional Development. URL: <http://ifrd.ru/ru> (In Russian).

³⁴⁶ On the Launch of the Russia–China Inter-Regional Cooperation Years Project // Official Website of the Ministry of Foreign Affairs of the Russian Federation. 12.02.2018.
URL: http://www.mid.ru/ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/3070896 (In Russian).

³⁴⁷ Investments in Far East Grow 17.1% in 2017 // Website of the Ministry for the Development of the Russian Far East. 12.03.2018. URL: <https://www.minvr.ru/press-center/news/13709> (In Russian).

³⁴⁸ Li Hui: China Set to Build Ties with Russia // RIA Novosti. 25.12.2017.
URL: <https://ria.ru/interview/20171225/1511528231.html> (In Russian).

represented in the Kagalassy, Khabarovsk, Priamurskaya, Nadezhdinskaya and Amuro-Khinganskaya areas.³⁴⁹

Despite some progress in promoting territories of advanced development, a group of auditors from the Accounts Chamber of the Russian Federation, having conducted a study, identified several problems in 2017 similar to those that used to hold back the development of special economic zones. These problems include holdups with the construction of infrastructure facilities and the poorly developed legislative base and insufficiently thought-through criteria for the operation of the territories of advanced development and the selection of residents.³⁵⁰

Representatives of the business community also point out that the utility networks are obsolete, and the transport infrastructure is congested and not up to standard.³⁵¹ Residents of the Free Port of Vladivostok have difficulties renting land plots;³⁵² they complain about red tape, the poor overland customs infrastructure, the low demand for the free customs zone procedure, the absence of privileges for companies already operating in the Far East, and the inconvenient expedited VAT recovery procedure.³⁵³

Since the territories of advanced development, the Free Port of Vladivostok and the special economic zones are all based on similar mechanisms, it is essential to draw conclusions from their practice so far to avoid similar mistakes. As of March 2018, the Far East Development Corporation had signed vital agreements to supply water, sewerage systems, gas, electricity and, wherever necessary, heat to the areas. Over 120 infrastructure facilities are under construction, most of which will be operational in 2018–2019.³⁵⁴

New Russia–China projects in the Far East include the joint manufacture and distribution of trucks manufactured by China's largest automaker FAW within the Free Port of Vladivostok,³⁵⁵ and the launch of a facility specialising in the production of sandwich panels in the Amuro-Khinganskaya territory of advanced development in the Jewish Autonomous Oblast.³⁵⁶

³⁴⁹ Territories of Advanced Development // Website of the Ministry for the Development of the Russian Far East. URL: <https://minvr.ru/activity/territorii-operezhayushchego-razvitiya/> (In Russian).

³⁵⁰ Territories of Advanced Development in Russian Far East Risk Meeting Fate of Special Economic Zones // Vedomosti. 25.10.2017. URL: <https://www.vedomosti.ru/economics/articles/2017/10/25/739247-territorii-operezhayushchego-razvitiya> (In Russian).

³⁵¹ Territories of Advanced Development 2.0 // Investors Talk. Eastern Economic Forum // TASS. URL: <http://tass.ru/vef-2017/articles/4541227> (In Russian).

³⁵² Free Port of Vladivostok Skidding So Far // Deita. 05.12.2017. URL: <http://deita.ru/news/svobodnyj-port-vladivostok-poka-buksuet/> (In Russian).

³⁵³ Free Port of Vladivostok: Achievements and Challenges. Eastern Economic Forum // TASS. 06.09.2017. URL: <http://tass.ru/vef-2017/articles/4538137> (In Russian); Experts: Vladivostok's Free Port Regime Allows for Faster Returns on Investment. Eastern Economic Forum // TASS. 06.09.2017. URL: <http://tass.ru/vef-2017/articles/4536634> (In Russian).

³⁵⁴ Construction of Infrastructure for Advanced Development Areas in Full Swing in Far East // Website of the Far East Development Corporation. 28.12.2017. URL: <http://erdc.ru/news/na-dv-idyet-aktivnoye-stroitelstvo/> (In Russian).

³⁵⁵ Free Port Resident to Assemble Chinese FAW Lorries in Primorsky Krai // Novosti Vladivostoka. 27.10.2017. URL: <http://www.newsvl.ru/vlad/2017/10/27/164432> (In Russian).

³⁵⁶ Chinese Investor Launches First Project in the Territory of Advanced Development in the Jewish Autonomous Oblast // RIA Novosti. 24.10.2017. URL: https://realty.ria.ru/news_cre/20171024/1507466803.html (In Russian).

As part of China's drive to restructure its coal-mining industry, Mechel (Chelyabinsk Metallurgical Plant) and China's Jidong Cement signed a memorandum in 2017 for the delivery to the latter of up to three million tonnes of thermal coal from the Elginsky (Elgaugol) and Neryungrinsky (Yakutugol) deposits.³⁵⁷

The Republic of Tatarstan serves as an example of prosperous Russia–China regional cooperation. Tatarstan possesses a wealth of natural resources and boasts developed industrial capacities. The republic has led the national investment climate ranking of Russian regions since 2015.³⁵⁸ It is an example of joint projects being carried out with China outside the economically developed Central Federal District and the Far Eastern Federal District, which border China.

Tatarstan's trade with China grew by 51.89 percent in 2017 to \$565.6 million;³⁵⁹ imports increased 21.42 per cent in monetary terms, and exports rose by 115.18 per cent.

Several measures are being taken to attract Chinese investors to Tatarstan. First, the republic actively promotes the use of tax preferences, offering reduced income and property tax rates for investors.³⁶⁰ Tatarstan also makes active use of the Alabuga and Innopolis special economic zones and has set up a territory of advanced development in Naberezhnye Chelny.³⁶¹ The residents of these areas also enjoy tax breaks.

As a result, Chinese companies are launching local production and jointly developing technology projects in Tatarstan. Joint ventures have been launched for the manufacture of X-ray, alpha, beta and gamma radiation equipment, medical instruments, refrigerators, and equipment for thermal electricity generation.³⁶² A facility for the advanced processing of gas and production of methanol, ammonia and granulated carbamide has been commissioned in the town of Mendeleevsk, the first such project in Russia's nitrogen industry. The project is being implemented by the China National Chemical Engineering Company and the Tatarstan-based company Ammonii.³⁶³

In September 2017, the Government of the Republic of Tatarstan approved the project to create the Xiaoxiang–Volga Agricultural Park for the biological process–

³⁵⁷ One year prior to that, the companies struck a similar deal and saw it through. For details see: *Commodities with Potential // Vostok Rossii*. 29.01.2018. URL: <https://www.eastrussia.ru/material/tovary-s-potentsialom> (In Russian).

³⁵⁸ *Chinese Investment Prospects // Expert Tatarstan*. 01.04.2017. URL: <https://experttr.ru/economy/perspektivy-i-kitajskix-investicij.html> (In Russian).

³⁵⁹ *Customs Statistics on the Foreign Trade of the Republic of Tatarstan in 2016 // Customs Statistics Department of the Volga Customs Directorate of the Federal Customs Service of the Russian Federation*. URL: <http://ptu.customs.ru/attachments/article/9731/%D1%8F%D0%BD%D0%B2%D0%B0%D1%80%D1%8C-%D0%B4%D0%B5%D0%BA%D0%B0%D0%B1%D1%80%D1%8C%202016%D0%B3.doc> (In Russian).

³⁶⁰ *Cooperation with China as the Locomotive of Small and Medium-Sized Business in the Republic of Tatarstan // Website of the Russian–Asian Union of Industrialists and Entrepreneurs*. 08.09.2017. URL: https://raspp.ru/press_center/sotrudnichestvo-s-kitajem-kak-dvigatel-razvitiya-malogo-i-srednego-predprinimatelstva-respubliki-tata (In Russian).

³⁶¹ *Two New Residents Registered in Naberezhnye Chelny Territory of Advanced Development // TASS*. 09.08.2017. URL: <http://tass.ru/ekonomika/4471744> (In Russian).

³⁶² *China's Investment Prospects // Expert Tatarstan*. 01.04.2017. URL: <https://experttr.ru/economy/perspektivy-i-kitajskix-investicij.html> (In Russian).

³⁶³ *Chinese Consul General in Kazan: "Large Number of Chinese Businesses to Come to Tatarstan" // Business Online*. 04.05.2017. URL: <https://www.business-gazeta.ru/news/344969> (In Russian).

ing of 300,000 tonnes of grain crops (cereals and legumes) annually. The pilot project is being implemented with the participation of Chinese investors in the Laishevsky Municipal District.³⁶⁴ The relevant agreement was signed in February 2017 between China's Sunward Corporation and the Ministry of Agriculture and Food of the Republic of Tatarstan.³⁶⁵

Other promising projects include the ongoing cooperation with Chinese company Haier, which has localised the manufacture of refrigerators in Naberezhnye Chelny and is planning to launch production of washing machines. Haier also intends to create a hi-tech industrial park in Tatarstan.³⁶⁶ Work is underway to select a production site for a Chinese manufacturer of LCD panels, and cooperation with a Chinese manufacturer of road construction equipment is moving forward.³⁶⁷

Bilateral cooperation can also be effectively promoted through contacts with Chinese alumni of Tatarstan's universities and their involvement in new cooperation projects. Tatarstan's IT Park has signed a cooperation agreement with the Shenzhen Hi-Tech Industrial Park, whose director was a student and then a visiting professor at Kazan Federal University in the late 1980s and the early 1990s.³⁶⁸

Talks are underway to develop cooperation with Huawei, Shenzhen Industrial Park's resident. As part of this process, an agreement has been reached on setting up a Huawei IT and communications academy on the premises of Kazan Federal University. Talks are ongoing on expanding trade and economic and technological cooperation with the company.³⁶⁹

The Republic of Tatarstan now has a representative office for trade and economy in Beijing, and China opened a Consulate General in Kazan in February 2017.³⁷⁰ The first high-speed container train from Kazan to Chengdu was launched in early 2018.³⁷¹

Special regimes are being created in many other Russian regions to attract foreign capital and develop localised production of Chinese commodities. For example, a

³⁶⁴ Rustam Minnikhanov Holds a Regular Presidium Meeting of the Investment Council of the Republic of Tatarstan // Portal of the Government of the Republic of Tatarstan. 09.10.2017.

URL: <http://prav.tatarstan.ru/rus/index.htm/news/1029879.htm> (In Russian).

³⁶⁵ China's Investment Prospects // Expert Tatarstan. 01.04.2017.

URL: <https://expert.ru/economy/perspektivyi-kitajskix-investiczij.html> (In Russian).

³⁶⁶ Chinese Business Coming to Russia via Tatarstan // KazanFirst. 15.09.2017.

URL: <https://kazanfirst.ru/articles/437852> (In Russian).

³⁶⁷ China's Investment Prospects // Expert Tatarstan. 01.04.2017.

URL: <https://expert.ru/economy/perspektivyi-kitajskix-investiczij.html> (In Russian).

³⁶⁸ IT Park Signs Agreement with Leading Chinese Science Park // Website of the Ministry of Informatization and Communications of the Republic of Tatarstan. 20.11.2017.

URL: <http://mic.tatarstan.ru/rus/index.htm/news/1060396.htm> (In Russian).

³⁶⁹ Huawei Becomes Digital Transformation Partner of Tatarstan Government // ComNews. 30.01.2018. URL: http://www.cnews.ru/news/line/2018-01-30_huawei_stala_partnerom_pravitelstva_respubliki. (In Russian). Cooperation with the company on testing and developing 5G networks in Tatarstan should also begin in the coming years. For more detail, see: Tattelcom, Huawei, Ministry of Informatization and Communications of the Republic of Tatarstan to Develop 5G at Innopolis // RIA Novosti. 08.11.2017. URL: <https://ria.ru/society/20171108/1508418837.html> (In Russian).

³⁷⁰ Chinese Business Coming to Russia via Tatarstan // KazanFirst. 15.09.2017.

URL: <https://kazanfirst.ru/articles/437852> (In Russian).

³⁷¹ First High-Speed Container from Kazan to China Train Launched // Tatar-Inform. 30.01.2018.

URL: <http://www.tatar-inform.ru/news/2018/01/30/595335/> (In Russian).

factory is under construction in Tula Region that will manufacture Chinese Great Wall cars, and territories of advanced development are being set up in single-industry towns.³⁷²

It would be wise to study the experience of the Republic of Tatarstan, as well as that of other Russian regions in developing trade, economic and investment cooperation with China, exchanging best practices among regional businesses and government officials, and inform entrepreneurs about common mistakes. It would also be worthwhile to systematise this cooperation and implement it in the format of specialised industrial clusters that would unite enterprises and scientific and staff training centres for all the links of the production chain for relevant products.

³⁷² Russian Great Wall Factory to Begin Commissioning Procedures in September 2018 // Autostat. 29.12.2017.
URL: <https://www.autostat.ru/news/32635/> (In Russian).

Russia–China Military–Technical Cooperation

Russia–China military–technical cooperation in 2017 mainly implied execution of significant agreements of the preceding years. There were no breakthroughs in the form of new large-scale contracts.

As of early 2018, China accounted for approximately 14.4 per cent of the Russian defence industry's total portfolio of orders, worth \$6.5 billion. Work continued on a number of important agreements involving the joint production of military and dual-use equipment, including deliveries of S-400 SAM systems, Sukhoi Su-35 fighters and other products to China, as well as talks on the joint development of a heavy-lift helicopter and a wide-body long-range aircraft.

Given the growing mutual trust between the ministries of defence of the two countries, military–technical cooperation can be expected to expand to cover new, more sensitive areas. When appraising the influence of Russia and China's strengthening political relations on bilateral military–technical cooperation, the long lead times and numerous technical nuances in the preparation of major contracts in this field should be considered. At the same time, the two countries have recently been less transparent about their military cooperation.

As of March 2018, no open-source data were available regarding any new major defence contracts between Russia and China that might have been signed in 2017. This, however, does not mean that no contracts were signed: in December 2017, the Russian-Chinese Mixed Intergovernmental Commission on Military-Technical Cooperation held a meeting in Moscow, which led to a further meeting between Vice Chairman of Central Military Commission, Colonel General Zhang Youxia, and President of the Russian Federation Vladimir Putin.³⁷³

This unscheduled meeting might indicate that an agreement had been made on new joint projects, information about which has not yet been released to the public. In the meantime, Russia and China continue to implement significant arms and military equipment delivery contracts signed in 2014–2016. The growing share of services rendered, and components supplied makes it difficult to tell whether new contracts were signed: instead of a relatively small number of major contracts, the parties sign a multitude of smaller-scale deals.

Vladimir Kozhin, Aide to the President of the Russian Federation on military–technical cooperation at the time, claimed China accounted for approximately 14.4 per cent of the Russian defence industry's total portfolio of orders, worth \$6.5 billion. For the first time in years, China outstripped India in the volume of defence imports from Russia in 2017, even though more than 50 per cent of all Russian arms deliveries were to the Middle East.

Russia continued to supply China with S-400 SAM systems, Su-35 fighters (ten delivered), Beriev Be-200 and Be-103 amphibious aircraft, Mi-171, Kamov Ka-

³⁷³ Meeting with Zhang Youxia. Vice Chairman of the Chinese Communist Party's Central Military Commission // Official Website of the President of the Russian Federation. 07.12.2017.
URL: <http://www.kremlin.ru/events/president/news/56327> (In Russian).

32A11VS and Ansat helicopters. Russia also continued to deliver aircraft engines to China and conduct joint military research and development work with the country.³⁷⁴ Despite this, the value of Russia's portfolio of military contracts with China declined slightly compared to the end of 2016.

During the China International Aviation & Aerospace Exhibition held in Zhuhai in November 2016, Deputy Director of the Federal Service for Military-Technical Cooperation Vladimir Drozhzhov announced that the volume of active defence contracts with China exceeded \$8 billion and several new agreements were in the negotiation stage. This means that, at the time, China accounted for over 15 per cent of Rosoboronexport's portfolio, which stood at \$52 billion as of October 2016.³⁷⁵ In other words, Russia in 2017 was fulfilling its obligations under existing defence contracts and was concluding new deals at a slightly faster pace.

Russia and China significantly boosted the volume of bilateral defence cooperation in 2016, with arms deliveries exceeding \$3 billion.³⁷⁶ Adjusted for inflation, this sum was only slightly less than the record \$2.7 billion set in 2002 (or \$3.6 billion in the 2016 prices).

The countries also signed several new contracts. Contracts were signed on November 1, 2016, to deliver five *Mi-171*, *Ka-32* and *Ansat* helicopters to China, with an option for a further 13.³⁷⁷ In July 2017, it was announced that Russia would supply ten of these vehicles through to mid-2018 (presumably as part of the option that accompanied the previous agreement).³⁷⁸ These rotorcrafts will be delivered to Chinese commercial operators. The *Be-200 Altair* amphibious aircraft, which are to be delivered under the contract signed in November 2016 (two firm orders plus an option for two more, with deliveries in 2018), are also formally intended for civilian use.³⁷⁹

Russia continued to implement prior contracts, primarily the 2014 contract to deliver *S-400* systems to China and the 2015 contract to supply *Su-35* fighters. The latter calls for the delivery of 24 warplanes worth at least \$2 billion in total and has been progressing by the original schedule, which stated that the first four airframes should be delivered in 2016, with ten following in both 2017 and 2018.³⁸⁰

³⁷⁴ Vladimir Kozhin's Interview with the TV channel Russia-24.
URL: <https://youtu.be/bN9KtsEHhZ0> (In Russian).

³⁷⁵ China Regains Status as Top-Five Importer of Russian Weaponry // *Vedomosti*. 01.11.2016.
URL: <https://www.vedomosti.ru/politics/articles/2016/11/02/663309-kitai-krupneishih-importerov> (In Russian).

³⁷⁶ Russian Defence Minister Notes Serious Progress with Implementation of Defence Cooperation Contracts between Russia and China // Official Website of the Ministry of Defence of the Russian Federation Ministry. 23.11.2016.
URL: https://function.mil.ru/news_page/world/more.htm?id=12104572@egNews (In Russian).

³⁷⁷ Russia to deliver Five Mi-171, Ka-32, Ansat Helicopters to China // *Kommersant*. 01.11.2016.
URL: <https://www.kommersant.ru/doc/3131981> (In Russian).

³⁷⁸ Russia to Deliver 10 Helicopters to China // *RIA Novosti*. 20.07.2017.
URL: <https://ria.ru/economy/20170720/1498822281.html> (In Russian).

³⁷⁹ Two Russian Be-200 Amphibious Aircraft Sold to China // *Vedomosti*. 02.11.2016.
URL: <https://www.vedomosti.ru/business/articles/2016/11/02/663381-kitai-gidrosamoleta-be-200> (In Russian).

³⁸⁰ Russia to Deliver 10 Su-35 Fighters to China in 2017 // *TASS*. 02.02.2017.
URL: <http://tass.ru/armiya-i-opk/3990731> (In Russian).

According to several Chinese Internet resources, China had already received 14 of the aircraft by December 2017.³⁸¹ Russia also continues to honour its obligation to supply China with four *S-400 SAM* battalions to the tune of \$2 billion under the contract signed in November 2015. The systems are to be delivered in two batches of two battalions, with the first to come in December 2017 or January 2018 and the second to follow in May or June 2019. Each delivery will include a regiment-level command post. Russian military sources point out that the second delivery, to be made in 2019, will include “improved” missiles, which may indicate that Russia intends to supply China with *40N6E* missiles, which have a maximum effective range of 400 km.³⁸²

Very little information is available on the progress of the anti-ship missile systems project.³⁸³ We may assume that the contract calls for licence production in China of *YJ-18* anti-ship missiles, which are basically identical to Russia’s *3M-54E* missiles.

Russia continues to supply large quantities of aircraft engines to China, including as part of the October 2016 contracts to deliver approximately 100 *Saturn AL-31F* power plants and a similar number of *Soloviev D-30KP-2* engines, worth a total of around \$1 billion.³⁸⁴

Cooperation continues in joint development and exchange of technologies. Several potential joint projects were preceded by protracted talks, including the agreement to jointly develop a heavy-lift helicopter. In fact, the negotiations surrounding this contract were the longest ever in the history of the two countries. Russia and China began talks back in 2008–2009, but it was not until May 2016 that the parties signed a framework agreement. Even though in early 2017, Russia and China announced their readiness to sign a contract to develop a rotorcraft with a maximum take-off weight of 38 tonnes and a payload capacity of 15 tonnes before the end of the year, nothing was signed so far. At present, Rostec expects the contract to be signed in 2018.³⁸⁵

Another major joint project in dual-purpose technologies concerns the development of wide-body long-range aircraft known in China as the *C929*. This project has been progressing more rapidly. The parties agreed on setting up the China–Russia Commercial Aircraft International Co. joint venture back in late 2016. Preparations are underway to set up a joint engineering centre in Russia and another at CRAIC’s headquarters in Shanghai. A certain amount of design work

³⁸¹ Russia Reportedly Delivers 14 Su-35 Fighters to China to Match 12 U.S.-made F-35s in Okinawa // Xinlangjunshi. 07.11.2017. URL: <http://mil.news.sina.com.cn/jssd/2017-11-07/doc-ifynnnsc8146060.shtml> (In Chinese).

³⁸² Russia to Complete Delivery of Two S-400 Regiments to China in Summer 2019 // TASS. 17.03.2016. URL: <http://tass.ru/armiya-i-opk/2746717> (In Russian).

³⁸³ Russia to Supply China with S-400s and Su-35 Fighters Anti-Ship Missile Systems // Aviation Explorer. 21.02.2017. URL: <https://www.aex.ru/news/2017/2/21/166570> (In Russian).

³⁸⁴ China Continues to Purchase Military Aircraft Engines from Russia // Vedomosti. 25.10.2016. URL: <https://www.vedomosti.ru/politics/articles/2016/10/25/662267-voennih-aviadigatelei-rossii> (In Russian).

³⁸⁵ Rostec Planning to Sign Contract on Russia–China Helicopter in 2018 // Infoshos. 27.11.2017. URL: <http://www.infoshos.ru/?idn=17448> (In Russian).

has been completed. The countries agreed to jointly develop and manufacture the *Aviadvigatel PD-35* engine for the airliner.³⁸⁶

Russia continued to purchase small batches of Chinese ship motors in 2017 after the German diesel power plants were placed under sanctions. Tests indicated the quality of the Chinese motors did not always meet the Russian criteria. In March 2017, news broke about an incident in mid-2016, when the diesel engines produced by China's Henan Diesel Engine Industry Co. for Russia's Rybinsk-built Project 21980 *Grachonok*-class anti-saboteur broke down during the very first test.³⁸⁷

Russia and China are nearing completion of talks on production, in China, of micro-chips for Russian projects. In fact, Russia already has prior experience in purchasing electronic components from China and exporting them to the country.³⁸⁸

Moscow and Beijing continued with the protracted talks on deliveries to China of *RD-180* liquid-fuel rocket engines with possible subsequent licence production.³⁸⁹ There is no clarity as to the contract's prospects and Beijing's plans for the engines.

Overall, Russia–China military-technical cooperation in 2017 was mostly about implementing the contracts signed during the preceding years. There were no breakthroughs in the form of new large-scale contracts. At the same time, the countries continued to work on several agreements involving the joint production of military and dual-use equipment. The expansion of contacts between the ministries of defence of the two countries that has been observed in recent years gives hope that military-technical cooperation will expand further to cover new, more sensitive areas, given the growing mutual trust in the military sphere.

When appraising the influence of Russia and China's strengthening political relations on bilateral military-technical cooperation, the long lead times and numerous technical nuances in the preparation of major contracts in this field should be considered. This work takes at least three to five years on average, sometimes longer.

One more thing to reckon with is that the two countries have been increasingly less transparent regarding bilateral defence contacts, with the volume of open-source materials available on the subject having noticeably decreased, presumably at China's request.

³⁸⁶ Russia, China Complete First Phase of Creating Rival for Boeing and Airbus // Rossiyskaya Gazeta. 13.11.2017.
URL: <https://rg.ru/2017/11/13/rossijsko-kitajskij-samolet-cr-929-stanet-konkurentom-boeing-i-airbus.html> (In Russian).

³⁸⁷ Manufacturer Fined 750,000 for the Breakdown of Military Boat Engines // Fontanka. 27.03.2017.
URL: <https://www.fontanka.ru/2017/03/27/082/> (In Russian).

³⁸⁸ Viktor Klodov: Rostec's Global Market not Shrinking, there are New Points of Growth // Russian Weapons. 21.11.2017.
URL: http://www.arms-expo.ru/news/vzaimodeystvie/viktor_klodov_mirovoy_rynok_dlya_rostekha_ne_szhimaetsya_est_novye_tsentry_rosta/ (In Russian).

³⁸⁹ Russia Mulling RD-180 Missile Engine Production Licence for China // Pravda News. 28.11.2017.
URL: <http://pravdanews.info/rossiya-obsuzhdaet-peredachu-kitayu-litsenzii-na-raketnye-dvigateli-rd-180.html> (In Russian).

Cooperation between Russia and China in Education, Culture, Sports, Media and Related Areas

Cooperation between Russia and China in Education, Culture, Sports, Media and Related Areas: Key Events, Priority Areas and Support at the Government Level

Cooperation in education, culture, sports, media and related areas between Russia and China continued to develop in 2017 and early 2018. This cooperation is based on government-level support and strong ties between the Russian and Chinese peoples. At a session of the Intergovernmental Commission for Humanitarian Cooperation, the parties signed eight agreements on education, culture, cinema, healthcare, tourism and youth policy.

*2017 saw the launch of the first joint Russian and Chinese university, Shenzhen MSU–BIT University. Russian and Chinese companies have agreed on joint film production and exchange, including the first Russia–China animated film *Krosh and Panda*.*

Bilateral and multilateral events and forums were developed in 2017, as did contacts between the two countries on youth policy. In the autumn of 2017, a Chinese delegation participated in the 19th World Festival of Youth and Students in Sochi.

Bilateral years have been actively used in the cooperation between the two countries. The parties have praised the results of the 2016–2017 Media Cooperation Years, and the Russia–China Years of Inter-Regional Cooperation will be held in 2018–2019 and help further develop friendly contacts between the regions and cities of the two countries.

The 2018 FIFA World Cup in Russia and the 2022 Winter Olympics in Beijing and Zhangjiakou open new prospects for cooperation between the sports communities of the two countries.

Russia–China humanitarian cooperation has been given additional impetus by the alignment of the EAEU and the Belt and Road Initiative, as well as through the expansion of ties with other countries involved in the implementation of integration initiatives.

Scientific, educational, and cultural cooperation between Russia and China continues to develop steadily. Humanitarian ties between the countries strengthened in 2017, producing tangible results.

On September 12–13, 2017, the focus of this activity was the city of Guangzhou in Guangdong Province, which hosted the 18th session of the Russian-Chinese Commission for Humanitarian Cooperation. Like in the previous years, the commission was co-chaired by Deputy Prime Minister of the Russian Federation Olga

Golodets and Vice Premier of the State Council of the People's Republic of China Liu Yandong.³⁹⁰

The session focused on the consistent efforts to promote cooperation on education, youth policy, culture, cinematography, tourism, archival affairs and health-care.³⁹¹ Liu remarked that in 2016 and 2017 (the Media Exchange Years), Moscow and Beijing had achieved much in humanitarian cooperation and elevated that cooperation to a new, mature and stable level.

A total of eight agreements were signed by the relevant government agencies of the two countries at the session,³⁹² including agreements on education, culture, cinematography, tourism and youth policy.³⁹³ The 19th session of the Russian-Chinese Commission for Humanitarian Cooperation will be held in Russia in 2018.

The 18th session included a presentation of the first joint Russia–China animated film, *Krosh and Panda*. Plans were also announced to produce a documentary series to mark the 70th anniversary of diplomatic ties between Russia and China.³⁹⁴ Digital Television Russia and China's Dazzle Interactive signed an agreement giving the Chinese company the rights to broadcast several Russian cartoons, thus marking another step towards the development of cooperation in cinematography and television between the two countries.³⁹⁵

The meeting also featured a grand ceremony to open the first Russia–China University, a joint project between Moscow State University and Beijing University of Technology in Shenzhen.

The students have already commenced studies at the university's temporary campus. They are currently studying Russian to be able to take classes in future.³⁹⁶ It is still too early to discuss the quality of education offered by the new university and the success of the joint initiative. The project attracts significant attention because several Russian universities are interested in venturing out into the Chinese education market.

Russia and China pay a great deal of attention to cooperation in science, education, culture, tourism and sport. The parties attach particular importance to the activities of the Russian-Chinese Commission for Humanitarian Cooperation and through their joint efforts contribute to the implementation of the Action Plan

³⁹⁰ 18th session of the Russian-Chinese Commission for Humanitarian Cooperation Takes Place // Official Website of the Government of the Russian Federation. 13.09.2017. URL: <http://government.ru/news/29226/> (In Russian).

³⁹¹ Ibid.

³⁹² 18th session of the Russian-Chinese Commission for Humanitarian Cooperation Takes Place // Xinhua. 13.09.2017. URL: http://news.xinhuanet.com/politics/2017-09/13/c_1121659461.htm (In Chinese).

³⁹³ Russia and China set Serious Goals in Humanitarian Cooperation // RIA Novosti. 12.09.2017. URL: <https://ria.ru/society/20170912/1504303222.html> (In Russian).

³⁹⁴ Russia and China Planning to Shoot Documentary Devoted to 70th Anniversary of Diplomatic Relations // Website of the Russian Embassy in China. 13.09.2017. URL: <http://www.russia.org.cn/ru/news/rossiya-i-kitaj-planiruyut-snyat-dokumentalnyj-film-k-70-letiyu-dipnotshenij/> (In Russian).

³⁹⁵ Russia and China // My i Kitai. Monthly Publication on Life Behind the Great Wall. 10.11.2017. URL: <http://weandchina.ru/2017/11/10/%D1%80%D0%BE%D1%81%D1%81%D0%B8%D1%8F-%D0%B8%D0%BA%D0%B8%D1%82%D0%B0%D0%B9-%D0%BD%D0%BE%D0%B2%D0%BE%D1%81%D1%82%D0%B8/> (In Russian).

³⁹⁶ Sadovnichy Announces Launch of Studies at Russian-Chinese University // TASS. 31.08.2017. URL: <http://tass.ru/obschestvo/4520685> (In Russian).

for the Development of Cooperation in the Humanitarian Sphere.³⁹⁷ The bilateral efforts include:

- Facilitating the operation of the joint Russia–China university in Shenzhen to train highly qualified specialists for practical cooperation in various fields, as well as to develop inter-university cooperation, the study of the Russian language in China and the Chinese language in Russia, eventually bringing the number of students involved in academic exchanges up to 100,000 by 2020;
- Jointly holding festivals, days of culture and cinema, television festivals, thus strengthening and deepening links between cultural organisations, academies of arts and performance groups;
- Holding joint athletic events, including the Russian–Chinese Summer and Winter Youth Games and the International Silk Way Rally, as well as cooperation in preparation for holding the 2022 Beijing Winter Olympic Games;
- Supporting the interaction of Russian and Chinese media;
- Stimulating tourist exchanges, including through improving the rules for working in the tourism market and tourist exchange procedure, improving the infrastructure, increasing the quality and coverage of tourist services, deepening cooperation in historical, military and patriotic tourism;
- Facilitating youth contacts;
- Facilitating cooperation between the archival institutions of the two countries, including sharing best practices, producing joint documentaries, holding exhibitions, and conducting studies into the history of Russia and China and their bilateral relations;
- Strengthening cooperation in the protection and maintenance of military memorial sites.³⁹⁸

The 15th China Annual Conference for International Education (China Education Expo) held in Beijing on October 20–22, 2017 in which 25 Russian universities took part, was an important event, with the Russian representatives actively establishing ties with Chinese companies that specialise in sending students abroad to study.

This work is being overseen by a special department of the Ministry of Science and Education of the Russian Federation as part of the project to develop the export potential of the Russian education system.³⁹⁹ International education exchange centres and recruiting companies also play a part in attracting Chinese students to Russian universities.⁴⁰⁰

³⁹⁷ Memorandum on the Implementation of the Action Plan for the Development of Cooperation in the Humanitarian Sphere. URL: <http://docs.cntd.ru/document/499014828> (In Russian).

³⁹⁸ Joint Statement by Russia and China on the Further Development of Comprehensive Partnership and Strategic Cooperation // Official Website of the President of the Russian Federation. 04.07.2017. URL: <http://kremlin.ru/supplement/5218> (In Russian).

³⁹⁹ 15th China Education Expo Held in Beijing // Website of the Ministry of Education and Science of the Russian Federation. 23.10.2017. URL: <http://xn--80abucjiibhv9a.xn--p1ai/%D0%BD%D0%BE%D0%B2%D0%BE%D1%81%D1%82%D0%B8/11286> (In Russian).

⁴⁰⁰ Igor Pozdnyakov. Promotion of Russian Education in China: Challenges and Prospects. *International Affairs*, 2017, No 11. URL: <https://interaffairs.ru/jauthor/material/1941> (In Russian).

On December 30, 2017, Xi Jinping replied to a letter from Chinese students studying at Moscow State University and sent a message containing several suggestions to Moscow.⁴⁰¹ This was hailed as an important event by Chinese officials in their speeches on humanitarian ties with Russia, in which they pointed to the significant amount of attention that the Chinese leadership pays to bilateral cooperation, including cooperation in education. The 19th National Congress of the Communist Party of China and the 100th anniversary of the 1917 October Revolution in Russia are also recognised as significant events in the humanitarian cooperation between the two countries.

Bilateral festivals, fairs and other cultural events have become a foundation of the humanitarian cooperation between two countries, and bilateral relations on youth policy developed in 2017. A Chinese delegation attended the 19th World Festival of Youth and Students in Sochi in the autumn of 2017.⁴⁰²

China and Russia regularly send hundreds of young people in delegations to the other country to develop youth ties. The Sino-Russian Youth Business Club has been set up to develop long-term cooperation between the youth of the two countries and create an institutionalised interaction platform.⁴⁰³

The practice of holding bilateral years is very popular with the two countries. Years of inter-regional cooperation are set to be held in 2018 and 2019,⁴⁰⁴ and will thus mark another milestone in cooperation following the national cross-years, the years of the Russian and Chinese languages, the years of tourism, and the years of youth and media.⁴⁰⁵

These two years are expected to help deepen regional humanitarian cooperation, create a solid foundation for mutual trust and promote cultural exchange between Russia and China in a new era.

Two regional cooperation mechanisms have been established in recent years: the Council of Cooperation between the Upper and Middle Reaches of the Yangtze River and the Volga Federal District,⁴⁰⁶ and the Intergovernmental Russian–Chinese Commission for Cooperation and Development of the Russian Far East and Baikal Region and the Northeast of the People’s Republic of China.⁴⁰⁷

⁴⁰¹ Education Division of the Chinese Embassy in Russia: Learning to Embrace Developmental Trends and Lay A Reliable Foundation for Humanitarian Ties between Russia and China // Shenzhou Xueren. 08.02.2018.
URL: http://www.chisa.edu.cn/news1/haiwai/201802/t20180208_968922.html

⁴⁰² 19th World Festival of Youth and Students Opens in Sochi // TASS. 15.10.2017.
URL: <http://tass.ru/wfys2017/articles/4646683> (In Russian).

⁴⁰³ Presentation of the Sino-Russian Youth Business Club. Website of the Centre for Youth and Entrepreneurial Initiatives Generation 2025. URL: <https://bschool2025.timepad.ru/event/153754/> (In Russian).

⁴⁰⁴ Russia and China to Host Hundreds of Events as Part of Interregional Cooperation Years // TASS. 12.02.2018.
URL: <http://tass.ru/politika/4951935> (In Russian).

⁴⁰⁵ Chinese Ambassador: Russia becomes China’s Key Partner in Belt and Road Initiative // TASS. 14.11.2017.
URL: <http://tass.ru/mezhdunarodnaya-panorama/4727132> (In Russian).

⁴⁰⁶ First Meeting of the Interregional Cooperation Council Takes Place in the Volga–Yangtze Format // Website of the Presidential Plenipotentiary Envoy to the Volga Federal District. 19.07.2016.
URL: <http://pfo.gov.ru/press/events/100350/> (In Russian).

⁴⁰⁷ Dmitry Medvedev: Decision Made to Form Intergovernmental Commission on Cooperation and Development of the Russian Far East and China’s Northeast // Website of the Ministry for the Development of the Russian Far East. 07.11.2016. URL: <https://minvr.ru/press-center/news/2537/> (In Russian).

Around 130 treaties have been signed on twinned cities and friendly relations between regions.⁴⁰⁸

The Inter-Regional Cooperation Years between Russia and China will undoubtedly involve more territories and more businesses in Russia–China cooperation, creating new points of growth.

China will host the Winter Olympics in 2022. This could help the two countries deepen ties in sports and athletics.

To strengthen Russia–China humanitarian cooperation, it might be useful to improve the planning and communications mechanisms, including at the level of deputy prime ministers. It is also critical to involve all the government structures, companies and public organisations in this process. Moscow and Beijing should fortify the social foundation of their cultural cooperation by stimulating and encouraging the active involvement of broad strata of the societies of both countries so that this becomes the norm in people’s behaviour. It is essential to create an environment in which friendly relations between Chinese and Russian citizens can be established.

To further promote ties between the two peoples, priority should be given to IT and innovations. The number of people aged over 16 in Russia that have access to the Internet has reached 72.8 per cent,⁴⁰⁹ with the figure standing at 97 per cent among urban youth aged 19 to 29.⁴¹⁰ In China, 73.7 per cent of citizens aged between 10 and 39 uses the Internet.⁴¹¹

It is also essential to systematise and streamline existing ties with a focus on the priority initiatives. The flagship projects are not just examples of fruitful cooperation; they serve as the foundation for further development of humanitarian cooperation mechanisms between Russia and China. These projects include, among other initiatives, the “It’s Time to Study in Russia!” academic competition, the joint university in Shenzhen, the Russian–Chinese Youth Games, the Red Tourism initiative, etc.

Russia–China humanitarian cooperation is being given a new impetus through the alignment of the EAEU and the Belt and Road Initiative. Cultural, scientific and educational ties between the two countries could involve interaction with the countries along the Belt and Road route, which would allow Russia and China to diversify their cooperation significantly.

Several pilot projects are already being implemented: a TV community has been officially set up between China (Xinjiang), Russia, Central, West and South Asia

⁴⁰⁸ China–Russia Relations // Official Website of the Ministry of Foreign Affairs of the People’s Republic of China. March 2018. URL: http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/oz_678770/1206_679110/sbgx_679114 (In Russian).

⁴⁰⁹ GfK Research: Internet Penetration in Russia // Website of GfK Russia. 16.01.2018. URL: <http://www.gfk.com/ru/insaity/press-release/issledovanie-gfk-proniknovenie-Internetainterneta-v-rossii> (In Russian).

⁴¹⁰ Google: Global Number of Internet Users to Exceed 5 Billion by 2020 // TASS. 07.06.2016. URL: <http://tass.ru/ekonomika/3344736> (In Russian).

⁴¹¹ 40th Statistical Report on the Development of the Internet in China. 04.08.2017. URL: <http://www.cac.gov.cn/cnnic40/hxsj.htm> (In Chinese).

as part of the Media Year, and the first association of Russian, Chinese, Kazakh, Kyrgyz, Uzbek and Pakistani TV broadcasters is being set up.⁴¹²

Work continues as part of the Tea Horse Road tourism partnership founded by Russia, China and Mongolia in July 2016.⁴¹³ In 2017, a total of 125 vehicles and 270 drivers from 30 countries, including Russia, Kazakhstan and China, participated in the Silk Way Rally.⁴¹⁴ Russia and China are planning to hold a forum of universities representing the Belt and Road countries and the EAEU member states.⁴¹⁵

Russia and China: Opportunities for Expanding Cooperation in Higher Education

Cooperation between Russia and China is expanding against the background of educational reforms in both countries, and it may prove worthwhile for the countries to examine how the other has modernised their national education system. At the same time it should be noted that educational reforms in both Russia and China have given rise to fierce debate in the educational communities of both countries.

The share of the population in China with access to higher education is on the rise. Considering the strategic goal to build a prosperous society based on education and science, China's mission now is to move from increasing the availability of education to improving its quality, and Beijing is continually boasting investments in this area.

China's primary educational priorities include establishing a number of state-of-the-art universities that meet international standards and turning them into sites where top-priority scientific disciplines can be developed along with innovative research through a series of specialised projects, first and foremost the Double First Class University Plan.

A significant number of Chinese nationals are going abroad to study (608,000 people in 2017), and the most prestigious places to study are the United States, the United Kingdom, Australia, Western Europe and Japan.

Russia and China aim to bring the number of participants in academic exchanges between the two countries up to 100,000 by 2020. Today, the total number of participants in programmes of this kind has reached 80,000. Approximately 30,000 Chinese students are currently studying in Russian universities, and about 17,000 Russians are studying in universities in China.

⁴¹² Completion of the 2017 Year of Chinese, Central and East European Media and Opening of the 2018 Year of Inter-Regional Cooperation between China and Central and East European Countries // Central People's Government of the People's Republic of China Official Web Portal. 12.01.2018.
URL: http://www.gov.cn/xinwen/2018-01/12/content_5256129.htm (In Chinese).

⁴¹³ Russia, China and Mongolia to Create Tea Trail for Tourists // Izvestia. 17.03.2016.
URL: <https://iz.ru/news/606497> (In Russian).

⁴¹⁴ Silk Way Rally 2017 from Russia to China via Kazakhstan Completed // Liter. 24.07.2017.
URL: https://liter.kz/ru/news/show/34973-zavershilsya_ralli_shelkovyi_put_2017_rossiya_kazahstan_kitai (In Russian).

⁴¹⁵ Forum of Chinese, Russian Transport Universities to be Held // Renmin Rebao. 15.12.2017.
URL: http://paper.people.com.cn/mrbhwb/html/2017-12/15/content_1823656.htm (In Chinese).

The interest shown by Russian students in receiving an education in China is due to the rapid growth of China's importance as a state with some of the world's highest scientific development indicators. Meanwhile, Chinese students are interested in studying in Russia because the cost of receiving an education at many leading Russian universities, the quality of which is comparable to Western universities, remains relatively low.

The government supports an expansion of mutual educational exchanges. What is more, leading Russian universities are developing additional measures to attract Chinese students, including launching Chinese versions of their websites.

Russian and Chinese universities also cooperate on joint research projects, laboratories and educational programmes. A significant innovation intended to further develop cooperation in higher education is the creation of joint Russia–China associations that unite universities with a shared focus or regional universities, though at this stage, inter-university associations have not made a significant contribution to the development of practical educational cooperation.

Cooperation between Russia and China is expanding at a time when educational reforms are being carried out in both countries. There are several shared features in the processes taking place in Russia and China, and it may prove worthwhile for the countries to examine how the other has modernised their national education system. For instance, the National Research University Higher School of Economics and the National Institute for Education Sciences of China signed an agreement in September 2017 to study the modernisation of each national education system.⁴¹⁶

Higher education reform in Russia has given rise to a number of discussions. The measures developed by the Ministry experts that are based on the European education system and aimed at bringing the Russian system more into line with the needs of the market all too often have the opposite effect: the many formal requirements related to organising the educational process continue to increase, as does administrative pressure on the faculty, and considerable time is spent on procedural documentation and efforts to ensure compliance with scientometric criteria of effectiveness and achieving high positions in ratings, which often fail to reflect the actual quality of education.

The current stage of development of the higher education system in China can be characterised by the fact that the share of the population with access to higher education is on the rise. As urbanisation continues rapidly, this trend may continue for the foreseeable future, and China will be able to catch up with those countries where higher education has already become accessible to most families.

By 2012, thirty years of reforms had led to youth involvement in the system of higher education growing from 4 per cent to 26.7 per cent. This figure was set to

⁴¹⁶ HSE and China's National Institute of Education Sciences Launch Joint Research Project // Website of the HSE Institute of Education. 13.09.2017. URL: <https://ioe.hse.ru/news/209314874.html> (In Russian).

reach 40 per cent by 2020, but forecasts have been readjusted upwards recently, setting it as high as 50 per cent.

Admissions to Chinese universities for basic (Bachelor's) and short-term programmes have been on the increase since the late 1990s, as has the share of Master's and postgraduate students among the total number of those receiving a higher education.

At the same time, as the ambitious task of transitioning from the current economic model to an innovative one continues to make headway, the system of higher education is faced with increasingly complex tasks. The state is continually increasing investment in material and technical assistance for universities, which now find themselves among the world's best-equipped.

Despite criticism from the Chinese educational community, the strategy of artificially motivating universities to meet international standards has furthered university reforms, while also serving as a basis for pointing out the weaknesses in the Chinese higher education system. Remuneration of scientific and pedagogical workers is improving, and the scale of international scientific and educational cooperation is expanding.

The Chinese government is constantly increasing investments in science and education following the introduction of the strategic "*Science and education will make China prosperous*" course. The total cost of education (including primary and secondary education) in 2012 was 2.2 trillion yuan (central and local government spending). In 2015, spending on education rose to 2.92 trillion yuan.⁴¹⁷

At the same time, China's task for the near future is to move from being a "state with a grandiose education system" to a "state with a strong education system," or from spreading education to improving the quality of education.

China's primary educational priorities include establishing a few international standard state-of-the-art universities and turning them into sites where top-priority scientific disciplines can be developed along with innovative research through a series of specialised projects. The most famous until recently were projects 211 and 985.

Project 211 was launched in 1995 and is aimed at creating one hundred best universities in the country (there are 112 at present). The goal of Project 985, which was launched in May 1998 and covers 39 universities, is to help a few Chinese universities break into the world's top 100 rankings.

Other pilot projects for which the state allocates special-purpose budget funds include the Plan for Scientific and Technological Innovations in Higher Education, the Project for Improvement and Reform of Higher Education, the Innovative PhD Education Project, and the Plan for Scientific and Technical Innovations in Higher Education, among others.⁴¹⁸

⁴¹⁷ General Provision on the Development of the Education System of the People's Republic of China // Department for International Cooperation and Exchange of the Ministry of Education of the People's Republic of China. Beijing, B.G., 16 p. (In Chinese). (In Russian).

⁴¹⁸ Borevskaya, N.E. et al. Internationalization of Russian Universities: The Chinese Vector / ed. by I.S. Ivanov. RIAC. Moscow: Spetskniga, 2013. URL: <http://russiancouncil.ru/common/upload/Report13-2013rus.pdf> (In Russian).

As Chinese experts have noted, the current stage of reform in the Chinese higher education system involves transforming the existing model of training, as well as systemic changes to the structure, levels and types of education; the constant renewal of knowledge, skills and abilities and the quality of human capital; and attention to the ethical qualities and ideological worldview of students as they mature.

The emerging education system must become a dynamic and flexible mechanism of educational disciplines and programmes (*suyeke zhuangye tyojie zhidu*) that are able to respond to the public demand for new industries and new technology provided to traditional industries; meet the demand of society and economy for creative workers; overcome the traditional boundaries of scientific and educational disciplines and interdisciplinary barriers; and create a goal-, problem- and competence-oriented education model (*nenli daosyan de*) that would make it possible for the system to improve the knowledge and skills of students.⁴¹⁹

A significant milestone in the reform of the Chinese higher education system was the decision announced on September 21, 2017, to approve the list of universities included in the Double First-Class University Plan (*shuangyiliu*). Considering the fierce debate that has surrounded this project, as well as Project 211 and Project 985, the past two years, the problems facing the heads of the Ministry of Education of the People's Republic of China in their effort to “grow” world-class universities become more understandable.

The project was launched in 2015 and aims to create “global scale first-class universities” and “global scale first-class professions” (*shijze il daisue, shijie il suyake*).

The transition to the Double First-Class University system ended the previous incentive mechanisms for elite universities (Project 211 and Project 985), though almost all the universities that had been a part of those projects have been included in this programme.

It is notable that the status of the elite universities that were considered first-class has now changed – specific disciplines rather than universities are included in the lists. Besides Peking University and Tsinghua University, only a small number of elite Chinese universities possess a significant number of the disciplines that are included in the Double First-Class University Plan, while others only teach a small number of the relevant disciplines.

Like other measures to reform the higher education system, the Double First-Class University Plan is a subject of fierce debate within the Chinese educational community. In addition to issues of social justice and fair “rules of the game” (most financing for scientific research in institutions of higher education is channelled towards elite universities), criticism has been voiced in relation to the growing bureaucratisation of higher education in recent years, the reduction of academic freedoms, the decline of the role of faculty members in determining the most important issues

⁴¹⁹ Entering a New Era by Training First-Class Specialists in “New Engineering Science” // Guangmin Jibao. 31.10.2017. URL: http://epaper.gmw.cn/gmrb/html/2017-10/31/nw.D110000gmrb_20171031_2-13.htm (In Chinese).

facing university development, and the subordination of faculty members to the educational system as small cogs in a big graduate-producing machine.⁴²⁰

The leading Chinese universities are gradually climbing the world rankings of higher education institutions. In the *QS World University Rankings*, Tsinghua University, Peking University and Fudan University ranked 25, 38 and 40, respectively.⁴²¹

These rankings have been facilitated by the concentration of considerable resources allocated by the government to leading Chinese universities, as well as by the consistent course of internationalisation of higher education, the deep international ties of Chinese universities and the gradual liberalisation of life on university campuses.

Not leaving the question of ratings entirely to the discretion of foreign organisations, the Chinese government is itself actively engaged in creating authoritative international rating structures, surpassing in this respect the efforts recently made by Russian universities, Lomonosov Moscow State University in particular.

A study of trends in the Chinese higher education system and the system for training scholars would seem of value to the Russian professional community considering that scientific and educational ties between Russia and China have expanded in recent years.

A significant innovation intended to further develop cooperation in higher education is the creation of Russia–China associations that unite universities with a shared focus. The Association of Technical Universities of Russia and China, the Association of Universities of the Russian Far East and Siberia and the North-Eastern Regions of China, the Russian–Chinese Association of Culture and Arts Universities, the Russian–Chinese Association of Economic Universities, the Association of Sino–Russian Medical Universities, the Association of Rectors of Transport Universities of Russia and China and the Association of Classical Universities of the Russian Federation and China, as well as inter-university associations in pedagogy, culture, and journalism operate currently.⁴²²

So far, inter-university associations have not made a significant contribution to the development of practical educational cooperation, and their activities are often limited to visiting each other to study foreign experience. This form of cooperation also extends to other areas: in January 2018, the establishment of the Association of Secondary Schools of Russia and China was announced.⁴²³

⁴²⁰ Controversial Moments in reforming Chinese Universities: "First-Class Universities by International Standards" or "First-Class Bureaucratic Offices" // Chuansunmen. 10.09.2016. URL: <http://chuansong.me/n/732323942987> (In Chinese).

⁴²¹ QS World University Rankings. Top Universities. URL: <https://www.topuniversities.com/university-rankings/world-university-rankings/2018>

⁴²² Yu Jihai. Education Department of the Embassy of the People's Republic of China in the Russian Federation: Learning to Fully Assimilate Development Tendencies, Laying a Solid Foundation for Russia–China Cultural Ties // Shenzhou Suezhen. 08/02/2018. URL: http://www.chisa.edu.cn/news1/haiwai/201802/t20180208_968922.html (In Chinese); Pozdnyakov I. Promotion of Russian education in China: challenges and prospects. *Mezhdunarodnaya Zhizn*, 2017, No. 11. URL: <https://interaffairs.ru/jauthor/material/1941> (In Russian).

⁴²³ Association of Secondary Schools of Russia and China Expands Areas of Educational Cooperation between the Two Countries // Harbin Zhibao. 13/01/2018. URL: <http://www.hrbtnet.net/folder135/2018-01-13/239674.html>

A significant number of Chinese nationals are going abroad to study, with more than 608,000 people in 2017.⁴²⁴ The most prestigious places to study are the United States, the United Kingdom, Australia, Western Europe and Japan.⁴²⁵ Recently, they have been facing increasing competition from universities in Hong Kong and Taiwan. Some universities in Russia and other post-Soviet countries are also attractive to prospective Chinese students, though most often on account of the low cost of the education.⁴²⁶

There are positive trends in the development of educational exchanges between Russia and China. Although some sources have indicated that the total number of students in universities between the two countries has reached 80,000, most materials point to about 30,000 Chinese students studying in Russia and 17,000 Russian students in China.⁴²⁷

For the 2015–2016 academic year, Chinese students ranked third in terms of numbers of foreign students in Russia, after students from Kazakhstan and Ukraine.⁴²⁸

Russian students are interested in studying in China because of the country's growing importance as an economic power and an important player in world politics, and as a state with some of the world's highest scientific development indicators.⁴²⁹

Nevertheless, it is still widely believed among Russian students that Chinese language and regional studies are the only high level disciplines to study in Chinese universities.

Chinese students are interested in studying in Russia because the cost of receiving an education at many leading Russian universities, the quality of which is comparable to Western universities, remains relatively low. According to Chinese sources, quality of education offered at Russian universities in the natural sciences, engineering and technical fields is especially high (*Table 5*).

The strategic partnership between the two countries, as well as the significant role anticipated for Russia in the Belt and Road Initiative, are essential factors.

⁴²⁴ App Designed to Help Protect Chinese Students Abroad // China Daily. 04.03.2018.
URL: <http://www.chinadaily.com.cn/a/201804/03/WS5ac2bee9a3105cdf6515d78.html>

⁴²⁵ CCG Annual Report: Number of Chinese Studying Abroad Reaches Record High in 2016; More International Students in China Come from Countries along B&R // Center for China & Globalization. 02.01.2018.
URL: <http://en.ccg.org.cn/ccg-annual-report-number-of-chinese-studying-abroad-reaches-record-high-in-2016-more-international-students-in-china-come-from-countries-along-br>

⁴²⁶ Borevskaya, N.E. et al. Internationalization of Russian Universities: The Chinese Vector / ed. by I. S. Ivanov. RIAC. Moscow: Spetskniga, 2013. URL: <http://russiancouncil.ru/common/upload/Report13-2013rus.pdf> (In Russian).

⁴²⁷ Educational Migration: Ministry of Education Reveals Countries of Origin of Students in Institutions of Higher Education in Russia // Russia Today. 03.08.2017. URL: <https://russian.rt.com/russia/article/415140-inostrannye-studenty-v-rossii> (In Russian).

⁴²⁸ Educational Migration: Ministry of Education Reveals Countries of Origin of Students in Institutions of Higher Education in Russia // Russia Today. 03.08.2017. URL: <https://russian.rt.com/russia/article/415140-inostrannye-studenty-v-rossii> (In Russian).

⁴²⁹ According to the United Nations World Intellectual Property Organization, China is set to pass the United States in the number of applications for patents within the next three years, assuming the current rate of growth continues. For more detail, see: China is in First Place in the World in Increasing the Number of Patent Applications and Should Soon Outstrip the United States in Number of Annual Applications // Bosityun. 22.03.2018.
URL: <http://www.peacehall.com/news/gb/finance/2018/03/201803220103.shtml> (In Chinese).

Table 5. Russian Universities with the Largest Number of Chinese Students

University name	Number of Chinese students
Far Eastern Federal University	1344
Saint Petersburg State University	1282
Lomonosov Moscow State University	1091
Peter the Great St. Petersburg Polytechnic University	897
Peoples' Friendship University of Russia	555
Russian Presidential Academy of National Economy and Public Administration under the President of the Russian Federation	430
Gubkin Russian State University of Oil and Gas	281
St. Petersburg State University of Economics	267
Tomsk Polytechnic University	265
Ural Federal University	224
Bauman Moscow State Technical University	216
Kazan Federal University	202
ITMO University	138
Voronezh State University	127

Source: Information on the distribution of Chinese students in Russian universities // Douban. 10.03.2017. URL: <https://www.douban.com/group/topic/97771364> (In Chinese).

Finally, education in Russia may attract people who have studied Russian at a secondary school or university. At the same time, there has been a lot of criticism on the Internet in China on the apparent decline in the quality of higher education in Russia since Soviet times, the fall of leading Russian universities in world ratings and corruption in universities.⁴³⁰

Government institutions in both countries are continually expanding cooperation through joint projects. The “It’s Time to Study in Russia!” Olympiad is gaining popularity among Chinese secondary school students and is one of the primary ways for Chinese students to receive an education in Russia.⁴³¹

In recent years, some Russian universities have made additional efforts to attract Chinese students. Some of the country’s largest educational institutions, such as Lomonosov Moscow State University,⁴³² National Research University Higher School of Economics,⁴³³ St. Petersburg State University,⁴³⁴ and Ural Federal University have launched Chinese versions of their websites.⁴³⁵ St. Petersburg State

⁴³⁰ What is the Actual Situation in Russia for Foreign Students? And What is the Situation in Russia in General? // Zhihu. 25.03.2018. URL: <https://www.zhihu.com/question/48235019> (In Chinese).

⁴³¹ Olympiad “It’s Time to Study in Russia.” // Official Website of the Peoples’ Friendship University of Russia. 25.09.2016. URL: <http://olymp.rudn.ru/olimpiada-vremya-uchitsya-v-rossii/> (In Russian).

⁴³² Official Website of Moscow State University in Chinese. URL: <https://www.msu.ru/ch/index.php>

⁴³³ Official Website of the National Research University Higher School of Economics in Chinese. URL: <https://www.hse.ru/cn>

⁴³⁴ Official Website of St. Petersburg State University in Chinese. URL: <http://chinese.spbu.ru/>

⁴³⁵ Official Website of Ural Federal University in Chinese. URL: <https://urfu.ru/cn/>

University has opened an office in China⁴³⁶ and, like Moscow State University, concluded an agreement with the Ministry of Education of the People's Republic of China.⁴³⁷ St. Petersburg State University also announced joint educational initiatives with the Chinese Consulate-General in St. Petersburg.⁴³⁸

Several universities have successfully set up joint educational programmes, held summer schools and established joint laboratories. The Far Eastern Federal University and Harbin Institute of Technology have established a Russia–China Polar Engineering and Research Centre. Samara State University has established two international laboratories for space research in conjunction with the Xi'an Polytechnic University and the Beijing Institute of Spacecraft Environment Engineering.⁴³⁹

Russia and China can find further motivation to work together in education in 2018–2019 through bilateral cooperation between educational institutions and joint educational forums as part of the Years of Inter-Regional Cooperation programme. Full use must be made of the potential of inter-regional educational cooperation through the Association of Universities of the Russian Far East and Siberia and the North-Eastern Regions of China and the Association of Universities along the lines of the Volga–Yangtze project. It would also be wise to enlist the efforts of Russia–China associations from multidisciplinary, polytechnic, economic and pedagogical universities as a way of further exploiting the potential of university connections. In addition to carrying out various special events outside the capitals of the two countries, the parties should be able to achieve results by establishing joint laboratories and joint research projects, publishing international scientific publications and developing joint innovations.

Taking the key promising areas of practical cooperation between Russia and China into account, universities from the two countries could further establish partnerships in energy, agriculture and aerospace industry, focusing on achieving tangible results.

Given that China is actively promoting an innovation and entrepreneurship strategy, and Russia's need to develop innovations in order to restructure and reduce the role of hydrocarbon energy in the economy, Moscow and Beijing could hold joint innovation competitions for university students in the two countries and invite promising and competent teams to implement projects in the science and technology parks of Shanghai, Shenzhen, Qingdao and other cities.⁴⁴⁰

Russian and Chinese universities that work with sociologists from the two countries to conduct regular public opinion polls and joint studies on the dynamics

⁴³⁶ Another Russian Language Centre Opens in China // Official Website of the Russkiy Mir Foundation. 10.02.2018. URL: <https://ruskiymir.ru/news/237577/> (In Russian).

⁴³⁷ Ministry of Education of the People's Republic of China and St. Petersburg State University Agree to Expand Cooperation // Official Website of St. Petersburg State University. 29.06.2017. URL: <https://spbu.ru/news-events/novosti/ministerstv-obrazovaniya-knr-i-spbgu-dogovorilis-o-rasshirenii-sotrudnichestva> (In Russian).

⁴³⁸ Russia–China Cooperation Focuses on Developing Educational Councils // Official Website of St. Petersburg State University. 11.10.2017. URL: <https://spbu.ru/news-events/novosti/v-fokuse-rossiysko-kitayskogo-sotrudnichestva-razvitiye-sovetov-obrazovatelnyh> (In Russian).

⁴³⁹ Ibid.

⁴⁴⁰ China Will Continue to Promote Mass Entrepreneurship and Innovation // Xinhua. 13.07.2017. URL: <http://russian.cri.cn/3060/2017/07/13/1s609980.htm> (In Russian).

of relations between Russia and China should also receive support. On the one hand, the joint work in this area makes it possible to assess changes in public opinion regarding bilateral relations. On the other hand, it provides statistical data with which to make political decisions.

Potential cooperation in education should also be pursued under the auspices of the Shanghai Cooperation Organisation, using the SCO network university to involve more regional training institutions in Russia and China in its work.

Chinese Language Study in Russia and Russian Language Study in China

One of the best tools for promoting bilateral ties across all sectors and stimulating friendly interaction between the peoples of Russia and China is the mutual study of the Russian and Chinese languages.

Interest in the Chinese language is growing in Russia. Approximately 40,000 people are currently studying it in institutions of secondary and higher education across the country. The Confucius Institute has contributed to Chinese language and cultural instruction in Russia. In turn, interest in the Russian language is also high in China because of active inter-state cooperation, and approximately 40,000 people are studying the language in Chinese institutions of higher education.⁴⁴¹

The rapid growth of Russian interest in the Chinese language has turned into an established trend. According to current estimates, the Chinese language is being studied by tens of thousands of people in Russia.⁴⁴² According to the Chinese Embassy in Russia, approximately 200 universities have introduced Chinese language study, where it is presently being studied by 20,000 people, with 9,000 studying it as their primary foreign language. Furthermore, Chinese is now being instructed in 123 secondary schools in Russia, where it is being studied by 17,000 pupils.⁴⁴³

The Chinese language is to be included as a subject in the Unified State Exam in 2020.⁴⁴⁴ Starting in 2019, students in the Russian Far East and Trans-Baikal will have the option to sit a Chinese exam as the foreign language component of the Unified State Exam.⁴⁴⁵ The introduction of this exam should contribute to a further increase in the number of Russian schoolchildren studying Chinese.

⁴⁴¹ Tenchurina L.Z. The Humanities in Education. *Obrazovanie i nauka*. 2016. No. 3 (132). URL: http://elar.rsvpu.ru/bitstream/123456789/18400/1/edscience_2016_3_132_012.pdf (In Russian).

⁴⁴² Alexander Sergeev. Chinese as an Instrument for Achieving the Chinese Dream / RIAC. 25.09.2013. URL: http://russiancouncil.ru/analytics-and-comments/analytics/kitayskiy-yazyk-kak-instrument-realizatsii-kitayskoy-mechty/?sphrase_id=9341174 (In Russian).

⁴⁴³ China Welcomes Introduction of Chinese Language Exam in Russian Schools // Newsland. 04.02.2017. URL: <https://newsland.com/user/epochtimes/content/kitai-privetstvuet-vvedenie-ekzamena-po-kitajskomu-izyuku-v-shkolakh-rossii/5671307> (In Russian).

⁴⁴⁴ Yu Jihai. Education Department of the Embassy of the People's Republic of China in the Russian Federation: Learning to Fully Assimilate Development Tendencies, Laying a Solid Foundation for Russia-China Cultural Ties // Shenzhen Suezhen. 08.02.2018. URL: http://www.chisa.edu.cn/news1/haiwai/201802/t20180208_968922.html (In Chinese).

⁴⁴⁵ Russia: Chinese Included as Optional Discipline in USE // Renmin Ribao. 21.03.2018. URL: http://www.edu.cn/zhong_guo_jiao_yu/guo_ji_he_zuo/hai_wai/201803/t20180321_1590781.shtml (In Chinese); Schoolchildren in Russian Far East Will be Able to Take USE in Chinese Language in 2019 // Trud. 14.03.2018. URL: http://www.trud.ru/article/14-03-2018/1360233-shkolniki_dalnego_vostoka_v_2019_g_smogut_sdat_ege_po_kitajskomu_jazyku.html (In Russian).

There are 22 Russian language centres in China, and more than 300 universities and schools teach the language.⁴⁴⁶

The General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the People's Republic of China published a document titled "*Some Opinions on Strengthening and Improving Work in the Field of International Cultural Exchange*," which emphasised the need to increase the prestige and brand recognition of Chinese universities, expand the study abroad opportunities and the number of foreigners coming to study in China, broaden the scale of Chinese language promotion, encourage more countries to include the Chinese language in compulsory curriculum, and recognise the Confucius Institute as a "first-class tool for international language advancement."⁴⁴⁷

There are currently 22 Confucius Institutes in Russia.⁴⁴⁸ There was a period in 2013–2016 when a number of these educational institutions in Russia – those in Yakutia, Novosibirsk,⁴⁴⁹ Irkutsk,⁴⁵⁰ Blagoveshchensk,⁴⁵¹ and Ryazan, among other cities,⁴⁵² faced difficulties in adapting to the Russian legislative and regulatory environment. But the situation stabilised in 2016–2017 and the number of negative articles in the media in connection with their activities has significantly decreased.

Media Cooperation between Russia and China

Russian and Chinese print media, television and radio broadcasting companies and Internet media outlets are working together in various formats. Numerous media companies are involved in this work, including RT, Rossiyskaya Gazeta, Channel One, China Central Television, Xinhua News Agency, Renmin Ribao (People's Daily), China Daily, Global Times and China Radio International, among others.

The 2016–2017 Media Year project, which involved more than 250 events, contributed significantly to forging closer ties between information resources in the two countries. The practice of organising joint Russian and Chinese media forums has gained momentum.

Russian and Chinese media cover events in the domestic political life of the two countries, but there is a shortage of publications on current cultural and social trends and scientific and technological achievements.

⁴⁴⁶ Li Xuemei, Wang Eno. Four Views on the Russia–China Cultural Exchange that Contribute to the Long-Term Development of Russia–China Relations // Xinhua Van. 21.09.2017. URL: http://www.xinhuanet.com/asia/2017-09/21/c_129709643.htm (In Chinese).

⁴⁴⁷ Yu Jihai. Education Department of the Embassy of the People's Republic of China in the Russian Federation: Learning to Fully Assimilate Development Tendencies, Laying a Solid Foundation for Russia–China Cultural Ties // Shenzhen Suezhen. 08.02.2018. URL: http://www.chisa.edu.cn/news1/haiwai/201802/t20180208_968922.html (In Chinese).

⁴⁴⁸ Worldwide Confucius Institute // Confucius Institute Online. URL: http://www.chinesecio.com/ml/cio_wci/ (In Chinese).

⁴⁴⁹ The Confucius Institute, or the Activity of a Foreign Cultural and Information Centre in Novosibirsk // Livejournal. 27.12.2012. URL: <https://vadim-horin.livejournal.com/20132.html> (In Russian).

⁴⁵⁰ Prosecutor's Office Reveals Violations in the Work of Confucius Institute in Irkutsk // SakhaNews. Informational and Analytical Portal. 24.08.2013. URL: <http://www.1sn.ru/84840.html> (In Russian).

⁴⁵¹ Chinese Embassy Opposes Closing Confucius Institute in Blagoveshchensk // Interfax. 31.07.2015. URL: <http://www.interfax.ru/russia/457169> (In Russian).

⁴⁵² Confucius Institute in Ryazan // Livejournal. 27.05.2013. URL: <https://garvard-78.livejournal.com/7783.html> (In Russian).

At the same time, Internet media and user-generated content do not always contribute positively to the solution of these issues, often leading to the publication of superficial or inaccurate material. What is more, materials of this kind are often based on English-language sources, which can influence the choice of topics and their interpretation.

The deepening of Russia–China cooperation in mass media calls for a transition to the joint production of news and broadcasting to provide objective coverage of international events and creating a favourable image of China in Russia and Russia in China. The development of multilateral ties between the media of the SCO member states or the EAEU member countries and the Belt and Road Initiative could become an important area of cooperation.

Prime Minister of the Russian Federation Dmitry Medvedev and Premier of the State Council of the People's Republic of China Li Keqiang met in Beijing on November 1, 2017, to formally summarise the results of Russia–China Media Exchange Year. One of the most important results of the partnership was the launch of the *Katyusha* Russian-language TV channel, which broadcasts content with Chinese subtitles. The joint project of the *Channel One Russia* and *CTV-Satellite TV Program Corp.*, a subsidiary of the *China Central Television* is the first of its kind. The bilingual project has provided Chinese viewers with the opportunity to learn more about Russian art, science, history and modern culture.⁴⁵³

The exchange year has led to the development of multifaceted cooperation between Russian and Chinese information resources, starting with major media outlets. For example, the Russian branch of *China Radio International* and *Rossiyskaya Gazeta* now publish a Russian language edition of the *Breath of China* magazine in six major Russian cities, which has played an essential role in promoting Chinese culture in Russia.⁴⁵⁴

Rossiyskaya Gazeta worked together with *China Daily* to publish a special section in the Chinese-language *Russia–China Review* newspaper.⁴⁵⁵ Moreover, in 2012, *Rossiyskaya Gazeta* reached an agreement with the *Global Times* to launch the *Russia Insight* supplement in China.⁴⁵⁶

The Russian *Sputnik* news agency is working with the *Xinhua* News Agency, *Renmin Ribao*, *China Radio International* and the *China News*, establishing information sharing mechanisms with them.⁴⁵⁷

⁴⁵³ First Russian-Language Television Channel Launched in China // *Rossiyskaya Gazeta*. 01.11.2017.
URL: <https://rg.ru/2017/11/01/v-kitae-zapustili-pervyj-russkoiazychnyj-telekanal.html> (In Russian).

⁴⁵⁴ The Breath of China Can be Felt in Moscow // *Rossiyskaya Gazeta*. 08.05.2015.
URL: <https://rg.ru/2015/05/08/rg-kitai-site.html> (In Russian).

⁴⁵⁵ Russia Beyond the Headlines in China // *China Window*. 24.04.2012.
URL: <http://chinawindow.ru/2012/04/rbth-china> (In Russian).

⁴⁵⁶ *Rossiyskaya Gazeta* and the Chinese Edition of *Global Times* Release *Russia Insight* Supplement // *Jourdom*. 10.12.2012.
URL: <http://jourdom.ru/news/25324> (In Russian).

⁴⁵⁷ Years of Exchange between Chinese and Russian Media Give New Impetus to Friendship Between the Two Countries // *China Radio International*. 03.07.2017.
URL: <http://russian.cri.cn/3060/2017/07/03/1s609041.html> (In Chinese).

In October 2016, *China Radio International* and *RT* hosted a presentation of the “Russia and China on the Silk Road” joint media project as part of the Russia–China Media Exchange Year. As part of the project, journalists visited important regions and cities adjacent to the Silk Road Economic Belt.⁴⁵⁸ There were reports made about the economic, social and cultural development of these regions, in addition to comprehensive coverage of the alignment of the Belt and Road Initiative and the EAEU.

April 2017 saw the release of a joint *RT*, *China Radio International* and *China Central Television* project that consisted of a series of episodes entitled *This is China* that talked about the history of China and the country’s friendship with Russia.⁴⁵⁹ The documentary series attracted a great deal of attention from various segments of society in both countries.

In July 2017, *China Radio International* and *RT* launched the mobile *Russia–China: The Main Thing* app in Russian and Chinese.⁴⁶⁰ The first app of its kind, it uses a combination of Chinese and Russian to integrate images, text, audio and video, meeting the specific needs of its audience in both countries and promoting the development of connections between the citizens of the two countries.

The Russia–China Media Year has been called one of the most successful cultural exchange projects to take place in the two countries.⁴⁶¹ In total, the parties held more than 250 events, establishing and further developing the practice of holding media forums.

The 3rd Russia–China Media Forum was held in Moscow in July 2017, and was attended by more than 120 leading representatives from 75 mainstream media outlets.⁴⁶² In September 2017, the Second China–Russia Forum: New Media Youth Collaboration was held in Rostov-on-Don and was the venue for the signing of an agreement to open Russia–China youth business incubators at Don State Technical University and Southern Federal University.⁴⁶³

Furthermore, at the SCO summit in Astana in June 2017, the Chinese side suggested creating a mechanism for permanent cooperation between the media of participating countries and proposed holding the first SCO media summit in China.⁴⁶⁴

⁴⁵⁸ China and Russia on the Silk Road: Tour of China Media Project Launched in Beijing // *China Radio International*. 11.10.2016. URL: <http://russian.cri.cn/3060/2016/10/11/1s590583.htm> (In Russian).

⁴⁵⁹ Broadcast of Russia–China Documentary Film *This Is China* // *People’s Daily*. 07.04.2017. URL: <http://russian.people.com.cn/n3/2017/0407/c31516-9200190.html> (In Russian).

⁴⁶⁰ Russia–China: The Main Thing Smartphone App Launched // *Vesti*. 03.07.2017. URL: <http://www.vesti.ru/doc.html?id=2905679> (In Russian).

⁴⁶¹ Kremlin Considers Russia–China Media Exchange Year Most Successful Cultural Exchange Project // *TASS*. 25.01.2018. URL: <http://tass.ru/obschestvo/4903631> (In Russian).

⁴⁶² Media Strengthens Foundation of Cooperation // *Rossiskaya Gazeta*. 30.10.2017. URL: <https://rg.ru/2017/10/30/smi-ukrepliaut-fundament-sotrudnichestva-rf-i-knr.html> (In Russian).

⁴⁶³ 2nd Russia–China Forum of Young Journalists Held in Rostov-on-Don // *Website of the Russian Union of Youth*. 26.09.2017. URL: <http://www.ruy.ru/press/fednews/v-rostove-na-donu-sostoyaly-a/> (In Russian).

⁴⁶⁴ The Silk Road and Cultural Ties between Russia and China // *Sohu*. 27.01.2018. URL: http://www.sohu.com/a/219291470_618422 (In Chinese).

Plans for the further development of bilateral cooperation in mass media include the joint production of news, establishing joint information and news broadcasting centres to overcome the Western media hegemony and provide objective coverage of international events, as well as creating a favourable image of China in Russia and Russia in China.

At the December 2017 talks between representatives of the departments of information and press, officials of the two countries expressed their regret at the biased coverage of topics related to China and Russia in the Western media. They pointed to the need to work on building awareness in this area.⁴⁶⁵

Russian and Chinese media cover important events in the domestic political life of the two countries, but there is a shortage of publications on current cultural and social trends and scientific and technological achievements (except for defence technologies), and other areas outside of mainstream politics.

The rapid development of Internet media and the interest in niche topics can have negative consequences, usually leading to the publication of superficial or inaccurate material that is often based on English-language sources, which can influence the choice of topics and their interpretation. In addition, user-generated content (UGC) contains a large quantity of unverified content that may at times even distort information on sensitive topics.

These circumstances make closer collaboration between the media of the two countries essential. Professional journalists, preferably those who have had training in regional studies, must form a complete picture of the events in Russia and China based on verified information.

Amateur content should not be allowed to create the illusion of a saturated media space, and quality should be the primary criterion for assessing the effectiveness of media collaboration between Russia and China. This can be facilitated by continuing dialogue within the existing platforms of interaction, establishing partnerships between universities that train media professionals, and holding joint contests to reward the best journalistic work.

It would be advisable to include local media in the collaboration planned for the regions of the two countries in 2018–2019.

Developing Contacts between the Russian and Chinese People

The high level of mutual trust at the highest political level is complemented by friendly ties between the people of Russia and China and public support for bilateral cooperation. According to surveys, most Russian citizens see China as a partner and a friendly state.

Nevertheless, the level of development of multifaceted public exchanges between the two peoples at this stage is at odds with the capabilities of the states. Public diplomacy institutions such as the Russian–Chinese Friendship Society, the

⁴⁶⁵ Positive Dynamics Noted in the Development of Relations Between the Media of Russia and China – Director of the Information and Press Department of the Ministry of Foreign Affairs of the Russian Federation Maria Zakharova // Xinhua. 24.11.2017. URL: http://russian.news.cn/2017-11/24/c_136777269.htm (In Russian).

China–Russia Friendship Association, the Russian–Chinese Committee of Friendship, Peace and Development, and the China–Russia Friendship Committee for Peace and Development could contribute significantly to deepening mutual understanding and expanding relations between the people of Russia and China. The Years of Inter-Regional Cooperation project should add additional incentive to expand public exchanges in 2018–2019.

In addition, the simplification of the visa regime between China and Russia is an important measure that promises to facilitate the growth of Russia–China relations. A simplified visa regime for citizens of several states, including China, involving the use of an electronic visa, is already in place in several regions of the Russian Far East, namely the Free Port of Vladivostok (since 2017), and Kamchatka and Sakhalin (since 2018).

Surveys rank China as Russia's most important and valuable partner. In one poll, 62 per cent of the respondents indicated that Russia's friendliest relations are with China.⁴⁶⁶ Another poll, published by the Russian Public Opinion Research Center in February 2017, suggests that 50 per cent of Russian people see China as a strategic and economic partner of Russia, the highest number since 2005.⁴⁶⁷ Correspondingly, Russia has also become an important international partner in the eyes of the Chinese people. The growing affinity between the citizens of the two states reflects the comprehensive and rapid development of Russia–China relations.

Moscow and Beijing have officially confirmed their intention to actively develop multifaceted public exchanges and collaboration to effectively complement government ties.⁴⁶⁸

Public exchanges and public diplomacy are being further developed under the 2018–2019 Years of Inter-Regional Cooperation.⁴⁶⁹ The development of cross-border and inter-regional cooperation, including cross-cultural collaboration, is a traditionally important component of Russia–China relations that is predetermined by geographical proximity, a shared border of 4300 kilometres, and close cultural and historical ties between the peoples of the two countries.

Good relations between districts, border regions and twin cities cover such issues as building new infrastructure, developing cross-border tourism, studying the possibility of creating new areas of tourist cooperation, and searching for prospective models of cross-border cooperation in tourism.

Public diplomacy institutions play a crucial role in the development of regional cooperation. One of the essential organisations working in this field is the Russian–Chinese Friendship Association. In 2018, the Association plans to double

⁴⁶⁶ Annual Results: China–Russia Relations Continued to Develop at a High Level in 2017 // Xinhua. 16.01.2018.
URL: http://russian.news.cn/2018-01/16/c_136899674.htm (In Russian).

⁴⁶⁷ Russia–China–U.S. Relations in a Strategic Triangle // Official VCIOM Website. 07.02.2017.
URL: <https://wciom.ru/index.php?id=236&uid=116055> (In Russian).

⁴⁶⁸ Xi Jinping Expressed Willingness to Expand Cooperation with Russia in 2018 // TASS. 31.12.2017.
URL: <http://tass.ru/mezhdunarodnaya-panorama/4853729> (In Russian).

⁴⁶⁹ Ibid.

the number of regional offices. In the long term, the Russian side is considering a format of cooperation that would see each Russian region establish reciprocal ties with a Chinese province. On the other hand, the China–Russia Friendship Association has also proposed establishing regional offices in several Chinese provinces.⁴⁷⁰

The Russian–Chinese Committee of Friendship, Peace and Development also makes a significant contribution to the promotion of public diplomacy, promoting the development of bilateral contacts on important issues.

The issue of considerably simplifying the visa regime between the countries, including the possibility of abolishing visas altogether, continues to be of great interest in the context of developing ties between the peoples of Russia and China.

In August 2017, a simplified visa regime came into effect in the Free Port of Vladivostok. Citizens of 18 countries, including China, can apply for an electronic visa on-line four days before the proposed date of entry and receive an electronic visa free of charge.

On January 1, 2018, the very same regime came into effect in Kamchatka and Sakhalin. To this end, 11 checkpoints will operate under the new scheme. Railway checkpoints are scheduled to be opened at Pogranichny, Khasan and Makhalino in 2018, while automobile checkpoints are planned for Poltavka and Tury Rog, and sea checkpoints are planned for Zarubino, Petropavlovsk-Kamchatsky, Korsakov and Posyet.⁴⁷¹

The decision was made at the highest political level to open a Consulate General of the Russian Federation in Wuhan and a Consulate General of the People's Republic of China in Kazan.⁴⁷² Work on this is to be completed in 2018. The Consulate General of the Russian Federation in Wuhan will cover the provinces of Hubei, Hunan, Guizhou, Sichuan and Chongqing, and the Chinese Consulate in Kazan is to cover the territory of the Volga Federal District.

For further developing exchanges between the peoples of Russia and China, it would be advisable to:

- Establish an ad-hoc working group to discuss proposals for simplifying the existing visa regime and establishing a visa-free regime between China and Russia.
- Complete work on the draft Intergovernmental Agreement on the Activities of the Confucius Institute in Russia and the Pushkin Institute in China and conclude an agreement during an intergovernmental visit.

⁴⁷⁰ Number of Regions with RCFS Branches Set to Double in 2018 // Rambler. 22.12.2017. URL: https://news.rambler.ru/other/38749001/?utm_content=news&utm_medium=read_more&utm_source=copylink (In Russian).

⁴⁷¹ More than 5000 Electronic Visas Issued in the Far East // Official Website of the Ministry for the Development of the Far East. 11.12.2017. URL: <https://minvr.ru/press-center/news/11139/> (In Russian).

⁴⁷² Matvienko: Inter-Regional Cooperation with China Gaining Momentum // Rambler. 08.09.2016. URL: https://news.rambler.ru/politics/34666801/?utm_content=news&utm_medium=read_more&utm_source=copylink (In Russian).

Tourism Exchanges in Russia–China Cooperation

There has been a steady increase in the number of tourists between Russia and China in recent years. China ranks first among countries outside the former Soviet Union regarding the number of visitors to Russia, and it is the second most popular destination for Russian tourists. The number of Chinese tourists in Russia in January–September 2017 increased by 16 per cent, and the number of Russians in China increased by 25 per cent.

Success in the development of bilateral tourism is based on a wide range of measures adopted at the state level and in the tourist industries of both countries. Group tourism has grown because of the visa-free regime in place for Russian and Chinese tourist groups.

Measures have also been taken to improve the overall quality of services and provide comfortable living conditions for tourists, and specialised projects and routes have been created to attract Russian and Chinese tourists, with attention paid to their particular interests.

In January–September of 2017, the number of Russian tourists visiting China reached 1.478 million, which is 25 per cent more than in the same period in 2016. Meanwhile, a total of 1.243 million Chinese tourists visited Russia, an increase of 16 per cent.⁴⁷³

During the same period, the number of Chinese tourists who visited Russia as part of tourist groups under the visa-free regime equalled approximately 840,000 people, 24 per cent more than in the same period in 2016.⁴⁷⁴ Chinese tourists account for the largest percentage of international tourists visiting Russia, while China is fast becoming a prime destination for Russian tourists abroad.

Success in the development of bilateral tourism is based on a wide range of measures adopted at the state level in both countries, first and foremost, of the Year of Russian Tourism in China in 2012 and the Year of Chinese Tourism in Russia in 2013.⁴⁷⁵

Second, the simplification of the visa regime also contributed to the growth in the number of tourists: in 2000, Russia and China signed an intergovernmental agreement on visa-free group tourist trips.⁴⁷⁶ Third, new tourist routes were

⁴⁷³ Selected Statistical Information Calculated in Accordance with the Official Statistical Methodology for Estimating the Number of Inbound and Outbound Tourist Trips for 2017 // Russiatourism Official Website. URL: <https://www.russiatourism.ru/contents/statistika/statisticheskie-pokazateli-vzaimnykh-poezdok-grazhdan-rossijskoy-federatsii-i-grazhdaninostrannykh-gosudarstv/vyborochnaya-statisticheskaya-informatsiya-rasschitannaya-v-sootvetstvii-s-ofitsialnoy-statisticheskoy-metodologiyey-otsenki-chisla-vezdnykh-i-vyezdnykh-turistskikh-poezdok> (In Russian).

⁴⁷⁴ Number of Chinese Tourists to Russia Increases 24% in First 9 Months of 2017 // Interfax. 01.11.2017. URL: <https://tourism.interfax.ru/ru/news/articles/44938/> (In Russian).

⁴⁷⁵ 2012–2013 Years of Tourism in Russia and China // Website of the Travel Association World without Borders. URL: <http://www.visit-russia.ru/gody-turizma-rossii-i-kitaya-2012-2013> (In Russian).

⁴⁷⁶ Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on Visa-Free Group Tourist Trips. 17.11.2006. URL: <http://www.visit-russia.ru/soglashenie-mezhdu-pravitelstvom-rossijskoy-federacii-i-pravitelstvom-kitayskoy-narodnoy-respubliki> (In Russian).

launched in both countries, along with cross-border tourist trains.⁴⁷⁷ Both sides have incorporated theme-based tourism projects focused on meeting market demand which includes “red tourism” packages, visits to places of military glory and ecotourism.⁴⁷⁸

The two countries attach great importance to the development of tourism services and are studying the possibilities of improving their quality. In Moscow, St. Petersburg and other major Russian cities, airports and public places include signs and information in Chinese, and China Union Pay bank cards are accepted in most locations.⁴⁷⁹

A series of similar public and private initiatives within the China Friendly programme have simplified the stay of Chinese tourists in Russia considerably.⁴⁸⁰ At the same time, the Chinese cities of Sanya and Beidaihe have become popular tourist destinations for Russians.

In addition, tourism promotion agencies in both countries collaborate closely, sharing information, organising exhibitions, investing in tourism, arranging travel insurance and offering tourism education as part of memorandums of cooperation, and they also carry out exchanges to expand ties.⁴⁸¹

At this stage, Russia and China have moved past simple tourist visits to more meaningful cooperation between the respective industries of the two countries, from the state and regional level to cooperation between second- and third-tier cities, and from visits to border zones to journeys to regions inside the states.

At the same time, systematic research and extensive interaction on issues such as legislative policy, the requirements of the tourism market and service standards will facilitate the promotion of existing projects and the implementation of new projects in the field of tourism.

⁴⁷⁷ Review of International Trips from China // Qunyu Luting. 03.05.2013.
URL: <http://bbs.qyer.com/thread-795289-1.html> (In Chinese).

⁴⁷⁸ Russian “Red Tourism” Attracts Chinese People // Guangmin Jibao. 27.02.2018.
URL: <http://travel.people.com.cn/n1/2018/0227/c41570-29836443.html> (In Chinese).

⁴⁷⁹ Number of Chinese Tourists is Increasing, Russia Expands Use of Union Pay Cards // Xinmin Bao. 25.12.2017.
URL: <https://wap.xinmin.cn/content/31345309.html> (In Chinese).

⁴⁸⁰ Website of China Friendly Programme. URL: <http://chinafriendly.ru/http://chinafriendly.ru/> (In Russian).

⁴⁸¹ Li Fenghua. Chinese-Russian Tourist Cooperation Intensifies // People's Daily Haiwai Ban. 04.09.2017.
URL: <http://www.scio.gov.cn/31773/35507/35513/35521/Document/1562527/1562527.htm> (In Chinese).

Recommendations

In 2017 and early 2018, Russia and China intensified coordination on global and regional issues and achieved positive results in several priority areas of cooperation in the face of new external challenges and transforming domestic political situations.

The parties involved have increased trade and expanded the scope of inter-regional interaction and the range of cultural ties. However, the strengthening of practical cooperation between Russia and China at various levels continues to be an important task for Moscow and Beijing.

Improving the approaches and mechanisms of interaction also means that the priorities of the domestic and foreign policies of both countries need to be updated. For these purposes, it would be wise to consider the possibility of adopting the following measures:

Political Dialogue, Issues of Global Governance and Regional Security

1. The steady development of the Russia–China partnership is contingent upon detailed long-term strategic planning of cooperation between the two countries with due account of common interests and the potential complementarity of Russia and China.
2. Given the growing uncertainty in the world, the deterioration of the military and political situation, and mounting common threats in regions of strategic importance to Russia and China, it would be wise to further deepen the coordination of Moscow and Beijing’s foreign policy efforts, strengthen military contacts and improve mechanisms for the joint rapid response to crises and emergencies, including through joint military exercises.
3. To ensure regional stability in the interests of all parties in Central and South Asia, increased cooperation between Russia and China on security within the SCO is becoming a priority. At the same time, admission of India and Pakistan to the organisation underline the importance of considering the interests of all member states equally and adapting the decision-making mechanisms that are in place within the organisation to new realities. It is also essential to strengthen the economic agenda of the SCO and develop practical forms of interaction based on its format.
4. In Northeast Asia, Russia and China are focused on reducing tensions on the Korean Peninsula. Moscow and Beijing must promote the development of a direct dialogue between North and South Korea, consistently supporting the joint initiative based on the Double Freeze. Moscow and Beijing should also work from a unified position on the issues of denuclearisation on the Korean Peninsula and the sanctions regime in the UN Security Council.
5. In the Middle East, a consolidated effort by Moscow and Beijing could in the future be aimed at post-conflict reconstruction in Syria, strengthening trust

in the region and forming a regional security system involving Russia, China, the European Union and the United States as observers.

6. The information space has already established itself as an area to develop Russia–China relations. Russia and China should continue the positive trend by fleshing out the agreements on cooperation in the infosphere and ensuring information security, jointly developing information technologies and hi-tech products. The parties should promote approaches and technologies aimed at ensuring information security and continue the development of projects and initiatives launched as part of regional and global associations, including BRICS and the United Nations.
7. It is becoming increasingly important to strengthen trust in order to achieve full development of a comprehensive partnership between the two countries. This should entail in-depth collaboration between the media and non-governmental organisations and continuing the practice of exchange years on various topics.

Cooperation in Eurasia

8. Russian experts emphasise that it is in the interests of both Russia and China to develop the Greater Eurasian Partnership in a systematic and planned way that would involve all interested players. At the same time, it would be important at this stage to determine optimal institutional formats for interaction. In this context, it is becoming even more important that Russian and Chinese agencies work out concrete measures to implement agreements aimed at establishing the Partnership.
9. Further alignment of the EAEU and the Silk Road Economic Belt within the Belt and Road Initiative is a priority for future collaboration. The parties can reap significant benefits from the implementation of large-scale priority projects, primarily in transport and logistics and as a part of the agreement on trade and economic cooperation between the EAEU and China. Practical integration will create new opportunities for developing Russia's transit potential and strengthening public, scientific and educational ties.
10. Implementing integration initiatives in Eurasia requires expert dialogue between Russia and China involving representatives of all interested states and the development of special formats for interaction among the expert communities for substantiating and prioritising extensive cooperation within Eurasia.
11. The Arctic is becoming increasingly important to Russia–China cooperation, especially in EAEU–BRI alignment context. Joint projects in mineral development in the Russian Arctic, developing the transit potential of the Northern Sea Route, and scientific research in the region all seem promising. Russia and China should work together on environmental protection in the Arctic by developing environmentally sound technologies and mechanisms for monitoring the environmental situation in the region and strengthening coordination to prevent pollution.

Cooperation in Trade, Economy and Related Areas

12. In 2017, Russia and China achieved positive results in mutual trade. Nevertheless, if the sides are to achieve the \$200 billion target for trade turnover by 2020, they will need to create the right environment for business collaboration and reduce or eliminate trade restrictions on the access of Russian and Chinese goods to the market of the other country.

The development of the transport and logistics infrastructure, the simplification of customs procedures and the strengthening of ties through business associations in the two countries, especially those involving small and medium-sized business, will also contribute to an increase in trade turnover.

13. Energy resources continue to be Russia's primary export to China, and joint Russia–China projects in Russia are also concentrated primarily in the energy sector. As a result, the real task is to diversify Russian exports. Additionally, it is important for Russia to attract Chinese capital not only into the raw materials but also into their advanced processing. Particularly promising is the development of joint projects in the digital economy and high technologies.

14. When entering the Chinese market, many Russian producers face trade restrictions: duties and quotas on supplies, mandatory licensing and phytosanitary and veterinary restrictions. So, while Russian agricultural exports to China are growing, the increase in volume is complicated by tariff restrictions and stringent Chinese quality standards.

It would be advisable to continue negotiations with China to reduce trade barriers. It is also necessary to fine-tune the existing mechanisms of exporter support in Russia, including subsidised rail container transportation, and give access to comprehensive information on procedures and conditions for their application to a wide range of Russian companies.

15. An increase in mutual trade and expanded investment is hampered by the lack of information for Russian and Chinese companies on how to conduct business in the other country's market, as well as a lack of understanding of the "rules of the game" and the prospective niches in each other's markets.

It is often tricky for Russian businesses to estimate the real cost of bringing goods to the Chinese market as well as search for foreign partners and certify and protect intellectual property in China. Chinese companies entering the Russian market, in turn, do not always have sufficient knowledge of Russian legislation.

Both Russian and Chinese companies must carry out careful preliminary studies of the markets they are interested in and the related regulatory norms. Under these conditions, it would be advisable to expand the scope of the specialised educational programmes available and provide legal advice to Russian and Chinese commercial organisations, which could be supported by the state, export support organisations and business associations. Companies should also seek out experts with specialised knowledge of the countries.

16. The Intergovernmental Agreement between Russia and China on the Promotion and Mutual Protection of Investments must be adapted to meet present and real needs of both sides.

In addition, Russian investors should make note of favourable changes made to China's investment policy: measures introduced to increase the volume of foreign capital attracted and an expanded list of industries open to foreign companies, as well as cancellation of a temporary tax on income for foreign legal entities that reinvest funds to develop projects in China in the approved industries.

With the introduction of sanctions against Russia by Western countries, the need to ensure problem-free operations between financial institutions in the two countries is growing more urgent.

17. The development of close inter-regional cross-border ties and the involvement of large-scale territories of both countries is a priority for Russia–China cooperation. New incentives are being created at the local level and include mechanisms of interaction and specialised conditions in certain territories.

In this context, the task is to ensure proper functioning of such zones, including a reduction in the administrative burden and the development of infrastructure.

It would be advisable to study the positive experience of Russian regions in developing trade, economic and investment cooperation with China, share information on best practices among the representatives of regional businesses and government bodies, and make businesspeople aware of typical mistakes.

Additionally, cooperation should be systematised by integrating it into specialised industrial clusters that would unite enterprises and centres of scientific development and training for all segments of production chain.

Cultural, Educational, Media and Related Collaboration

18. To deepen Russia–China collaboration in the area, it would be wise to rely on flagship projects, including the joint Russia–China university, as examples of successful collaboration, laying the foundation for the development of the entire mechanism of Russia–China ties. Positive and negative experience accumulated as a part of these initiatives should be considered when developing and creating new, large-scale point projects. Work of this sort should be carried out regularly.
19. It is essential to involve broad sections of the population and non-governmental and public organisations in the interaction between the two countries. Individuals' participation in Russia–China exchanges must become the standard for bilateral cooperation. Given the growing role of high technologies and the Internet in Russia and China, online platforms and social networks must be used as tools for expanding interaction.

20. Scientific and educational collaboration between Russia and China is taking place against the background of educational reforms in both countries, and it would be useful for the professional communities to study the experience of modernising national education systems and training scientific personnel in both countries ties. This work could be carried out at the level of the ministries of education in both countries.

21. Forming inter-university associations is an essential innovation in terms of methods of developing cooperation in science and education. At this stage, university associations do not make a significant contribution to educational cooperation, and their activities are often limited to visiting each other to study foreign experience.

It would be worthwhile to make use of the full potential of Russia–China university associations as platforms for the development of joint laboratories and joint research. Considering promising key areas of practical cooperation between Russia and China, the universities of the two states could concentrate on specific projects in energy, agriculture, innovation and the aerospace industry.

Innovative developments made within inter-university platforms and joint laboratories could later be transferred to technological zones to find practical application there. In addition, it would seem particularly important considering the Years of Inter-Regional Cooperation to realise the full potential of educational ties in inter-regional areas of focus, including within the Association of Universities of the Russian Far East and Siberia and the Northeastern Regions of China and the Association of Universities along the lines of the Volga–Yangtze format.

22. It continues to be a priority to deepen practical media cooperation, including the joint production of news and the establishment of joint information and news broadcasts to ensure objective coverage of international processes and favourable images of China in Russia and Russia in China.

At the same time, Russian and Chinese media should cover social and cultural life and achievements in science and technology along with the most important domestic and foreign political events of the two countries. Professional journalists, preferably those who have had training in regional studies, must form a complete picture of the events in Russia and China based on verified information.

Measures in this respect may include establishing partnerships between universities that train media professionals and joint competitions to reward the best journalistic work.

23. Tasks for further strengthening comprehensive and multilateral cooperation between Russia and China require the development of expert support for inter-state communication. It would be advisable to develop sustainable mechanisms for expert dialogue based on the leading analytical centres and academic institutions of the two countries, for which existing formats could

serve as a foundation: the annual RIAC International Conference on Russia–China relations, events of the Institute of Far Eastern Studies of the Russian Academy of Sciences, the Council for Strategic Cooperation between China and Russia under Chinese Academy of Social Sciences, events organised by the Institute of International Studies at Fudan University.

Areas of collaboration include establishing partnerships between Russian and Chinese expert analytical research institutions, holding joint expert research events, publishing analytical materials and developing and publishing general recommendations and proposals in Russian and Chinese scientific publications and the media.

24. The fact that the World Cup was held in Russia in 2018 and China will host the Olympic Games in 2022 should provide new motivation for cooperation between the sports communities of the two countries. Major sporting events also create opportunities for the people of Russia and China to intensify their friendly interaction. Bilateral and multilateral cultural forums and expert meetings could be organised on the side-lines of such events.
25. The issue of considerably simplifying the visa regime between countries, including the possibility of abolishing visas altogether, continues to be of great interest in the context of developing ties between the peoples of Russia and China and growth in tourism between the two countries. To this end, it would be wise to establish a special working group to discuss proposals for simplifying the existing visa regime and establishing a visa-free regime between Russia and China.

Monitoring of the Key Events in Russia–China Relations in Q2–Q4 2017 and Q1 2018

Global Governance and Regional Security Architecture

- 04.04.2017 Valdai Discussion Club Conference “Russia and China: Facing Challenges of Global Shifts”
- 06.04.2017 12th Meeting of the SCO National Security Council Secretaries in Astana
- 10.04.2017 Beijing–Moscow Video Conference: Russia–China–US: Relations in Light of the Conflict in Syria
- 13.04.2017 Ministry of Foreign Affairs of the People’s Republic of China acknowledged the role it shares with Russia in stabilising world events
- 18.04.2017 High-Level Sustainable Development Goals Financing Lab under the UN General Assembly
- 20.04.2017 China supported Russia’s chemical weapons resolution at a meeting of the Organisation for the Prohibition of Chemical Weapons in Astana
- 21.04.2017 Meeting of the Ministry of Foreign Affairs of the Russian Federation and the Ministry of Foreign Affairs of the People’s Republic of China at SCO Council of Foreign Ministers Meeting
- 21.04.2017 SCO Council of Foreign Ministers Meeting
- 27.04.2017 6th Moscow Conference on International Security
- 28.04.2017 Meeting of the UN Security Council in New York on the nuclear issue on the Korean Peninsula
- 28.04.2017 Joint position of China and Russia on North Korea
- 30.04.2017 Statement on the joint position of Russia and China on North Korea
- 22.05.2017 Meeting of Russian and Chinese Deputy Ministers of Foreign Affairs in Moscow
- 29–30.05.2017 Conference “Russia and China: Towards a New Quality of Bilateral Relations”
- 03.06.2017 3rd BRICS Young Diplomats Forum in Beijing and Linyi City, Shandong Province
- 09.06.2017 17th Meeting of SCO Council of Heads of State in Astana
- 12.06.2017 BRICS Political Parties, Think Tanks and Non-Governmental Organisations Forum in Fuzhou
- 15.06.2017 2nd BRICS Sherpa Meeting in Qingdao
- 19.06.2017 Meeting of BRICS Ministers of Foreign Affairs in Beijing
- 24–25.06.2017 6th World Peace Forum in Beijing
- 27.06.2017 2nd Meeting of Speakers of Eurasian Parliaments in Seoul
- 28.06.2017 2nd Conference on Interaction and Confidence-Building Measures in Asia (CICA) Non-Governmental Forum in Beijing
- 29.06.2017 5th Meeting of the Heads of Border Services of SCO Member States in Dalian

- 07.07.2017 Informal BRICS Leaders Meeting in Hamburg
- 12–13.07.2017 6th Meeting of the Heads of Territorial Agencies of SCO Member States' Departments for Disaster Prevention and Relief in Hohhot
- 29.08.2017 BRICS Innovative Competitiveness Report (2017) released in Beijing
- 29.08.2017 Position of the Russian Ambassador to China on the two countries' collaboration in BRICS
- 30.08.2017 Position of the Ministry of Foreign Affairs of China on BRICS
- 01.09.2017 Article by the President of the Russian Federation for *Renmin Ribao* (*People's Daily*) newspaper and Renminwang website
- 05.09.2017 9th BRICS Summit in Xiamen
- 05.09.2017 Position of the Ministry of Foreign Affairs of China on BRICS collaboration
- 11.09.2017 Publication of the speech given by the President of the People's Republic of China at the 9th BRICS Summit
- 18.09.2017 3rd International Scientific Conference on the South China Sea in Moscow
- 19.09.2017 Meeting of the Ministers of Foreign Affairs of the Russian Federation and the People's Republic of China in New York
- 26.09.2017 Presentation of the Chinese edition of the "Russian–Chinese Dialogue: Model 2017" report in Beijing
- 10.10.2017 8th China–Russia Consultation on Security in Northeast Asia in Beijing
- 08.11.2017 9th APEC Ministerial Meeting on Foreign Trade in Da Nang
- 08.11.2017 Article by the President of the Russian Federation on the eve of the APEC Summit
- 13.11.2017 12th East Asia Summit in Manila
- 23.11.2017 Position of the Chinese Ambassador to Russia on the development of the Asia Pacific Region
- 27.11.2017 5th BRICS Sherpa Meeting in Changsha
- 01.12.2017 16th Meeting of the SCO Council of Heads of Government in Sochi
- 03.12.2017 4th World Internet Conference in Wuzhen
- 05.12.2017 Agreement on Cooperation in the Exploration of Outer Space for Peaceful Purposes ratified
- 11.12.2017 15th Meeting of RIC Foreign Ministers in New Delhi
- 20.12.2017 Position of Russian Ambassador to China on the Korean Peninsula
- 20.12.2017 Position of Russia and China on the UN Security Council Resolution on Crimea
- 22.12.2017 Position of Russia and China on the UN Security Council Resolution on North Korea
- 24.12.2017 Joint Resolution on the Prevention of Arms Race in Space
- 24.12.2017 Position of Russia and China on the UN Security Council Resolution on the Rakhine State
- 09.01.2018 Position of the Head of the Russian Council of the Federation Committee on Foreign Affairs on the Korean Peninsula

- 10.01.2018 Meeting of Russian Deputy Minister of Foreign Affairs with Chinese Ambassador to Russia in Moscow
- 13.01.2018 Meeting of Co-Chairs of the Russian-Chinese Dialogue on Security in Northeast Asia in Moscow
- 15.01.2018 Position of the Ministry of Foreign Affairs of the Russian Federation on Russia–China Relations
- 15.01.2018 Refusal of Russia and China to participate in the meeting of Ministries of Foreign Affairs of 17 countries on North Korea in Vancouver
- 15.01.2018 Position of the Ministry of Foreign Affairs of the Russian Federation on international security
- 18.01.2018 Position of the Ministry of Foreign Affairs of the Russian Federation on the Korean Peninsula
- 23.01.2018 Joint position of Russia and China at UN Security Council meeting on chemical weapons
- 24.01.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China representative on the use of chemical weapons
- 24.01.2018 Russia and China take part in the World Economic Forum in Davos
- 27.01.2018 Joint position of Russia and China on the Korean Peninsula
- 31.01.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on U.S.–Russia Relations
- 09.02.2018 Position of the Russian Ambassador to China on China’s interests in the Arctic
- 09.02.2018 Position of the Russian Ambassador to China on relations in the U.S.–Russia–China triangle
- 09.02.2018 First Meeting of the BRICS Sherpas and Sous-Sherpas in Cape Town
- 10.02.2018 Position of the Permanent Representative of Russian Federation to the United Nations on the Korean Peninsula
- 10.02.2018 Position of Russia and China on developing post-war Syria
- 14.02.2018 Position of the Special Representative of the President of Russian Federation for SCO Affairs
- 26.02.2018 Meeting of representatives of Russian and Chinese Ministries of Foreign Affairs on Latin America in Beijing
- 03.03.2018 Agreement between Russia and China on lunar and deep space exploration
- 05.03.2018 Position of the Ministry of Foreign Affairs of the Russian Federation on deepening BRICS dialogue on African issues
- 05.03.2018 Position of the Ministry of Foreign Affairs of the Russian Federation on BRICS
- 08.03.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on the situation on the Korean Peninsula
- 14.03.2018 Position of the China’s Permanent Representative to the United Nations on the Skripal case at the UN Security Council

- 15.03.2018 Position of the Russian and Chinese Presidents on negotiations between North Korea, South Korea and the United States
- 16.03.2018 Meeting of Co-Chairs of the Russian–Chinese Dialogue on Security in Northeast Asia in Beijing
- 16.03.2018 2nd Ministerial Meeting in Support of the Lebanese Armed Forces and Internal Security Forces in Rome
- 19.03.2018 Position of Russia and China on the meeting of the UN Security Council on Syria
- 20.03.2018 G20 Meeting of Finance Ministers and Central Bank Governors and Deputies in Buenos Aires
- 21.03.2018 Russian and Chinese Ambassadors to the United States meet in Washington
- 28.03.2018 Position of the Chair of the Russian Council of the Federation Committee on Foreign Affairs on Kim Jong-un’s visit to China
- 29.03.2018 Preparation for the 2020 BRICS and SCO summits in Chelyabinsk
- 29.03.2018 Position of the Ministry of National Defense of the People’s Republic of China on bilateral relations
- 30.03.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on Russia–U.S. relations

Political Dialogue

- 15.04.2017 Telephone talks between Russian and Chinese Ministers of Foreign Affairs
- 19.04.2017 Meeting of Assistant to the President of the Russian Federation with Deputy Head of the Department of the Central Committee of the Communist Party of China for Organisational Work
- 21.04.2017 3rd Meeting of the Russia–China Inter-Parliamentary Commission for Cooperation in Moscow
- 27.04.2017 Meeting of the President of the Russian Federation and a member of the Politburo and Secretariat of the Central Committee of the Communist Party of China, Head of the General Office of the Central Committee of the Communist Party of China in Moscow
- 14.05.2017 Meeting of the President of the Russian Federation and the Premier of the State Council of the People’s Republic of China in Beijing
- 25.05.2017 Meeting of the President of the Russian Federation and the Minister of Foreign Affairs of the People’s Republic of China in Moscow
- 08.06.2017 Meeting of the President of the Russian Federation and the President of the People’s Republic of China in Astana
- 29.06.2017 Meeting of Co-Chairs of the Intergovernmental Russian–Chinese Commission for Cooperation of the Russian Far East and the Baikal Region and the Northeast of the People’s Republic of China in Beijing
- 03.07.2017 Visit of the President of the People’s Republic of China to Russia
- 03.07.2017 Position of the Russian Ambassador to China on cooperation between the two countries

- 04.07.2017 Meeting of the President of the Russian Federation and the President of the People's Republic of China with representatives of the public from both countries in Moscow
- 05.07.2017 Meeting of the Prime Minister of the Russian Federation and the President of the People's Republic of China in Moscow
- 09.07.2017 Position of the Ministry of Foreign Affairs of the People's Republic of China on Russia–China Cooperation
- 27.07.2017 3rd BRICS Labour and Employment Ministers' Meeting in Chongqing
- 31.08.2017 Position of the Chinese Ambassador to Russia on Russia–China Relations
- 03.09.2017 Meeting of the President of the Russian Federation and the President of the People's Republic of China in Xiamen
- 04.09.2017 Visit of Vice Premier of the People's Republic of China State Council to Vladivostok
- 06.09.2017 Meeting of Deputy Prime Minister of the Russian Federation and Vice Premier of the State Council of the People's Republic of China in Volgograd
- 14.09.2017 Cooperation Agreement signed by the Governor of St. Petersburg and the Head of Sichuan Province
- 06.10.2017 Position of Chairman of the Central Committee of the Communist Party of China on Chinese ideology
- 11.10.2017 Position of Ministry of Foreign Affairs of the People's Republic of China on Russia–China Cooperation
- 13.10.2017 Article by Chinese Ambassador to Russia for the *Izvestia* newspaper
- 26.10.2017 Telephone conversation between the President of the Russian Federation and the President of the People's Republic of China
- 30.10.2017 21st Meeting of the Russian–Chinese Intergovernmental Commission for Preparing Regular Meetings of the Heads of Government in Chongqing
- 01.11.2017 22nd Regular Meeting of Russian and Chinese Heads of Government in Beijing
- 02.11.2017 Meeting of the Prime Minister of the Russian Federation and the President of the People's Republic of China in Beijing
- 05.11.2017 Meeting of the Prosecutor General of the Russian Federation and the Minister of Justice of the People's Republic of China
- 11.11.2017 Meeting of the Russian and Chinese Presidents in Da Nang
- 27.11.2017 Position of the Ministry of Foreign Affairs of the Russian Federation on cultural cooperation between Russia and China
- 01.12.2017 Meeting of the Prime Minister of the Russian Federation and Premier of the State Council of the People's Republic of China in Sochi
- 03.12.2017 Visit of the Deputy Chairman of the State Duma of the Russian Federation, Member of the Central Committee of the "Fair Russia" party to Beijing
- 05.12.2017 International Conference "Parliamentarians against Drugs" in Moscow
- 07.12.2017 China's position on the decision of the President of the Russian Federation to run for a fourth term

- 07.12.2017 Visit of Vice Chairman of the Communist Party of China Central Military Commission to Moscow
- 14.12.2017 Position of the President of the Russian Federation on Russia–China relations
- 14.12.2017 Cooperation Agreements signed between Krasnoyarsk and Manchuria
- 19.12.2017 Telephone conversation between the Ministers of Foreign Affairs of Russia and China
- 20.12.2017 Plans to simplify visa procedures between Russia and China
- 25.12.2017 Visit of the Administration of Chita to Manchuria
- 25.12.2017 Visit of a delegation from Jiangxi Province to Penza Region
- 11.01.2018 Visit of the Russian Ambassador to the United States to the Chinese Embassy in Washington
- 26.01.2018 Meeting of Russian Deputy Minister of Foreign Affairs and Chinese Ambassador to Russia in Moscow
- 07.02.2018 Meeting of Vice Premiers of Russia and China in Harbin
- 11.02.2018 Position of the Ministry of Foreign Affairs of the Russian Federation on Russia–China Cooperation
- 01.03.2018 Position of the President of the Russian Federation on bilateral relations
- 01.03.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on the Russian Election
- 02.03.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on the Address of the President of the Russian Federation to the Federal Assembly
- 02.03.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on bilateral relations
- 11.03.2018 Position of the State Duma of the Russian Federation on the revision to the Constitution of the People’s Republic of China
- 11.03.2018 Position of the Council of the Federation on the revision to the Constitution of the People’s Republic of China
- 17.03.2018 Congratulations of the President of the Russian Federation to the President of the People’s Republic of China on the re-election
- 18.03.2018 Congratulating telegram from the Prime Minister of the Russian Federation to the Premier of the State Council of the People’s Republic of China
- 19.03.2018 Telephone conversation between the Russian and Chinese Presidents
- 19.03.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on bilateral relations
- 19.03.2018 Position of the President of the Russian Federation on bilateral cooperation
- 19.03.2018 Position of the Head of Chinese Observer Mission on elections in Russia
- 20.03.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on bilateral relations
- 27.03.2018 Meeting of Deputy Minister of Foreign Affairs of the Russian Federation and Chinese Ambassador to Russia in Moscow

27.03.2018 Meeting of Deputy Minister of the Ministry of Foreign Affairs of the Russian Federation and the Ambassador of the People's Republic of China in Moscow

Military and Technical Cooperation

- 27.04.2017 19th round of strategic consultations between the Russian and Chinese armed forces in Moscow
- 29.06.2017 Signing of the Roadmap for the Development of Military Cooperation between Russia and China in 2017–2020
- 25–27.07.2017 Naval Interaction 2017 Exercise in the Baltic Sea
- 04.08.2017 Participation of Russia and China in the International Army Games
- 04.08.2017 International Army Games *Aviadarts 2017* event in Changchun
- 31.08.2017 Position of Rostec CEO on the importance of China to BRICS
- 13.09.2017 Roadmap for joint development of a heavy-lift helicopter
- 17.09.2017 31st Meeting of the SCO Regional Anti-Terrorist Structure in Beijing
- 18–26.09.2017 Second stage of the Naval Interaction 2017 Exercises in the Sea of Okhotsk and the Sea of Japan
- 19.09.2017 Aviation Expo China 2017 in Beijing
- 20.09.2017 Conclusion of Memorandum of Cooperation on the development of *PD-35* gas turbine engine for *CR929* aircraft
- 21.09.2017 Programme for upgrading Russian helicopter power units in China presented
- 22.11.2017 Inspections of border disarmament between Russia and China completed
- 23.11.2017 *CR929* aircraft model tested in a wind tunnel
- 24.11.2017 Ratification of the agreement with China on the protection of space technologies by the State Duma of the Russian Federation
- 02–13.12.2017 Cooperation 2017 Joint Military Exercise in Yinchuan
- 06.12.2017 SCO exercise on combating cyber terrorism in Xiamen
- 07.12.2017 Visit of a delegation of the Chinese People's Liberation Army to the *Tamanskaya* Guards Motorized Rifle Division
- 08.12.2017 Bilateral Memorandum on Cooperation in the Implementation of Innovative Projects concluded
- 11.12.2017 Second Aerospace Security 2017 Russian–Chinese Anti-Ballistic Missile Defence Drills in Beijing
- 11.12.2017 Gathering of SCO member state military translators in Moscow
- 22.12.2017 Delivery of the second Russian batch of *Su-35* fighters to China
- 28.12.2017 Position of Ministry of Defence of the People's Republic of China on military ties between Russia and China
- 02.01.2018 Unofficial visit of the Russian Navy Pacific Fleet to Shanghai

- 19.01.2018 First delivery of the first Russian *S-400* Triumf SAM to China
- 22.01.2018 Meeting of the Chairman of the Council of the Federation Committee on Defence and Security and Defence Attaché of the Embassy of the People's Republic of China in Moscow
- 14.02.2018 First stage of negotiations to certify the Ansat helicopter in China
- 12.03.2018 Statistics on Chinese orders for Russian weapons and equipment published

Trade and Economic Interaction

- 10.04.2017 Statistics on Russia–China trade published
- 14.04.2017 Visit of Vice Premier of the State Council of the People's Republic of China to Moscow
- 20.04.2017 Presentation of trade economic and investment potential of the Tula Region in Beijing
- 08.05.2017 Statistics on the volume of Russia–China trade published
- 16.05.2017 Statistics on Russian oil supplied to China published
- 16.05.2017 Memorandum on promoting the export of Russian media content to the Chinese market concluded
- 17.05.2017 Statistics on the volume of trade between Fujian Province and BRICS countries published
- 21.05.2017 23rd Meeting of APEC Ministers Responsible for Trade in Hanoi
- 13.06.2017 1st China–Russia Innovation Dialogue in Beijing
- 16.06.2017 Memorandum of Cooperation concluded between Ulmart and JD.com
- 16.06.2017 7th Meeting of BRICS Ministers of Agriculture and Agrarian Development in Nanjing
- 06.07.2017 Statistics on Russia–China trade published
- 14.07.2017 Statistics on Russia–China trade published
- 21.07.2017 Memorandum of Cooperation and Understanding concluded between Shvabe and China Aerospace Science and Industry Corporation (CASIC)
- 31.08.2017 Participation of Russia in the International Food Fair 2017 in Beijing
- 04.09.2017 BRICS Business Forum in Xiamen
- 04.09.2017 BRICS Strategic Framework of Customs Cooperation Programme signed
- 06.09.2017 3rd Eastern Economic Forum in Vladivostok
- 09.09.2017 5th East Asia Summit Economic Ministers' Meeting in Manila
- 11.09.2017 Statistics on Russia–China trade published
- 14.09.2017 2nd Meeting of Russia–China Industry Cooperation Sub-Commission in Kazan
- 19.09.2017 China–Russia–Mongolia Trade and Economic Cooperation Fair in Erenhot
- 28.09.2017 3rd Forum on Small Business of the SCO and BRICS Regions in Ufa
- 16.10.2017 Statistics on volumes of fruit and vegetables exported to Russia via Heihe published

- 16.10.2017 Meeting of the President of the Republic of Tatarstan and the Head of the Chinese Machine-Building International Corporation in Kazan
- 08.11.2017 9th APEC Ministerial Meeting on Foreign Trade in Da Nang
- 09.11.2017 Statistics on the volume of Russia–China trade published
- 11.11.2017 25th APEC Summit in Da Nang
- 13.11.2017 China’s position on the establishment of the Free Trade Area in the Asia Pacific
- 15.11.2017 Position of the Premier of the State Council of the People’s Republic of China on the EAS format
- 26.11.2017 Statistics on ice cream exported from Russia to China published
- 04.12.2017 Russia–China Coal and Chemical Company opened in the Trans-Baikal Region
- 05.12.2017 15th Meeting of the Russia–China Permanent Working Group on Forest Resources Development in Tomsk
- 07.12.2017 Sales statistics on the Chinese auto industry in Russia published
- 08.12.2017 Statistics on Russia–China trade published
- 08.12.2017 Statistics on soybean imported from Russia to China published
- 10.12.2017 Presentation of the investment and economic potential of the Tyumen Region made to Chinese entrepreneurs in Moscow
- 24.12.2017 Statistics on the volume of Russia–China trade in Manzhouli published
- 26.12.2017 Position of the Chinese Ambassador to Russia on the SCO Agreement on Trade Facilitation
- 31.12.2017 Statistics on the volume of fruit and vegetables exported from China to Russia published
- 01.01.2018 Expansion of joint projects between the Khabarovsk Region and the People’s Republic of China
- 02.01.2018 Statistics on the volume of regional trade between the Jewish Autonomous Region and China published
- 03.01.2018 Statistics on the volume of regional trade between Russia and China published
- 03.01.2018 Statistics on the volume of regional trade between the Primorsky Region and China published
- 04.01.2018 Statistics on the volume of regional trade between Irkutsk Region and China published
- 09.01.2018 Action plan for the participation of Xinjiang in the construction of the Russia–Mongolia–China Economic Corridor adopted
- 16.01.2018 Chinese statistics on the volume of Russia–China trade in 2017 published
- 16.01.2018 Gaidar Forum in Moscow
- 26.01.2018 Statistics on the volume of timber exported from the Novosibirsk Region to China published
- 29.01.2018 Statistics on the volume of potash fertilisers imported from Russia to China published

- 30.01.2018 Statistics on the volume of confectionery products supplied from Russia to China published
- 31.01.2018 Statistics on the volume of seafood exported from Russia to China published
- 06.02.2018 Agreement between the EEC and China on the exchange of information on fraudulent practices, unscrupulous sellers and unsafe goods
- 06.02.2018 Statistics on the volume of regional trade between the Khabarovsk Region and China published
- 06.02.2018 Statistics on foreign trade on the Trans-Baikal Railway between Russia and China published
- 07.02.2018 Agreement between Russia and China to create a cross-border territory of advanced development
- 07.02.2018 Position of the Vice Premier of the State Council of the People's Republic of China on Russia–China cooperation
- 07.02.2018 Position of the First Deputy Chairman of the Government of the Amur Region on Russia–China cooperation
- 08.02.2018 Statistics on the volume of Russia–China trade published
- 08.02.2018 Russian statistics on the volume of Russia–China trade in 2017 published
- 08.02.2018 Ural jewellers obtained a patent in China
- 10.02.2018 1st Global Cross-Border E-Commerce Conference in Beijing
- 11.02.2018 Statistics on mail packages sent from China to Russia published
- 13.02.2018 *AliExpress* Internet retailer trading platform launched in Russia
- 17.02.2018 Shipments of apples from China to Russia started
- 22.02.2018 Statistics on the volume of fruit and vegetables exported from China to Russia via Manzhouli published
- 26.02.2018 China granted permission to import Russian wheat from six regions
- 03.03.2018 Working visit of Dongluwang pharmaceutical company to Nadym
- 08.03.2018 Statistics on the volume of Russia–China trade published
- 08.03.2018 Statistics on the volume of regional trade between Russia and Heilongjiang Province published
- 12.03.2018 Statistics on ice cream exported from the Primorsky Region to China published
- 14.03.2018 Statistics on the volume of Russia–China trade published
- 15.03.2018 Statistics on cars imported via Manzhouli for January 2018 published
- 15.03.2018 Rights to show Russian animated series sold to China
- 15.03.2018 27th session of the Mixed Russia–China Committee on Cooperation in Fisheries in Xiamen
- 20.03.2018 Position of the Premier of the State Council of the People's Republic of China on bilateral relations
- 24.03.2018 Rospatent's position on bilateral relations

- 26.03.2018 Statistics on timber exported from the Khabarovsk Region to China published
27.03.2018 *Moscow International Recycling Expo*

Financial and Investment Cooperation

- 12.04.2017 4th Session of the Intergovernmental Commission for Investment Cooperation in Moscow
12.04.2017 Visit of Zabaikalsky Region delegation to China
27.04.2017 First loan agreement of the New Development Bank with the Brazilian Development Bank
28.04.2017 Network-Session Dialogues as part of the Russia–China Year of Business in Moscow
15.05.2017 Russia–China Development Fund Draft Agreement signed in Beijing
22.05.2017 Agreement on strategic collaboration between the Shanghai Stock Exchange and Moscow Exchange signed in Moscow
14.06.2017 3rd Russia–China Entrepreneurship Assembly in Vladivostok
16.06.2017 Agreement on the joint establishment of the First Russia–China Interbank Cooperation Fund signed
16.06.2017 2nd Meeting of the Council for Interregional Cooperation in Volga–Yangtze format in Hefei
19.06.2017 BRICS agreement to create Sovereign Bond Fund
28.06.2017 “Otkrytie Bank” presentation at the Embassy of the Russian Federation in Beijing
02.07.2017 New Development Bank’s Development Strategy adopted
12.07.2017 Mir-Union Pay debit cards issued
03.09.2017 New Development Bank granted a loan to Russia
04.09.2017 Loan agreements of the New Development Bank with the provinces of Fujian and Jiangxi in Xiamen
04.09.2017 BRICS Business Forum in Xiamen
19.10.2017 Siberian Entrepreneurship Forum in Krasnoyarsk
24.10.2017 First National Trade Fair for Chinese Machinery and Innovations in Moscow
31.10.2017 Chinese investors visit Chelyabinsk Region
20.11.2017 Agreement to establish a joint innovation centre in Russian and Chinese cities
23.11.2017 Meeting of the Russia–China Permanent Working Group on Forest Resources Development in Tomsk
01.12.2017 Position of the Premier of the State Council of the People’s Republic of China on investments in the Far East
01.12.2017 China (Zhejiang) – Russia Trade and Investment Conference in Moscow
15.12.2017 Report on the overall innovative competitiveness of BRICS published in Beijing
19.12.2017 Day of the Chinese Investor in Vladivostok

15.01.2018	11 th Asian Financial Forum in Hong Kong
07.02.2018	Agreement on Regional Cooperation in Investment Activities signed
07.02.2018	Opening ceremony of Years of Russian-Chinese Inter-Regional Cooperation in Harbin
16.02.2018	Russian Investment Forum in Sochi
19.02.2018	Statistics on Chinese investment in Russia published
21.02.2018	Position of the Chairman of the Board of the Eurasian Development Bank on Russia–China cooperation
22.02.2018	Memorandum of Intention concluded between the Russian Far East Investment and Export Agency and Zhongding Dairy Farming
07.03.2018	Volume of DCM transactions closed by VTB in China published
12.03.2018	Agreement on China’s investment in the uranium mine industry signed
28.03.2018	Website of the Central Bank of Russia adds Chinese-language section for investors

Cooperation in Transport and Infrastructure

12.04.2017	Business meeting between the Chairman of the Board of Gazprom, the First Vice Premier of the State Council of the People’s Republic of China and the Vice President of the China National Petroleum Corporation
14.04.2017	Suifenhe – Russia – Asia, the first direct route for land and sea freight transportation opened
21.04.2017	1 st freight train travelled the Xiamen–Moscow route
26.04.2017	Russian nuclear fuel entered the Chinese market
27.04.2017	China Railway Construction Corporation Ltd. won tender to build three Moscow Metro stations
20.05.2017	Statistics on the volume of deliveries via the Russia–China oil pipeline published
23.05.2017	Joint Russia – China <i>CRAIC</i> aircraft manufacturing company established in Shanghai
09.06.2017	Memorandum of Understanding on cooperation in accelerating the development of container transport concluded
27.06.2017	Huadian-Teninskaya Thermal Power Plant commissioned in Yaroslavl
06.07.2017	Roundtable on the prospects for implementing the Agreement between the Governments of the Shanghai Cooperation Organisation Member States on the Creation of Favourable Conditions for International Road Transport in Beijing
13.07.2017	Russia participated in a forum dedicated to scientific and technical innovations and international cooperation along the Belt and Road in Qingdao
19.07.2017	Statistics on cross-border e-commerce between Russia and China published
05.09.2017	Opening of the Manzhouli–Moscow railway freight route
29.09.2017	Launch of Tianwan Nuclear Power Plant Unit, constructed jointly by Russia and China

- 29.09.2017 Long-haul wide-body aircraft is built by Russia and China under the official name *CR929*
- 07.10.2017 Meeting of the Governor of St. Petersburg with the Vice President of the Industrial and Commercial Bank of China
- 10.10.2017 Establishment of first Trans-Container subsidiary in the Shanghai Free Trade Zone
- 15.11.2017 Opening of the joint centre for the technological research and development of high-speed railways in Changchun
- 02.12.2017 Meeting of the Administration of Ulyanovsk Region and representatives of Chinese companies in Ulyanovsk
- 06.12.2017 Meeting of the Russia–China mixed border railway commission in Khabarovsk
- 08.12.2017 First direct flight between Moscow and Jinan
- 08.12.2017 Opening of the Russian–Chinese scientific and educational centre of railway transport
- 09.12.2017 First production line of the Yamal LNG project commissioned
- 11.12.2017 Samara–Beijing container route launched
- 12.12.2017 Statistics on transport between Russia and China on the Trans-Baikal Railway published
- 13.12.2017 Construction of the first branch of cross-border underground tunnel completed in Amur Region
- 17.12.2017 Russia–China Business Innovation Forum in Beijing
- 18.12.2017 Meeting of Trans-Baikal and Chinese entrepreneurs in Chita
- 19.12.2017 Starting of welding operations on the Northern section of the Eastern gas pipeline from Russia
- 21.12.2017 Agreement signed between Gazprom and CNPC on terms of natural gas supply
- 28.12.2017 Statistics on the export of Russian oil to China published
- 01.01.2018 2nd branch of China–Russia Mohe–Daqing oil pipeline commissioned
- 08.01.2018 First freight train travelled from Tianjin to Moscow
- 09.01.2018 Statistics on freight handling along the Makhhalino–Hunchun cross-border railway published
- 09.01.2018 Statistics on the volume of Russian oil supply to China published
- 18.01.2018 Statistics on freight transportation through the Manzhouli checkpoint published
- 22.01.2018 Commercial Port of Vladivostok connected to the China – Russia Express Maritime Shipping Line
- 22.01.2018 Agreement signed between Russia and China on the construction of the Bovanenkovo–Sabetta railway line
- 24.01.2018 Statistics on volumes of coal exports through the Vostochny Port to China published
- 26.01.2018 Position of China on information on the shipments of coal from North Korea to Russia
- 29.01.2018 Statistics on volumes of Russian oil supplied to China published

- 30.01.2018 First container train on the Yiwu–Kupavna Station route
- 31.01.2018 Oil export statistics on the Russia–China oil pipeline published
- 07.02.2018 Position of a representative of the Russian Union of Industrialists and Entrepreneurs on the Arctic Strategy of China
- 08.02.2018 First speed container train from Kazan to China launched
- 09.02.2018 First export blocks with forest products sent from Krasnoyarsk to Chengdu
- 10.02.2018 Delivery of first batch of sunflower oil from Russia to China
- 10.02.2018 Position of the First Deputy Chairman of the Government of the Amur Region on regional cooperation
- 13.02.2018 Statistics on the volume of oil exported from Russia to China published
- 15.02.2018 New Development Bank loan for the modernisation of water pipelines in Russia
- 16.02.2018 Statistics on work performed on the construction of the Power of Siberia published
- 17.02.2018 Position of the head of Gazprom on the profitability of the Power of Siberia pipeline
- 26.02.2018 Performance tests successfully carried out on the third unit of the Tianwan Nuclear Power Plant in China
- 28.02.2018 Russian government approved a draft agreement on the construction and operation of a new bridge on the border with China
- 28.02.2018 Position of the Minister of Digital Development, Communications and Mass Media of the Russian Federation on Chinese mobile operator entering the Russian market
- 02.03.2018 Information on Gazprom’s work on the construction of the Power of Siberia published
- 06.03.2018 3rd unit of the Tianwan Nuclear Power Plant transferred to China
- 06.03.2018 Position of the head of the National Development and Reform Commission of the People’s Republic of China on bilateral relations
- 14.03.2018 Position of the Deputy of the National People’s Congress on bilateral cooperation
- 14.03.2018 Business meeting between representatives of the Ministries of Transport of Russia and China in Beijing
- 20.03.2018 Start of the construction of the first private highway in Russia
- 21.03.2018 Resumption of work of international postal exchange at Manzhouli
- 29.03.2018 Construction of railway line to the Amur Gas Processing Plant completed
- 30.03.2018 First regular cargo flight between Moscow and Hangzhou
- 30.03.2018 Statistics on Russian oil supplies to China published
- 30.03.2018 New stage of work by CRAIC joint aircraft-building enterprise launched

Aligning the EAEU and the BRI

- 18.04.2017 Negotiations between the Chairman of the State Duma of the Russian Federation and the Chairman of the Standing Committee of the National People’s Congress

- 14.05.2017 Meeting of the Russian and Chinese Presidents in Beijing
- 14.05.2017 Belt and Road Forum for International Cooperation in Beijing
- 01.06.2017 SPIEF 2017
- 15.06.2017 4th China–Russia Expo in Harbin
- 16.06.2017 2nd Russian, Chinese and Mongolian Border Customs Cooperation Meeting in Harbin
- 02.07.2017 Interview of the President of the People’s Republic of China with *Rossiyskaya Gazeta*
- 03.07.2017 International Conference on Cooperation Supporting Science and Creating a Belt and Road Future in Beijing
- 07.07.2017 Position of the Ministry of Foreign Affairs of the Republic of China on aligning the EAEU and the Silk Road Economic Belt
- 18.09.2017 Russia–China Forum “Moscow–Beijing: Trade, Economic and Cultural Cooperation on the Silk Road” in Moscow
- 01.10.2017 Joint Statement of the EEC and the Ministry of Commerce of the People’s Republic of China on the Principal Conclusion of Negotiations on an Agreement on Trade and Economic Cooperation
- 16.10.2017 Position of the member of State Duma Foreign Affairs Committee on cooperation between the EAEU and BRICS
- 14.11.2017 Position of the Chinese Ambassador to Russia on the importance of the Ice Silk Road
- 22.11.2017 Position of the Adviser to the President of the Russian Federation on integrating the EAEU and the Silk Road Economic Belt
- 23.11.2017 4th International Eurasian Challenge Conference in St. Petersburg
- 08.12.2017 President of the Russian Federation attended the Northern Sea “Silk” Route opening ceremony
- 12.12.2017 5th Russia–China Dialogue on Industrial Safety in Beijing
- 15.12.2017 8th Sino–Russian SME Cooperation Roundtable in Changsha
- 17.12.2017 Opening of the Russia–China IP–Silk Road Intellectual Property Centre in Beijing
- 22.12.2017 Launching of Russian version of the Belt and Road Initiative website
- 16.01.2018 Agreement on the exchange of customs information between the EAEU and China approved
- 18.01.2018 Position of the President of the Russian Federation on the EAEU–China agreement on trade and economic cooperation
- 14.02.2018 Students meet with Consul General of the People’s Republic of China and the Vice-Governor of St. Petersburg in St. Petersburg
- 16.02.2018 China–Russia Friendship Association’s initiative to create a Eurasian cultural forum of the Greater Eurasian Space proposed
- 22.02.2018 3rd Russia–China Business Forum in St. Petersburg
- 02.03.2018 Statistics on Kaluga Region exports within the new Silk Road project published

30.03.2018 Position of the Head of Russian Working Group on the Digital Economy in the BRICS Business Council on Trade

Cultural, Educational and Media Cooperation

- 04.04.2017 Russia–China multimedia film *This is China* presented in Moscow
- 04.04.2017 Condolences of China on the terrorist attack in St. Petersburg
- 05.04.2017 Condolences of Chinese poets on the death of a Russian poet
- 06.04.2017 Establishment of the Russia–China Centre for the Study of Ecology and Engineering in the Cold Regions of Asia in Lanzhou
- 12.04.2017 SCO Model Interactive cognitive game in Beijing
- 21.04.2017 Chinese Medicine Centres planned for Russia
- 22.04.2017 Belt and Road Young Scientists Seminar in Beijing
- 24.04.2017 Ceremony in honour of the 10th anniversary of the establishment of the Confucius Institute at Kazan Federal University in Kazan
- 03.05.2017 Agreement signed between Ulyanovsk Region and China on charter flights
- 05.05.2017 *Russia and China in Dialogue* series started
- 16.05.2017 5th China–Mongolia–Russia Mayors’ Summit on the Tea Horse Road in Jinzhong
- 17.05.2017 “*Wings of Power: Notes on the March West along the One Road One Belt*” book presented in Beijing
- 19.05.2017 Statistics on the number of Russian specialists working in China published
- 20.05.2017 Agreement to launch a joint Russia–China BRICS TV channel signed
- 20.05.2017 “*The Line of President V. Putin*” presented in Beijing
- 20.05.2017 Opening of S.A. Yesenin Cultural and Educational Centre in Changchun
- 18–22.05.2017 Russian Gastroweek in China
- 23.05.2017 Russian cuisine week and presentation of Russian and Chinese food enterprises in Shanghai
- 26.05.2017 Memorandum of Understanding between the Arctic and Antarctic Research Institute and the Chinese Arctic and Antarctic Administration
- 08.06.2017 BRICS Media Summit in Beijing
- 10.06.2017 Reception in honour of the Russia Day in the Russian Embassy in Beijing
- 11.06.2017 Agreements on cooperation between travel agencies and departments in China and Russia
- 11.06.2017 *Antiques of the Romanov House* Exhibition in Chengdu
- 15.06.2017 Russian Cinema Festival in Beijing and Harbin
- 28.06.2017 8th Russia–China Culture and Art Fair
- 28.06.2017 Starting of Tourist Motor Rally to Russia from Changsha

- 29.06.2017 Moscow–Beijing Video Conference based on Russia–China joint geographical research
- 30.06.2017 “*The New Silk Road. The Main Project of the 21st Century*” book presented in Moscow
- 02.07.2017 Second Annual Conference of the BRICS Network University in Zhengzhou
- 03.07.2017 First International Women’s Forum of the SCO and BRICS in Novosibirsk
- 03.07.2017 Mobile application about Russia and China launched
- 04.07.2017 Week of Chinese Culture launched in the Chinese Bookstore in Moscow
- 04.07.2017 3rd Russia–China Media Forum in Moscow
- 04.07.2017 Cooperation Agreement between *Sputnik* and *Xinhua*
- 04.07.2017 Cooperation Agreement between *Sputnik* and *Guangdong Radio and Television*
- 04.07.2017 Cultural Tour of Guangdong Province in Moscow
- 04.07.2017 Agreement on the launch of the first Russian TV channel in China
- 04.07.2017 11th Plenary Session of the Russian–Chinese Committee of Friendship, Peace and Development in Moscow
- 05.07.2017 5th Meeting of BRICS Education Ministers in Beijing
- 05.07.2017 Agreement on Comprehensive Cooperation between TASS and *Renmin Ribao* (*People’s Daily*)
- 05.07.2017 Russia–China Relations and International Agenda Video Conference
- 06.07.2017 2nd Meeting of BRICS Ministers of Culture in Tianjin
- 06.07.2017 7th Meeting of BRICS Health Ministers in Tianjin
- 11.07.2017 Russia and China through a Lens of the Camera Contest winners receive awards in Moscow
- 16.07.2017 Opening ceremony of the Russia–China Summer Camp for Youth in Harbin
- 17.07.2017 Ditan Temple Fair in Moscow
- 18.07.2017 5th Meeting of BRICS Ministers on Science, Technology and Innovation in Hangzhou
- 19.07.2017 Statistics on the postal volume between Russia and China published
- 25.07.2017 BRICS Youth Forum in Beijing
- 06–08.09.2017 First Russian Cartoon Week in China
- 12.09.2017 18th Session of the Russia–China Committee on Cultural Cooperation in Guangzhou
- 12.09.2017 Premiere of first Russia–China joint animated film
- 12.09.2017 Russian Culture 2017 Festival in Guangzhou
- 13.09.2017 Russia–China Union of Multidisciplinary Universities established in Shenzhen
- 13.09.2017 Official opening ceremony of the first academic year at Russia–China University in Shenzhen
- 13.09.2017 2nd Russia–China Media Dialogue Symposium in Blagoveshchensk
- 14.09.2017 Harbin China–Russia Internet Media Forum in Heilongjiang

- 16.09.2017 Visit of the Chairman of the Russian Division of the Council for People with Disabilities of the Russian–Chinese Committee of Friendship, Peace and Development to China
- 21.09.2017 Russia–China Master’s programme in propulsion engineering launched
- 02.10.2017 Belt and Road – Impressions of China Exhibition in Tula
- 06.10.2017 New edition of the collected works of Vladimir Lenin published in Beijing
- 12.10.2017 21st joint publication on Tangut studies presented in Yinchuan
- 19.10.2017 Meeting of the SCO Secretary-General with MBA programme students in St. Petersburg
- 23.10.2017 Jilin Cultural Week of Culture in Moscow and St. Petersburg
- 26.10.2017 “China After the Communist Party Congress: Should We Expect Changes?” Video Conference
- 31.10.2017 Days of Moscow in Beijing Festival
- 01.11.2017 Russian Order of Friendship awarded to three vice premiers of the State Council of the People’s Republic of China in Beijing
- 02.11.2017 Closing Ceremony of the Russia–China Media Exchange Year in Beijing
- 05.11.2017 Base for exchanges between Russian and Chinese youth entrepreneur incubators in Qingdao
- 06.11.2017 60th anniversary of the foundation of the Russian–Chinese Friendship Association
- 07.11.2017 Exhibition marking the 100th Anniversary of the October Revolution in Beijing
- 09.11.2017 Inter-University agreement on the establishment of a joint translation school
- 10.11.2017 10th volume of the “*History of China from Ancient Times to the Beginning of the 21st Century*” presented in Moscow
- 15.11.2017 Opening of the Harbin–Shenzhen Russia Cultural and Art Fair in Harbin
- 18.11.2017 Russia–China “Relations Following the 19th National Congress of the Communist Party of China” Seminar in Moscow
- 25.11.2017 Results of VCIOM research on the perception of China in Russia published
- 27.11.2017 Meeting of the SCO Secretary General with the Youth League of the SCO states in Beijing
- 27.11.2017 Russian scientist elected foreign member of Chinese Academy of Engineering
- 28.11.2017 Member of the Russian Academy of Sciences elected foreign member of Chinese Academy of Sciences
- 01.12.2017 Fourth BRICS Legal Forum
- 01.12.2017 10th Poetry Biennale in Moscow
- 01.12.2017 New Horizons! Youth Cultural Forum in St. Petersburg
- 02.12.2017 First Let’s Sing Together! Russian-Chinese song contest in Vladivostok
- 02.12.2017 “The Spoken Word: Post-Babel Condition” International Literature and Theatre Festival in Moscow

- 04.12.2017 *Wait for Me, and I'll Be Back* theatre production premieres in Beijing
- 04.12.2017 Russia–China Snow and Ice Festival in Heihe
- 04.12.2017 Agreement on Cooperation signed between Administration of St. Petersburg and China Soong Ching-ling Foundation
- 05.12.2017 Opening of the Russian Scientific Association of Traditional Chinese Medicine in Moscow
- 05.12.2017 Meeting of representatives of Russian and Chinese fishery protection agencies in Khabarovsk
- 05.12.2017 “The Social and Labour Sphere in Russia and China: Experience and Problems” Conference in Vladimir
- 06.12.2017 7th Russia–China Song Contest in St. Petersburg
- 06.12.2017 BRICS Conference on Aging in Beijing
- 06.12.2017 Agreement on the establishment of a department of Peter the Great St. Petersburg Polytechnic University in Changxing
- 06.12.2017 Visit of a delegation of Chinese lawyers to the Association of Lawyers of the Russian Federation to Moscow
- 08.12.2017 Representatives of the Consulate General of China meet with Sinologists of St. Petersburg
- 09.12.2017 Test on the history of Russia in China
- 12.12.2017 Linguistic duel between Russian Evenks and Chinese Oroqens in Blagoveshchensk
- 13.12.2017 Symposium on “China and Russian–Chinese Relations After 19th Communist Party Congress” in Moscow
- 14.12.2017 “*Russia and the West from Alexander I to Putin*” book presented in Beijing
- 14.12.2017 “Peredvizhniki. Masterpieces of Russian Art from the Tretyakov Gallery” Exhibition in Shanghai
- 14.12.2017 Visit of delegation of the Shanghai Committee of the National Committee of the Chinese People’s Political Consultative Conference of China to Moscow
- 14.12.2017 “Echo BRICS” Film Festival in Moscow
- 23.12.2017 Russia–China–Mongolia beauty contest in Manzhouli
- 24.12.2017 Russia–China New Year’s Eve celebration in Vladivostok
- 25.12.2017 2nd “Hard Pen” Calligraphy Competition in Beijing
- 28.12.2017 Chinese six-day visa-free transit policy introduced
- 29.12.2017 “*The Russian Press in China*” monograph published in Moscow
- 01.01.2018 Statistics on tourist exchanges published
- 04.01.2018 Alexandrov Russian Army Song and Dance Ensemble’s concert in Beijing
- 05.01.2018 Statistics on the number of tourists from China visiting the Amur Region published
- 05.01.2018 “*Beyond Sin*” ballet premiere in Beijing
- 06.01.2018 Statistics on the number of tourists visiting the Red Road published

- 07.01.2018 Annual International Winter Swimming Competition in Harbin
- 12.01.2018 “*Salute 7*” film premieres in China
- 12.01.2018 Russia–China Association of Secondary Schools established in Harbin
- 14.01.2018 2nd “Commonwealth 2018” youth ice hockey match between Russia and China
- 15.01.2018 23rd International Snow Sculpture Competition in Harbin
- 16.01.2018 Solo concert of Russian violinists in Harbin
- 16.01.2018 Statistics on honey supply from Bashkortostan to China published
- 18.01.2018 Exhibition of Chinese abstract artists in St. Petersburg
- 18.01.2018 Position of the Ministry of Foreign Affairs of the People’s Republic of China on protecting media rights
- 19.01.2018 Concert by Chinese students in Yekaterinburg
- 24.01.2018 Moscow–Kaliningrad video conference: “Results of Russia–China Accreditation of the Education Programmes in Higher Education Institutions of Russia and China in 2017”
- 25.01.2018 Results of the Russia–China Media Exchange Year evaluated
- 25.01.2018 “The Greatness and Wisdom of China” contest in Yekaterinburg
- 26.01.2018 Statistics on the number of Chinese tourists visiting the Arctic published
- 26.01.2018 “*In Search of Sainov*” documentary presented in Moscow
- 29.01.2018 Record number of tourists from China visit Russia
- 30.01.2018 Exhibition of young Russian and Chinese artists in St. Petersburg
- 30.01.2018 Popularisation of the Russian cinema
- 30.01.2018 Chinese authorities spoke in favour of collaborating with Russian media
- 02.02.2018 Plans made to establish the Chinese anti-ageing centre in Vladivostok
- 02.02.2018 Concert of Patriotic Songs in Beijing
- 06.02.2018 Statistics on the number of tourists from China visiting the Primorsky Region published
- 06.02.2018 Chinese authorities spoke in favour of popularising Russian cinema in China
- 07.02.2018 Statistics on the number of visa-free tourists from China visiting Russia published
- 07.02.2018 Russia–China chess tournament of champions in Harbin
- 08.02.2018 *Russia–China Merry Big Circus* launches in Jinan
- 08.02.2018 State Historical Museum of Russia joined China Friendly Program
- 09.02.2018 *Chinese New Year Concert* in Moscow
- 09.02.2018 Culture Festival in St. Petersburg
- 10.02.2018 Opening of the Russia–China Law Joint Research Centre in Harbin
- 10.02.2018 Representation of St. Petersburg State University and its Alumni Association in Harbin

- 10.02.2018 18th Winter Diplomatic Games in Moscow
- 10.02.2018 Reception in honour of Lunar New Year in the SCO Secretariat in Beijing
- 11.02.2018 Russian and Chinese scientists' acoustic experiment in Vladivostok
- 11.02.2018 Framework agreement between Russian and Chinese universities on the study of Arctic marine environment
- 14.02.2018 Social night celebrating Chinese Spring Festival in the village of Pervomaiskoye
- 16.02.2018 Statistics on the number of tourists visiting Russia from China published
- 16.02.2018 Opening of the Museum of Chinese Society in St. Petersburg
- 16.02.2018 Statistics on the number of Chinese tourists visiting Moscow and St. Petersburg published
- 16.02.2018 Celebrations of the Chinese New Year in Yekaterinburg
- 17.02.2018 Festive dinner celebrating Spring Festival in Moscow
- 19.02.2018 BRICS TV and Xinhua News Agency establish a partnership
- 21.02.2018 Statistics on the number of Russian tourists visiting Hong Kong published
- 23.02.2018 Gala concert of Russian and Chinese opera singers in St. Petersburg
- 24.02.2018 Beijing Opera Theatre's premiere in Sochi
- 26.02.2018 Statistics on the number of Russian tourists visiting China published
- 01.03.2018 Meeting of Russian and Chinese journalists in Moscow
- 03.03.2018 4th All-Buryat dictation in China
- 05.03.2018 Concert of the Henan Musical Drama Theatre in Moscow
- 06.03.2018 Joint invention of radiation-absorbing powder made by scientists from Russia and China
- 06.03.2018 Statistics on the number of Chinese tourists visiting Russia published
- 08.03.2018 11th International Festival of Circus Arts in Izhevsk
- 10.03.2018 Statistics on the number of Russian tourists visiting Hainan published
- 12.03.2018 6th Summit of the Russia–China Tourism Forum in Moscow
- 14.03.2018 Plans of the introduction of Chinese language in Russian State Examination
- 15.03.2018 Chekhov play premieres in Beijing
- 15.03.2018 Statistics on the number of Chinese tourists visiting Yaroslavl published
- 15.03.2018 Concert of the Russian National Orchestra 2018 tour in China
- 18.03.2018 Polling stations for Russian presidential elections open in China
- 18.03.2018 Flash mob in support of Russian presidential elections takes place in Shanghai
- 21.03.2018 Statistics on Fan ID orders for the World Cup 2018 published
- 22.03.2018 6th meeting of the Russia–China Working Group for Contacts and Cooperation in the Religious Sphere in Beijing

- 24.03.2018 Opening of the Russian–Chinese Centre of Intellectual Property “Innovative Silk Road”
- 30.03.2018 “*Ice*” film premiere in China
- 31.03.2018 International ice-fishing tournament in Buryatia

About the Authors

Russian Side

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Russian International Affairs Council

Russian International Affairs Council (RIAC) is a non-profit international relations think-tank on a mission to provide policy recommendations for all 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 the Far Eastern Studies of the Russian International Affairs Council

The Institute of Far Eastern Studies (IFES) of the Russian Academy of Sciences (RAS) 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. 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 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.



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