

The Current Situation of the Trade with Russia of Heilongjiang Province, China, and the Impact on the Border Areas

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Summary

The year that the current border trade between the Russian Federation (the former Soviet Union) and the People's Republic of China began was 1957, and at that time, because the trade of both nations was monopolized by the state, it took place as inter-government trade. Inter-government trade between the border areas continued up until 1966, and subsequently was discontinued up to 1982. In 1983 China-Russia trade recommenced once again, and has continued down to the present day.

The area shouldering the greatest role in China-Russia border trade is Heilongjiang Province, which shares an international border with Russia extending more than 3,000 kilometers. The trade of Heilongjiang Province, besides ordinary trade, takes place by way of border trade (small-scale border trade and reciprocal trading by border area residents) and shuttle trading. The border-trade system which gives tax incentives for the fixed trade which the border regions undertake began in 1984. While the tax incentives for the small-scale border trade which enterprises undertake were revoked in 2008, the incentives for the reciprocal trading that individuals undertake were widened. Shuttle trading is trade where people enter the partner country as tourists and carry out commercial exchange, and both Russian and Chinese people are involved. What is shown in the statistics, however, is only the purchasing by visiting Russians, and this came to be reported from the second half of 2000.

The trade with Russia of Heilongjiang Province had developed from 1984 up to 1993, but after going through periods of stagnation (1994-1998), recovery (1999-2001) and development (2002-2007), since 2009 it suffered the backwash from the global financial and economic crisis, and the amount of trade fell sharply. The trade expansion in the recovery and development periods was mainly brought about through the expansion of exports of everyday consumer goods (fabric manufactured garments and footwear). Looking at the expansion in trade with Russia of these periods from the perspective of the method of trade, the largest contributor was small-scale border trade, and shuttle trading also occupied a relatively large share.

The trade shift of Heilongjiang Province also shows a similar shift as with the trade with Russia. This is related to the fact that the trade with Russia has an extremely high percentage share within the trade of Heilongjiang Province. The share of the trade with Russia has grown from the 30% level of the period of stagnation to 62% in 2007.

The trade with Russia is conferring a great many benefits on the small border cities. Large numbers of Russians are making visits on the pretext of travel, and are purchasing large amounts and returning home. Owing to this, tertiary industry is developing, and once deserted border towns are also currently transforming into modern trading cities and showing vitality.

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