

# *The Dynamics and Structure of the Trade of Eastern Russia with China*

KHUZIYATOV, Tagir

Professor, Far Eastern Federal University

## **Summary**

The global economic crisis could not but have had a negative impact on the pace of growth of Russian-Chinese trade, yet in 2010 the pre-crisis record was surpassed, and China became Russia's largest trading partner. The volume of Russian-Chinese trade in 2010, according to Russian customs statistics, increased by 50.3% to total US\$59.3 billion. The share of China in the foreign trade turnover of Russia amounted to 9.6% (5% in the volume of exports, and 17% of imports).

In 2010 the volume of trade between Russia and the bordering regions of China (Heilongjiang Province, Jilin Province, Liaoning Province, Inner Mongolia Autonomous Region, and Xinjiang Uygur Autonomous Region) increased by 40.56% to US\$16.65 billion. Meanwhile Russian exports grew 37.14% to US\$11.77 billion, and imports increased by 49.6% to US\$4.86 billion.

For the Russian Far East, China, along with the ROK and Japan, has long been one of its largest trading partners. Of the US\$23.5 billion foreign trade turnover of the Far East of Russia in 2010, China's share was US\$6.9 billion (26.6%). The decline in 2009 (US\$4.4 billion) has been overcome, and the volume of trade with China has surpassed the 2008 level (US\$4.9 billion).

According to the data of the Ministry of Commerce of the People's Republic of China, China's direct investment in Russia for 2010 increased by 43.8% to US\$594 million as against US\$410 million in 2009. The total cumulative direct investment reached US\$2.618 billion dollars (+29.3%). The main priorities for China's investment in Russia were energy, the development of mineral resources, forestry, trade, light and textile industries, household electrical appliances, communications, construction and the services sector.

Russian direct investment in China in 2010 increased by 10.0% to US\$34.97 million, as against US\$31.77 million in 2009. Contractual investment decreased by 33.4% to US\$120 million. The number of new, registered projects with Russian direct investment was 59 (94 projects in 2009).

A special investment seminar was held in June 2010 in Moscow, under the chairmanship of A. A. Slepnev, the Deputy Minister of Economic Development of the Russian Federation, and the Deputy Minister of Commerce of the People's Republic of China, which was attended by representatives of regional administrations and companies, and at which were presented Russian investment projects, as well as the possibility of regional administrations giving preferential treatment to Chinese investors.

Issues of cooperation in border areas are considered at regularly scheduled meetings of the Russian-Chinese Coordination Council on Interregional and Cross-Border Trade and Economic Cooperation. The 11th meeting was held in Harbin in October 2010. In particular at the meeting, it was pointed out that information cooperation had strengthened between the Russian and Chinese regions in the trade and economic sphere. The Chinese side has already sent for study to the Russian-Chinese Permanent Working Group on Interregional and Cross-Border Trade and Economic Cooperation proposals on the establishment of an information platform for the exchange of information in the area of Russian-Chinese cross-border and interregional trade and economic cooperation.

Thus, it can be argued that the decline in trade and in other forms of economic cooperation between Russia and China has been overcome. China has emerged with a leading position in interstate as well as in border trade. The realization of major oil, gas, industrial and infrastructure projects in the east of Russia will probably assist the consolidation of China as a principal economic partner of Russia.

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