

Economic cooperation of the Northeast China and the Far East of Russia under new conditions: status, capacity, and supply

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Abstract. A major theme of regional economic cooperation between China and Russia has always been promoting the steady development of cooperation between China's Northeast and Russia's Far East. This paper analyzes the new successes and new benefits of economic cooperation between the two regions. The Northeast China and the Far East of Russia are considered to be economically dependent on each other. The development of Russia's Far East and an important window for China's opening up to the north, the economic cooperation of China-Russia region, especially the cooperation between Northeast China and Russia's Far East, is improving steadily, and the areas of cooperation are expanding. It has become a foundation to further improve the cooperation between both sides..

Keywords: Northeast China, Russia's Far East, regional economic cooperation, opportunities, proposal.

JEL codes: F01, R11

For citation: Diao Xiuhua. (2021). Economic cooperation of the Northeast China and the Far East of Russia under new conditions: status, capacity, and supply. *Journal of regional and international competitiveness*, 5(4), 44-49. https://doi.org/10.52957/27821927_2021_4_44

DOI: 10.52957/27821927_2021_4_44

Acknowledgements. This article is part of the research within the project "Analysis on Building the Highlands for Northeast China's Cooperation and Promoting the Revival of Northeast China in the New Era", which is approved by the major project of the State Social Science Foundation of China(20&ZD098); part of the study "Analysis of Russian Poverty Reduction and Poverty Reduction Measures for Central Asia, India, and Pakistan", which is approved by the Foundation for Humanities and Social Sciences of the Ministry of Education of China (No: 19YJAGJW002)

Introduction

Northeast China shares the border with Russia's Far East. In recent years, trade and economic cooperation in these regions has been extremely lively between China and Russia, and this cooperation has yielded fruitful results. In particular, the "Program of Cooperation between the Northeast of the People's Republic of China and the Far East and Eastern Siberia of the Russian Federation (2009-2018)," signed by China and Russia in September 2009, and the "Program for development of Russian-Chinese cooperation in trade, economic and investment spheres in the Far East of the Russian Federation (2018-2024)" were signed by Xi Jinping and Vladimir Putin in September 2018 during the 4th Eastern Economic Forum and ratified during the 23rd regular meeting of the Prime Ministers of China and Russia on November 7 of the same year. It showed the sustainability of economic cooperation between China and Russia, but also greatly contributed to the development of trade and economic cooperation between China and Russia. Moreover, the regional cooperation between China and Russia has a new platform to develop in the new situation. With the new comprehensive actions in Northeast China and the development of Russia's Far East, the regional economic cooperation between the two countries is developing rapidly, and will continuously strengthen the practical cooperation between the two sides in various fields.

Main Part

1. Development of Sino-Russian regional economic cooperation under new conditions

Russian President Vladimir Putin believes the Far East of Russia is very important, particularly its development strategy, and has signed a number of strategies and programs to develop the region. To accelerate its development, the Russian government has established the Territories of Advanced Socio-Economic Development (TAD) and the Free Port of Vladivostok (FPV) in the Far East, and actively supports the development of economic cooperation of the Far East of Russia with the Northeast Asia (Northeast Asia), especially with the Northeast China. Since 2016, China has been taking a range of measures to revive the old industrial base of the Northeast. Especially, the report of the 19th CPC Congress stressed to deepen the reform and revitalize old industrial bases in Northeast China. It urged to focus on implementing the Belt and Road Initiative, guided by the principle of "joint consultation, joint construction, and joint usage", to form architectonics of openness featuring cooperation on land and sea, in China and overseas (Xi Jinping, 2017). It not only promotes regional economic cooperation between China and Russia, but also brings new opportunities and gives a new impetus to the cooperation between Northeast China and the Far East of Russia.

In recent years, the level of trade and economic cooperation between China and Russia has been continuously increasing, there are additional advantages and mutual benefits coming from the cooperation. Since 2000, the trade turnover between China and Russia has demonstrated stable and rapid growth. According to Chinese statistics, Sino-Russian trade turnover was 107.77 billion USD in 2020. The total amount of the company's assets exceeded 100 billion USD for the third year in a row. China has been Russia's largest trading partner for eleven consecutive years. At present, the cooperation between Northeast China and the Far East of Russia is reaching a new level of development. For a long time, Russia's development of the Far East has been limited by a serious lack of funds, and so it hopes to expand investment from China in various areas of the Far East. Thus, in recent years, China has gradually increased its investment there. At the end of 2019, investments by 52 companies with Chinese participation in FPV and TAD projects in the Far East exceeded 300 billion RUB (Integrated Foreign Economic Information Portal, 2019).

It is worth mentioning that the transport interconnection guarantees economic cooperation in the adjacent eastern regions of China and Russia. Transport infrastructure is an important carrier of industrial interaction and inter-regional economic relations. Railway transport plays a huge role as the main pulse of economic development (Guo Liancheng, 2007). The construction of the Primorye-1 and Primorye-2 international transport corridors (ITC) is now actively promoted in the Far East of Russia. It is an important international channel between the Northeast China and the Far East of Russia. The two neighboring areas now form an integrated transport system comprising land, water, air, and pipeline transport.

In general, the Sino-Russian cooperation is gradually expanding from resource development to high-tech fields such as aerospace, nuclear power, space exploration, Arctic exploration, digital economy, military industry, and advanced industrial equipment manufacturing. At the same time, the economic development and cooperation of the two adjoining regions is not just necessary, but it is also a fundamental shift in the development concept and model of the Far East of Russia. First, the two sides have complementary resources, and this is a solid foundation for economic cooperation. Second, the development of the Far East is not only self-reliant; at the same time, it is necessary to follow the principles of market economy and improve the regional economic cooperation. Third, the development of the Far East of Russia can contribute to the revitalization and development of the Northeast China.

2. New cooperation opportunities between the Northeast China and the Far East of Russia

2.1 Favorable political relations made the economic cooperation between China and Russia possible

Currently, the two countries have a high level of political mutual trust and a solid cooperation base. China and Russia believe their relationship is now at its best period in history. Sino-Russian trade and economic cooperation is based on deep political relations. The development of trade and economic cooperation is an important factor in strengthening relations between China and Russia, as well as the cornerstone of partnership and strategic cooperation between them. In recent years, Sino-Russian trade and economic cooperation has developed rapidly and reached a new level in history moving from "the relationship of strategic cooperation and partnership" to "the relationship of comprehensive partnership and strategic cooperation, entering a new

era". In an article published in the newspaper *Rénmín Rìbào*, the Russian President Vladimir Putin noted that "the strategic partnership between Russia and China is an effective factor that strengthens regional and global stability." He said that Russia and China have made significant progress in all areas, both countries have now reached the deepest relationship in history, all agreements are being fulfilled." 2021 marks the 20th anniversary of the Treaty of Good-Neighborliness and Friendly Cooperation Between the People's Republic of China and the Russian Federation (FCT). It is also the year of its extension. Since the beginning of a new era in Sino-Russian relations, it is particularly important for both countries to strengthen trade and economic cooperation to continue developing the relationship. The interaction of Sino-Russian eastern adjoining regions plays an increasingly important role in the comprehensive strategic partnership between the two countries.

2.2 Parallel implementation of the Northeast China Revitalization Strategy and the Socio-Economic Development Strategy of the Far East of Russia opens up new opportunities for bilateral cooperation

The trade and economic cooperation of the eastern adjoining regions between China and Russia has yielded fruitful results. They are closely related to each other and are the key regions of economic cooperation between the two countries. Program of Cooperation between the Northeast of the People's Republic of China and the Far East and Eastern Siberia of the Russian Federation (2009-2018) has greatly contributed to the development of trade and economic cooperation between China and Russia. Now the regional cooperation of both sides has a new basis for development (Diao Xuhua, 2018).

There is a new round of national strategies – China's Northeast Revitalization Program and Russia's Far East Development Strategy. April 26, 2016, China released Some Considerations of the CPC Central Committee and State Council of the People's Republic of China on Comprehensive Revitalization of Old Industrial Bases in Northeastern and Other Regions, noting that it plans to strengthen the infrastructure connectivity of the northeast and neighboring countries, making these areas an important window for China's opening up to the north and a hub for promoting cooperation in Northeast Asia. The country is to advance the construction of the China-Russia-Mongolia economic corridor and tighten the Northeast China Revitalization Program and the Russia's Far East Development Strategy. All this provides favorable conditions and guarantees for deepening Sino-Russian cooperation, especially between the Northeast China and the Far East of Russia, and promotes the cooperation between them in transportation, energy, and infrastructure.

As Russia works closer with the East, the cross-border cooperation between its Far East and Northeast China strengthens. Geographical advantages and mutual convenience of transportation of the two countries open favorable conditions for cooperation of Northeast China with the Far East and even Siberia of Russia (Zharikov, 2018). At present, 23 TADs (Russian Far East and Arctic Development Corporation, 2021) and the FPV have already been established in the Far East of Russia. It opens Russia up for cooperation with Northeast China, forms mutually beneficial relationships and joint development.

2.3 The EAEU and SREB cooperation also lets China and Russia work together economically in the regions

The Belt and Road Initiative is a new facilitator of the regional economic cooperation between China and Russia. Among other important agreements that help develop and deepen further the economic cooperation between China and Russia are Joint Statement on Cooperation on the Construction of Joint Eurasian Economic Union and the Silk Road Projects, signed in May 2015, and the Agreement on Trade and Economic Cooperation between EAEU and China, signed in May 2018. The SREB and EAEU construction cooperation means that the two countries have reached a high degree of consensus on strengthening regional cooperation. It is not only a rational choice for the two major powers, but also a symbol of new progress and important breakthroughs in cooperation on major international and regional issues between China and Russia. It will give a strong impetus to regional economic development and cooperation between them, also promoting an open and inclusive framework for regional economic cooperation.

2.4 Russia's Look East Strategy stimulates the development of Sino-Russian regional cooperation

After the start of the Ukrainian crisis in 2014, Russia's strategic focus turns from Europe to the East. Russia is pursuing a policy of "looking to the East". APAC is the driving force of global economic development; it opens up huge opportunities for Russia. Russian President Vladimir Putin says that Russia considers

strengthening its position in the APAC and intensifying relations with the its countries to be strategically important in the foreign policy of Russia, which is due to Russia's belonging to this dynamically developing geopolitical region. Russia wants to actively participate in integration in the Asia-Pacific region, use its opportunities in implementing socio-economic development programs in Siberia and the Far East, create a comprehensive, open, transparent, and equitable architecture of security and cooperation in the region on a collective basis (The Ministry of Foreign Affairs of the Russian Federation, 2016). In recent years, to mitigate the negative effect of the US and EU sanctions, Russia has accelerated its "turning to the East," with a particular focus on developing of close cooperation with China. Evidence shows that after the West imposed sanctions, Russia started building closer political, economic, and military ties with China.

In addition, the idea of the Greater Eurasian Partnership, which Russia has started to promote since 2016, in practice further promotes Russia's "turning to the East" strategy. In the long term, the goals and guidelines of the Russian idea of the Greater Eurasian Partnership and China's Belt and Road Initiative are much the same. And China supports the Greater Eurasian Partnership initiative. Two parties believe that the Belt and Road Initiative and the idea of a Greater Eurasian Partnership can develop in parallel and in a coordinated manner. This promotes Sino-Russian regional economic cooperation, especially the cooperation between Northeast China and the Far East of Russia.

3. Reflection and proposal on accelerating cooperation between the Northeast China and the Far East of Russia

Interregional cooperation between China and Russia has entered the stage of accelerated development. Northeast China has already become the main trade and economic partner of the Far East of Russia. The development of the Far East of Russia starts a new round of revitalization of the Northeast China, and vice versa. As an important northern opening window of China's Belt and Road Initiative, the Northeast China needs to cooperate in several aspects with the Far East of Russia, which helps both countries.

3.1 Accelerating cooperation in constructing Northeast China Free Trade Zones and Far East TAD and FPV

Creating two experimental free trade zones in Northeast China is an important step in promoting a new round of revitalization and opening up of the Northeast China. Northeast China has to actively participate in the construction and development of Russia's TAD. Both parties have complementary advantages in people, technology, and resources. Currently, there are 11 TADs in the Far East located in the border area with China, and Chinese enterprises have certain geographical advantages for entry and cooperation. It presents favorable opportunities for Chinese companies. In addition, Russia is comprehensively developing the port economy in the Far East and seeks to turn the FPV into its "eastern gateway". At the same time, Russia is investing huge sums of money in the development of natural resources and the construction of transport infrastructure to fully support the development of the Far East and Siberia. In the near future, a number of investment projects that shall drive the economy of the Far East will be implemented within TADs and FPV. This, too, presents favorable conditions for cooperation on both sides.

Therefore, it is necessary to deepen bilateral economic cooperation by creating experimental free trade zones in China's Heilongjiang and Liaoning provinces. In particular, the advantages of Northeast China in equipment manufacturing should be taken advantage of, so that enterprises with financial and technological advantages will invest their capital in TADs and FPV.

3.2 Continuous deepening of cooperation between Northeast China and the Far East of Russia through the construction of China-Mongolia-Russia Economic Corridor

China-Mongolia-Russia Economic Corridor is an important gateway and an important bridge linking Northeast Asia and Europe. This economic corridor can connect with the first Asian-European continental bridge (Trans-Siberian Railway) from Dalian, Shenyang, Changchun, Harbin, Manchuria to Chita, which can connect the Northeast China region with Moscow and the Far East of Russia. China-Mongolia-Russia Economic Corridor passes through less countries, it takes less time and customs duties compared to the new Asian-European continental bridge, which is why transport costs can be saved, and so this makes it a new economic passage.

In this way, the Northeast China can expand international logistics channels to strengthen regional cooperation among themselves. Firstly, it is possible to deliver cargo from Yingkou Port and Dalian Port to Manchuria Port via the Liaoning-Manchuria-Europe international freight routes and then to Russia and European countries. Secondly, it is possible to deliver goods from Dandong, Jinzhou, and Panjin Ports to Russia via Mongolia along the Liaoning-Mongolia-Europe international transport corridors and then to Europe. This reduces the pressure on transit across the Manchurian border and also the distance of cargo transportation between China, Mongolia, and Russia. Therefore, both countries should accelerate the development of cross-border logistics between the Northeast China and Far East of Russia in the future. Thirdly, the traffic and freight train volume of the Liaoning-Manchuria-Europe and Liaoning-Mongolia-Europe transport corridors should be expanded. On this basis, it makes sense to continuously deepen the trade and economic cooperation between the Northeast China and Far East of Russia to help logistics companies recover from the Covid-19 coronavirus crisis with the least losses.

3.3 Accelerating the land-sea-ice transport coordination between the Northeast China and the Far East of Russia, expanding the new multimodal transportation scheme between the two countries

The interconnection of transport infrastructure is a priority of the Belt and Road project, and is also an important foundation and prerequisite for deepening cooperation between the Northeast China and the Far East of Russia. The Northeast region should take full advantage of its strengths in transportation, combined land and sea transportation, port logistics, etc., and expand multimodal transportation so that transport interconnections deepen in the process of trade and economic cooperation between the two countries.

First, the Northeast region should accelerate cooperation on interfacing the construction of the Primorye-1 and Primorye-2 to unlock multimodal transportation channels. These two ITCs can connect seaports in the Northeast China and the Far East of Russia, shorten transportation distances, improve cargo transportation conditions between China and Russia, and accelerate cargo transportation between the two countries, so they are effective and promising transport corridors. At the same time, it is also possible to send combined transport goods directly to Japan, the United States and other countries, which can further promote the process of trade and economic cooperation among each other.

Second, connect the sea route from Dalian port with the FPV to take full advantage of sea transport. Dalian port is an important crossing point of Silk Road Economic Belt and the Maritime Silk Road, it has a large volume of cargo transportation. FPV implements comprehensive openness under preferential agreements, single window transit services, and a 24-hour operation mode, so there is an increase in the efficiency of customs clearance at the port. This sea route can significantly reduce transport costs and transportation time between both sides, and help increase the level of trade and economic cooperation between the Northeast China and the Far East of Russia

Third, the Northeast China should actively participate in the construction of the Northeast Passage of the "Ice Silk Road" to promote connectivity between Europe and Asia. For this purpose, we should support and promote the construction of the Liaoning-Arctic-Europe transport corridor, which is a promising route from Dalian Port and Yingkou Port to Europe via the Arctic.

Fourth, it is important to build a new Liaoning-Hunchun-Russia railway from the port of Dandong of China's Liaoning Province to the port of Vladivostok of the Far East of Russia through the port of Hunchun, as well as a large Sino-Russian international shipping channel from Dalian to Novosibirsk to expand the Eurasian land channel.

3.4 Improvement of energy cooperation, deepening and strengthening of trade and economic cooperation between the two countries

Energy cooperation is a key area of China's involvement in the development of the Far East of Russia at present and in the future. Not only China and Russia need it, but it is also an inevitable choice in international energy cooperation. China and Russia have mutual interests in energy security. Energy cooperation on both sides makes an important contribution to global energy security. In recent years, the parties have made progress in implementing large-scale strategic projects in the energy sector.

In the future, we should exploit the capital and technological advantages of the Northeast China, deploy

more diverse energy cooperation with the Far East of Russia, and gradually make the transition from natural resource exploitation to resource regeneration. First, traditional energy import and export cooperation should be expanded, and the capacity of oil pipelines between China and Russia should be increased. Second, energy cooperation between the two sides should be continuously deepened to ensure that this energy cooperation extends along the entire production chain: from exploration and production of hydrocarbons, to refining and production of petroleum products and petrochemicals, etc. To this end, we need to promote the Amur-Heihe oil products refining, storage, and transportation complex project and cooperation in energy technologies at a deep level. Third, actively develop cooperation in the petrochemical industry with the Far East of Russia. Fourth, we need to promote cooperation in the development of natural gas in the Arctic, including participation in the Yamal LNG, Arctic LNG-2, and Pechora LNG projects, etc. Fifth, it is necessary to expand electricity cooperation between the Northeast China and the Far East of Russia, especially actively develop cross-border power transmission line and electricity infrastructure of both sides to ensure uninterrupted power supply to power-deficient regions of China. In addition, new sectors such as solar energy, geothermal energy, ocean energy, and biomass energy are possible areas of cooperation between the two parties.

Conclusion

It should be noted that apart from the above-mentioned areas of cooperation, bilateral cooperation also includes such areas as high technology, infrastructure, equipment manufacturing, agriculture, fisheries, tourism, e-commerce, services, etc. that have significant potential for cooperation. And therefore, the Northeast China and the Far East of Russia have wide prospects for cooperation.

Thus, we can conclude that the economic cooperation between both sides will be even closer in the future while the development of the Far East of Russia continues, and the China's window to the north opens, especially based on the economic structure and economic development needs between the Northeast China and the Far East of Russia. With the implementation of Russia's Eastern development strategy and the further acceleration of the comprehensive activation of Northeast China, the close cooperation between the two sides shall deepen even further.

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Received 01.09.2021

Revised 10.10.2021

Accepted 20.10.2021