

Analysis of Development of Sino-Russian Economic and Trade Relations from the Perspective of Geo-economic Relationship

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Abstract— Geo-economic relationship refers to the relation between the two countries built up in the economic activities such as economic and trade contact, and business cooperation, and presented in the foreign economic behavior, with Geo-entity as the subject and relying on geographical and spatial relationship. It is often used to explain the increasing economic contact and friction in the international relationship. The paper starts with the development of Sino-Russian geographical relation, makes an analysis of the Sino-Russian Geo-economic development trend and the factors that influence the development process, so as to expound how Geo-economic relation has become the main approach to resolve the regional contradictions and conflicts between Eco-entities and how the countries involved in the Eco-entities resist against the foreign economic and political pressure by means of Geo-economic relationship. Geo-economy refers to the economic relationship---cooperation, coalition (economic collectivization), competition, opposition or restraint between countries, regions and nations based on factors such as geographical regions, resource reserve, economic structure, etc.. With the infiltration of economic interest among countries, the economic interdependence has become “stabilizer” for political relations. The infiltration of competition and cooperation has become the basic norm and pattern for behaviors of the countries involved in the modern international politics [2]. China and Russia are two countries with important historical origin. The substance of Sino-Russian strategic and cooperative partnership is extensive and as for bilateral relationship, Sino-Russian Geo-economic relation plays a crucial role in geographical pattern of China and Northeastern Asia.

I DEVELOPMENT HISTORY OF SINO-RUSSIAN GEOGRAPHICAL RELATIONSHIP

After the foundation of China in 1949, the development of Sino-Russian relationship can be generalized as the exploration of the most rational co-existence pattern between the two major neighboring countries. The two countries have gone through very tough paths or even come across with setbacks at the initial 30 years, including military and political alliance, and differences in ideology and political party and then the rivals between the two countries. The improvement and normalization of the two countries started from the end of the Soviet Union and the achievements have been

maintained after the foundation of Russian Federation. At the end of 1991, the Chinese government was determined to give Russian Federation diplomatic recognition, and hoped to keep and develop the friendly relationship with Russia based on the Five Principles of Peaceful Coexistence. Since then, the relationship between Russian Federation and People’s Republic of China has been gradually developed into three stages: recognizing each other as friendly country (1992), establishing constructive partnership (1994), establishing strategic and cooperative partnership of mutual trust (1996). It is just because of the appropriate position of the bilateral relationship that China and Russia will be able to manage the state interests of each other in the near future and in the long run. In the middle of 1990s, China and Russia’s attitude towards political interaction of each other became clearer. The two parties realized that the amicable geographical relationship between the two was irreplaceable

In 2001, the two countries signed the “Sino-Russian Treaty of Good-Neighborliness and Friendly Cooperation” and established the foundation of international law for the relationship of the two countries, which was of great significance. Firstly, the the relationship between the two countries was defined as strategic and cooperative partnership of mutual trust. Moreover, it was definitely stated in the convention that both parties have no requirements for territory. The territorial dispute over the two islands of the Amur River (the Heilongjiang River) has been resolved based on the basis of mutual benefit and win-win situation. Lastly, the convention was the basis of mutual respect of sovereignty, security and complete territory. The convention of Russia and China was unique and there was no similar document in the world. Russia-China Convention made great contribution for the International Law, and raised many innovative concepts, esp. cooperative partnership of mutual trust and benefit was proposed.

“An Outline of Regional Cooperation between Northeast China and the Russian Far East Area and Eastern Siberia” approved by the two countries was of importance for the two parties. If the Geo-economic cooperative program has been carried out, the two countries will accumulate substantial cooperative

experience. The two countries will develop and construct together and bring benefit to the common people of the two countries.

Sino-Russian Geo-economic relationship will be restrained by the economic regulation of its own and influenced by the economic condition, economic environment and economic benefit. Therefore, the development of economic and trade relationship between China and Russia fails to keep abreast with the political relationship, which is just temporary. It is obvious that there is still more potential about Sino-Russian Geo-economic cooperation.

II BRIEF INTRODUCTION OF SINO-RUSSIAN TRADE IN RECENT YEARS

Sino-Russian Trade is the trade between Chinese labor-intensive products and Russian resource-intensive products. China mainly exports textile and light industrial products, in which textile products and footwear account for 60% of the exports. China imports raw materials from Russia, in which bulk commodities, such as energy products, steel products, chemical fertilizers, timber and nonferrous metals account for 70% of the imports. As for energy cooperation, Russia has begun to supply crude oil for China through "Skorodino-Mohe" petroleum pipeline, in an amount of 1,5 million tons. At present, the two countries will raise the Russia's export to China to 30 million tons in the near future. With the good and cooperative will, Chinese investment for exploration of Russian mines and ancillary infrastructure will be expanded gradually.

According to the preliminary agreement between Russian Natural Gas Industrial Cooperation and the Chinese party, Russia will provide 38 billion m³ natural gas for the Chinese party every year since 2018 and the annual export will be raised to 60 billion m³. The Chinese party has signed an agreement with the largest Russian petroleum manufacturer and it states that Chinese petroleum supply will be raised to 45 to 50 million tons every year, which will be three times that of the current amount. The two parties will carry out cooperation on electric power, nuclear energy, natural gas, new and clean energy development.

Generally speaking, the trade volume between China and the Far East of Russian is going up. The exports are mainly of four types: energy products, steel products, marine products and timber. Products made of natural resources make up over 60% of the exports. At present, the trade volume between China and the Far East has surpassed that between China and Japan and South Korea.

III FACTORS INFLUENCING DEVELOPMENT OF BILATERAL GEO-ECONOMIC RELATIONSHIP

A. *The Influence of China Threat Theory*

At present, Russians couldn't understand China very well, esp. the citizens living in Europe. Some Russians believe that China is becoming more and more powerful and is seizing more traditional Russian market, which will become the main external economic risk. With the

increasing economic power of China, positive attitude from western countries and China's influence on the world financial market, the status of China will be rising continuously in the next decade. Therefore, some experts are worried about a series of challenges that Russia will confront.

For example, China's RMB will be the international currency of settlement before the year of 2020 and China will become the issuing country of reserve currency for the region or the world. Moreover, China is competitive in processing industry. Though Chinese RMB will be appreciated, it may push the Russian manufacturers of the same type out the Russian market and even hinder Russian companies' expansion of investment and trade. The rising status of China in the Central Asia may pose threat to the prospect that Russia will list this region into the integration program. China's positive negotiation and intervention as the "new rich and powerful state" in the club of great powers in the world, the intensifying impact of G2 (China and US) on the process of global economic administration and the increasing influence on IMF and WTO, will bring out new challenges for Russian economy.

B. *The Influence of the US in the Development of Sino-Russian Geo-relationship*

Both Russia and China can undergo the consequences of lessening the importance of the US. In the escalating rival between China and the US, China regards Russia as the strategic backyard, or headquarters, even not an allied country. In contrast, Russia doesn't try to raise its strategic status by its powerful economic gain. It seems that the strategists of the Kremlin believe that the more the US challenges China's inevitable expansion of "safety margin", the better it is for Russia. Meanwhile, the Sino-Russian relationship has reached to an unprecedented level. The Chinese are doing their utmost to release doubts from Russian. The border dispute in the past has been settled and the trade volume is increasing rapidly.

C. *Considerations from Geo-strategy of Each Party*

Obviously, the geographical axis Moscow-Beijing has marked a definite position--- the key geographical component of China and the surrounding countries in the process of world multipolarization. Whatever other countries say or do, China and Russia will focus on consolidating their status as a major power in the world. It is admitted that there will be conflict of benefit occasionally. What matters is that the two passengers of super-weight in the same boat should be adept in respecting each other, which is not very difficult as long as they can coordinate behaviors of each other. Otherwise, the boat will be overturned. At present, China and Russia has no alternative but keeping balance. The subtle balance of interest requires substantial compromise and self-discipline from both parties, which can be regarded as a good balancing technique.

From the perspective of world structure, the development of Sino-Russian relationship has already surpassed ordinary bilateral relationship. Sino-Russian relationship will not only determine the development of

each party, but also determine the development of Geo-strategic relationship and change of diplomatic state. The central Asia, European Union and the US are the Geo-environment that China and Russia have to face, the good or hostile relationship will have a direct impact on the strategic relationship and diplomatic state of the regions and countries mentioned above. A slight move in one part may affect the situation as a whole. The little good will can contribute to the overall situation, while the little hospitality will deteriorate the whole situation and even make the geographical environment that China faces more complicated. In this sense, China is a strategic supporting point. In this sense, China is a crucial strategic supporting point for Russia, and vice versa. Especially in the new situation of complex geographical environment and predicament that the two countries face, China and Russia should value each other as a strategic partner. Meanwhile, it is the choice made by blood and life of several generations of the two countries and the foot stone for the two countries to ensure further development. As is seen clearly, China will no longer choose to be hostile towards Russia.

As for Russia, the impulse to be hostile to China may be presented at different levels, such as the common people, the government or the media to certain extent. However, Russia, as a great power which is advancing persistently on the road of the rise and is challenged frequently by depreciation of Rouble, economic recession, it is a good choice to maintain long-term friendly relationship with China, which can consider the situation as a whole and serve the interest of Russia.

ACKNOWLEDGEMENT

The work was Supported by the Social Science Fund Project of the Education Department of Jilin province[2016]No.272; Cultural and social science fund training project of Chang chun University [2016JBC10W23].

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