Beyond oil and gas. Russian-Chinese economic relations in perspective

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Presentation to the BRIC International Seminar, JNU, New-Delhi, India, 27 April 2015
1. Developing ties: a brief record

- *First diplomatic relations of the modern era: Agreement of 1924 « On general principles of problems settlement »*
- *Perestroika and the warming of the USSR-China relations. Trade growth*
- *19/05/1991 : agreement on the eastern part of the common frontier.*
- *1992-1995 : Consequences of the demise of the Soviet Union on Russia-China trade*
- *25/04/1996 : first common declaration « on the foundations of the relations between the two countries »*
- *16/07/2001 : treaty of good neighborhood, friendship, and cooperation*
- *2008 : Treaty on the final delimitation of borders*
2. 2000’s: growing by imports? (1)

- Main impediments remaining to bilateral trade: geography, infrastructures - and structure
- Anti-dumping provisions from both sides during 2000’s (and Russia still outside WTO)
- Nevertheless, brisk growth since 2000’s
- But practically no infrastructure for oil and gas shipments to China till 2009
- => role of shuttle trade (and central Asia) in Russian imports (Kumar, 2013)
- Continuous warming of bilateral relations: «Political relations between Russia and China are better than ever» (Voitenko, 2005, p. 1)
2. 2000’s : growing by imports? (2)

- Trade surplus until 2005, trade deficit afterwards

**Fig 1. Russian trade surplus/deficit with China, 2000-2013**

Source: Rosstat, 2015
Author’s calculations

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2. 2000’s: growing by imports? (3)

Fig. 2.1. Shares of selected asian countries in Russia's total turnover (2000-2013, %)

Fig. 2.2. Share of selected asian countries in Russia's exports (2000-2013, %)

Fig. 2.3. Share of selected asian countries in Russia's Imports (2000-2013, %)

Source: Rosstat, 2015
Author’s calculations
3. How to foster Russian exports?

3.1. ESPO, 2001-2015

- The ESPO case: 2001 project of Yukos, fruition by Transneft (ESPO1 2009, ESPO2 2014)
- Economic significance of ESPO
3. How to foster exports?

3.2. The gas « big deal » (April 2014) (1)

- Negotiations over the « contract of the century » during 10 years
- The April 2014 gas deal as a direct consequence of western sanctions
- What is known - and what is not
- The signification of the gas deal
- The november 2014 memorandum : is this only the beginning ?
3. How to foster exports?

3.2. The gas « big deal » (April 2014) (2)

- Questions about future developments
4. Beyond oil and gas

4.1. Whither bilateral trade structure? Exports

- Bilateral trade: the data problem
- Russia’s exports to China: main trends

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<tbody>
<tr>
<td>1. Mineral fuels and oil products</td>
<td>27,3</td>
<td>73%</td>
<td>+</td>
<td>-10%</td>
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<tr>
<td>2. Wood, coal and thereof.</td>
<td>2,6</td>
<td>80%</td>
<td>+</td>
<td>-30%</td>
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<td>3. Minerals</td>
<td>1,8</td>
<td>83%</td>
<td>-</td>
<td>-20%</td>
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<td>4. Fertilizers</td>
<td>1,2</td>
<td>85%</td>
<td>-</td>
<td>-10%</td>
</tr>
<tr>
<td>5. Fishes and sea products</td>
<td>1,1</td>
<td>88%</td>
<td>=</td>
<td>-40%</td>
</tr>
<tr>
<td>6. Pulp and paper</td>
<td>0,7</td>
<td>90%</td>
<td>=</td>
<td>-10%</td>
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Source: UN Comtrade, author’s calculation
4. Beyond oil and gas

4.2. Whither bilateral trade structure? Imports

- Russian imports from China:

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<tbody>
<tr>
<td>1. Machines, electrical equipments</td>
<td>12</td>
<td>25%</td>
<td>+</td>
<td>+70%</td>
</tr>
<tr>
<td>2. Machinery, nuclear reactors</td>
<td>11</td>
<td>46%</td>
<td>-</td>
<td>+40%</td>
</tr>
<tr>
<td>3. Vehicles, cycles, tractors</td>
<td>2,5</td>
<td>50%</td>
<td>-</td>
<td>-10%</td>
</tr>
<tr>
<td>4. Shoes and thereof.</td>
<td>2,5</td>
<td>55%</td>
<td>-</td>
<td>-20%</td>
</tr>
<tr>
<td>5. Clothes and thereof.</td>
<td>1,8</td>
<td>58%</td>
<td>+</td>
<td>-30%</td>
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<tr>
<td>6. Plastics</td>
<td>0,7</td>
<td>62%</td>
<td>+</td>
<td>-20%</td>
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</table>

Source: UN Comtrade, author’s calculation
4. Beyond oil and gas

4.3. Investments on the rise?

- Russian crisis and Chinese economic influence
- Financial cooperation
- Investment: a new start?
- Investment plans for the Russian Far East
4. Beyond oil and gas

4.4. Migration: contradicting policies

- The beginning of the myth of invasion
- The peculiar situation of the Russian Far East
- Shuttle trade, work migration: the numbers

Cross-border transactions of individuals by countries
(Outflows, mns US $. Source: Central Bank of Russia)
5. How far could it go?
Moving toward diversification

- An asymmetric relation
- The Role of Regional Development: Far East and Central Asia
- Arms trade: the only significant Russian exports to China beyond oil and gas so far
- Whither industrial **horizontal** cooperations?
Selected references

- Bcr.ru
- Rcif.com
- Rosstat.ru

Comments welcome. Contact : julien.vercueil@inalco.fr