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## **RESEARCH ON ECONOMIC AND TRADE COOPERATION BETWEEN RUSSIA'S SVERDLOVSK REGION AND CHINA**

### *Abstract:*

The economic and trade cooperation between Sverdlovsk region and China has a long history. This article focuses on the analysis of the history and present situation of the cooperation between the two sides, and puts forward some suggestions to strengthen the cooperation between the two sides.

### *Keywords:*

Sverdlovsk region, Heilongjiang Province, economic cooperation.

As friendly neighbors, China and Russia have conducted in-depth cooperation in political, economic and cultural fields since the reform and opening up. Sverdlovsk in Russia has developed economically and was the first to cooperate with Heilongjiang Province in China. Heilongjiang Province will be taken as an example to analyze the economic cooperation between Sverdlovsk and China in the following sections [1].

The formation of cooperation basis between Sverdlovsk region and Heilongjiang Province in the 1990s

-Frequent friendly visits have laid a cultural foundation for cooperation. From February 22 to 28, 1991, at the invitation of the Sino-Soviet Friendship Association of Harbin, the delegation of the Sino-Soviet Friendship Association of Sverdlovsk region of the Soviet Union came to Harbin for a working visit. Deputy mayor Li Jiatin met with the guests and discussed and exchanged views on the issues of friendly cooperation between the two sides and the establishment of friendly city relations. In April 1996, Deputy Mayor Shang Yujin led a delegation of the Municipal government to visit Sverdlovsk region of Russia. The two sides discussed friendly exchanges and trade cooperation [2].

-Laws and regulations on China-Russia international trade cooperation provide a guarantee for cooperation. In order to officially confirm the relationship between Harbin City and Sverdlovsk region as a sister city, at the invitation of the Municipal government and the Sino-Soviet Friendship Association of the city, a delegation of four people from the Sverdlovsk region government visited Harbin City from April 18 to 23, 1991. Mayor Li Jiatin and other representatives held talks with the delegation respectively. The two parties have signed The Agreement on Establishing Friendly Relations between Sverdlovsk region and the city of Harbin (April 22, 1991) and the Agreement on Cooperation between Sverdlovsk region and the city of Harbin (April 22, 1991) [2]. From July 22 to August 12, 1992, at the invitation of Sverdlovsk region, a delegation of seven representatives from Harbin Friendship Association visited Sverdlovsk region. The two sides held talks on friendly exchanges and economic and trade exchanges between the two cities. And signed the "Intention of Cooperation between Harbin City and Sverdlovsk region, China and Russia Friendship Association Branch in 1991-1993", which further expanded and enriched the scope and content of cooperation between the two cities.

Current situation of cooperation between Sverdlovsk region and China.

The trade volume between Sverdlovsk region and China remained relatively stable at \$700-800 million from 2011 to 2016, with small fluctuations during the period [3]. But since 2017, Sverdlovsk's trade with China has grown rapidly. Trade between the state and China hit a record in 2017, doubling to more than \$1.3 billion. In the first quarter of 2018, Sverdlovsk Oblast's trade volume with China tripled year-on-year to \$654 million, and exports reached \$451 million, more than doubling imports from China. The growth in exports of Sverdlovsk region enterprises is mainly dependent on the increase in the supply of high-tech products, namely machine manufacturing products. China is the top trading partner in the region, followed by the United States, with Kazakhstan, France and Germany rounding out the top five. During the Russia-China Year of Local Cooperation from 2018 to 2019, the state has made great achievements in cooperation with China. China became the largest trading partner of Sverdlovsk region in 2018. From January to September 2019, the upward trend continued, with trade volume increasing by 90% year-on-year. In 2019, Sverdlovsk Oblast's total import and export trade was \$12.097 billion, of which \$7.34 billion was exported and \$4.757 billion was imported. Trade volume with China was \$2.106 billion, of which \$1.175 billion was exported and \$931 million was imported. In 2019, China ranked first among Sverdlovsk Oblast's foreign trade partners. The Fifth Russia-China Expo was held in Yekaterinburg in July 2018. Representatives of 189 companies from 6 regions in China attended the event. A letter of intent to establish cooperation between Sverdlovsk region and Chongqing Municipality was signed during the Fifth Russia-China Expo [4]. In 2019, Sverdlovsk region strengthened ties with Heilongjiang Province, and the two sides signed an activity plan to implement the cooperation agreement for 2019-2020. Thus, bilateral cooperation in agriculture, health care, sports, culture, scientific research and education has reached a new level. The state's trade with China hit a new record of \$2.8 billion in 2020, of which exports to China exceeded \$1.9 billion, 1.6 times that of 2019, with exports of metals and fabricated metal products growing the most. China has been the top foreign trade partner of the Central

Urals region since 2018. In addition, Sverdlovsk region has exported engineering, chemical and mineral products to China. In 2020, grain exports were worth \$7.4 million.

The major problems in local cooperation between China and Russia.

Although under the new situation, the level of Sino-Russian border cooperation has improved, cooperation within the border is also booming, and the willingness of various localities to carry out Sino-Russian local cooperation has been significantly strengthened, but the level of Sino-Russian local economic and trade cooperation is still not high, especially the investment projects vigorously promoted by the government still face various obstacles and difficulties when landing in Russia, which has intensified the perception of Chinese enterprises on the uncertainty of the Russian market. And there is a general lack of objective and comprehensive understanding of the fact that Russia's preferential policies and the overall business environment have changed. There are still some major problems in the local pragmatic cooperation and exchanges between China and Russia that deserve attention.

First, the degree of non-governmental mutual trust between China and Russia is not high. The two sides still lack a full understanding of each other at the local level, and economic cooperation lacks the bottom-up driving force of the people.

Second, in the local economic and trade cooperation between China and Russia, small and medium-sized speculators are in the majority. These enterprises have relatively poor self-discipline and weak risk resistance, and grey operation behaviors of Russian and Chinese businessmen often occur.

Third, the level of China-Russia sub-national investment cooperation is not high. At the end of 2018, China's investment stock in Russia was \$14.208 billion, accounting for only 0.7 percent of China's OFDI stock [5]. After the Western economic sanctions, Russia has high expectations to attract more private investment from China. However, in addition to the state-led investment in major projects, the investment cooperation among small and medium-sized private enterprises has not been fully carried out. Many agreements remain on paper.

It should be noted that ecological problem and vector to the sustainable economy can make additional problems in cooperation [6]. For instance, it is necessary to invest in green technology, government can restrict import of not-eco-friendly products.

In the future, in addition to strengthening cultural and people-to-people exchanges and cooperation at the sub-national level, the two countries will also focus on agricultural cooperation, financial cooperation and technological innovation cooperation, make full use of the regional cooperation mechanisms of the sister provinces and cities of the two countries, push for more results in bilateral practical cooperation at the sub-national level and help achieve the strategic goals of economic cooperation set by the leaders of the two countries.

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