

Li Tianyou,
 master student,
 School of Public Administration and Entrepreneurship,
 Graduate School of Economics and Management,
 Ural Federal University named after the first President of Russia.
 Yekaterinburg, Russia

A BRIEF ANALYSIS OF THE CURRENT SITUATION AND COUNTERMEASURES OF SINO-RUSSIAN TRADE UNDER THE INFLUENCE OF ECONOMIC GLOBALIZATION

Abstract:

Economic globalization refers to the fact that all countries and regions are interconnected and interdependent, penetrate and expand, compete, and restrict each other through close economic exchanges and economic coordination, and have developed to a certain extent, forming the interweaving and integration of the world economy, so that the global economy forms an inseparable organic whole. Russia has become a comprehensive strategic partner of China, providing a strong boost for the development of the "Belt and Road" initiative. This paper mainly studies the basic theory of trade between China and Russia and analyzes and expounds the development of the scale of trade between China and Russia by analyzing the endowment of production factors and the characteristics of product structure in China and Russia.

Keywords:

China, Russia, Trade, Factor of Production Provision

Introduction: theoretical framework of research

With the development of economic globalization, the economic ties between countries are getting closer and closer. China and Russia, as two large developing countries, have frequent trade exchanges, and bilateral trade has always been the focus of many scholars. With the development and growth of economic strength, the trade partnership between China and Russia has been deepened, and both the trade volume and the structure of trade commodities have improved. In recent years, trade relations between China and Russia have been further strengthened, and more effective cooperation and development have been sought.

China and Russia have been engaged in trade cooperation for more than 70 years. Over the course of 70 years, China and Russia have gradually strengthened their cooperation and expanded trade to all areas of economic development. China and Russia have strong complementarity in the fields of energy, basic products, raw materials, labor services, machinery, etc., which makes the import and export trade between China and Russia closer. However, at present, due to the reasons of the Chinese and Russian markets, there is a single structure of import and export trade and product added value, and the petrochemical energy accounts for 50% of the trade between the two sides, which is affected by the price fluctuations of the international energy market, which has a greater negative impact on the international trade between China and Russia.[1][4]

Methodology

Based on the theory of international trade, this paper analyzes the factors of production between China and Russia, the development of the scale of trade between China and Russia, and the trade and complementarity between China and Russia by using material analysis method and data method, aiming to promote the healthy and rapid development of trade between China and Russia.

Results

The total trade volume between China and Russia has been rising, the scale of trade has been expanding, and the trade structure has gradually improved, showing a good trend. However, there are still some problems in the trade between the two countries, such as the imbalance in the total volume of trade, the single structure of export commodities, the greater external influence, and the influence of international oil prices. China and Russia should give full play to their comparative advantages, optimize the trade structure between China and Russia, improve market competitiveness, and bring trade relations between the two countries to a higher level.

Sino-Russian Theory of Factor Endowment of Production

(1) Theoretical analysis

China's factor endowment has the following characteristics: First, there is a lack of per capita resources and abundant labor resources. China's vast land and large population have led to a small per capita resource possession and abundant labor resources, forming a low-level and low-profit production competition model based on resource consumption, resulting in serious waste of China's resource production, and gradually forming an extensive production structure, which is not conducive to economic development. Secondly, China's total import and export volume is large and foreign. The degree of dependence is high. China is a big foreign trade country, GDP accounts for a relatively high percentage, which means a high degree of dependence on foreign countries, while the uncertainty of the external market is easy to impact China's trade, and China's domestic consumption level is low, which does not match the development

of trade level. Finally, China's production model is relatively backward, and its international trade is dominated by labor-intensive products, and the proportion of high-tech industries is relatively low, which is not conducive to China's economic and trade development. Compared with China, Russia has abundant per capita resources and a lack of labor resources, resulting in a low level of domestic production, and even the production of many daily necessities is difficult to meet the needs of domestic residents. Russia is rich in natural resources, including fossil energy, gold, energy, forestry, agriculture and other resources account for a high proportion of Russia's foreign trade, resulting in Russia's current foreign economic and trade product type is single, product added value is low, and because fossil energy accounts for a relatively high proportion of import and export trade, Russia's import and export trade is greatly affected by the international market, especially in the current energy crisis, global economic downturn, trade between China and Russia is facing opportunities and challenges at the same time.

(2) *China's position in Russia's foreign trade*

In the past decade, the scale of foreign trade between China and Russia has increased year by year, and the trade status between the two countries has also been continuously improved. According to the data analysis, Russia's dependence on China has increased year by year, and China's proportion of Russia's foreign trade has doubled from 7% in 2007 to 15.5% in 2018, and China has also become the largest trading country in Russia's foreign trade.

From 2009 to 2020, China has been Russia's largest exporter, and its share has been increasing year by year, reaching 23.7% in 2020. It can be seen that China has always been an important trading partner of Russia, and Russia's dependence on China is increasing year by year. However, due to the change in the direction of the international market and the demand for Chinese and Russian products, the growth rate of Sino-Russian trade has slowed down year by year in recent years.[2][7][1]

(3) *Russia's position in China's foreign trade*

Russia's position in China's foreign trade is also very important, but China's dependence on Russian imports and exports is low. In 2020, Russia's share of China's total foreign trade was 2.42%, the highest level in nearly a decade, but the proportion in the rest of the years was relatively small and remained basically unchanged, and the growth rate of Russia's share of China's total trade is difficult to catch up with China.

The growth rate of foreign trade development. This has a lot to do with the single product mix and low added value of Russia's foreign trade.

The current situation of the scale of trade between China and Russia

In the past decade, the scale of trade between China and Russia has shown a growing trend, with the total trade volume increasing from 48.16 billion US dollars in 2007 to 107.77 billion US dollars in 2020, but the growth rate of total trade between China and Russia has been declining, with the total trade volume of the two countries reaching 110.94 billion US dollars in 2019 and declining in 2020. This happens from time to time, and the reason for this is this The type of trade products between China and Russia is related. Since Sino-Russian trade is dominated by labor-intensive and resource-intensive products, the product structure is relatively simple, and the added value of products is low, so it is easily affected by the external environment. For example, fossil energy, as the main product of Russia's exports in Sino-Russian trade, is prone to a decline in the total trade volume between China and Russia once the international energy market fluctuates. This is also one of the main reasons why the growth of total trade between China and Russia is currently in a bottleneck.

The current situation and existing problems of Sino-Russian trade

(1) *Analysis of the product structure of Sino-Russian trade*

In Sino-Russian trade, Russia's exports to China are mainly resource-intensive products, such as fossil fuels such as oil and natural gas, and in 2019, minerals accounted for 78% of Russia's exports to China, which is consistent with Russia's factor endowment of production factors. China's exports to Russia are mainly labor-intensive products, such as daily necessities, clothing, and other light industrial products. With the transformation of China's domestic production model, China's exports to Russia have also been densely reduced by labor.

The gradual transformation of the set type to the technology-intensive type, such as machinery, automation and other products, provides a new direction for the development of Sino-Russian trade. Relying on the advantages of the two countries' different production factor endowments, China and Russia have a high degree of complementarity in trade. China and Russia have different trade strategies. Relying on labor resources and the gradual transformation to high-tech innovation industries in recent years, the main product types of China's export trade are labor-intensive and technology intensive. The development of these technologies is inseparable from the support of energy and resources, and at the same time, China has attached great importance to the protection of the environment in recent years.[3]

There is a constant demand for products. And Russia, due to the uneven development of industry, leads.

The type of trade export products is too simple, while the domestic labor resources are lacking, the level of scientific and technological development is relatively backward, and the demand for labor-intensive and technology-intensive products is high.

(2) *Problems in Sino-Russian trade*

First, the trade structure is relatively simple. Although the scale of Sino-Russian trade is large, the product structure is too simple, Russia is dominated by natural resource products such as oil and natural gas, while China is dominated by labor-intensive products such as food and clothing. The single product structure makes it difficult for Sino-Russian trade to have a new development direction, and the ability to resist changes in the external environment is weak.

Second, the trade environment is fragile. This is also caused by the single product structure. Natural resources account for a large part of China's imports of Russian products, and the price of some natural resources is affected by the international energy market.

The impact of the market is relatively large, and it is closely related to the international financial market and political environment, and once the external environment changes, the trade environment between China and Russia will be vulnerable to blows. For example, the global energy crisis has led to a decline in oil prices, which has had a greater impact on Sino-Russian trade.

Third, trade cooperation is not close enough. Although Sino-Russian trade has been developing for a long time, the two sides have not formed a more economically active fulcrum city and free trade zone, the main reason is that Russia's economic development is uneven, and the Siberian Plain bordering China lacks a trade fulcrum city, resulting in the continuous development of Sino-Russian trade at the national level, but the lack of exchanges at the social level, which restricts the further development of Sino-Russian trade.

Countermeasures and suggestions for the development of Sino-Russian trade

With the support and guidance of the "Belt and Road" initiative, the scale of trade between China and Russia has continued to grow, which is not only very important for the economic development of the two countries, but also for the trade development of neighboring countries and regions, and the formation of a trade system between countries led by China. Therefore, in the energy crisis. In the context of the global economic downturn, Russia, as a comprehensive strategic partner of China in the new era, reached more far-reaching cooperation intentions in energy, economy and many other fields in 2022, which has had a very far-reaching impact on the development of Sino-Russian trade and the world economic and political pattern. Based on the analysis of this paper, the problems of Sino-Russian trade mainly appear in the following aspects:[6]

(1) Cooperation needs to be strengthened

At present, Sino-Russian trade cooperation is very important to the import and export trade between the two countries, and the two countries are less competitive and more complementary in import and export trade. Therefore, China and Russia should strengthen their cooperation. First, we need to strengthen political mutual trust. Political cooperation is the foundation of economic cooperation, and in recent years, exchanges between China and Russia have become increasingly close, and the governments and relevant departments of the two sides have also attached great importance to it Sino-Russian trade. In the current situation of declining global economic situation and conservative international environment, China and Russia should strengthen exchanges and introduce more policies conducive to the development of China-Russia relations at the national level to promote the development of China-Russia trade. Second, develop fulcrum cities. Since Russia's development is mainly concentrated in the west, the vast Siberian Plain lacks cities with a high level of economic development, so the exchanges with Chinese cities are not very close, which restricts the development of Sino-Russian trade. Therefore, China and Russia should strengthen the construction of fulcrum cities and conduct trade point-to-point and line-to-line, to promote the overall development of Sino-Russian trade.

(2) The trade structure needs to be optimized

According to the above analysis, one of the reasons for the bottleneck in the current Sino-Russian trade growth is the single trade structure and low added value of products between China and Russia. Therefore, first, to ensure the trade of resource products. Resource products must be the main product types of Sino-Russian trade, and in future trade, it is necessary to ensure the smooth progress of trade in resource products and lay a good foundation for Sino-Russian trade. Second, increase trade in technology-based industries. At present, China's exports are gradually changing from labor-intensive products to technology-intensive products, and in the future development, China and Russia should take the initiative to explore cooperation in the field of high and new technology, which can not only promote the process of industrial transformation between China and Russia, but also help deepen Sino-Russian cooperation.

(3) Continuously improve policies and regulations and improve the trade system.

With the continuous deepening and development of economic globalization, a sound trade system and a sound policy, regulation and system are particularly important, which can better promote the healthy and rational development of the economy and trade between China and Russia. Therefore, China and Russia should jointly abide by the international multilateral trade rules advocated by the World Trade Organization. At the same time, China and Russia should actively resolve international trade disputes, tariff barriers, and disputes caused by imperfect trade systems within the framework of the WTO's multilateral trade rules. In addition, in order to better adapt to changes in the domestic and foreign economic markets and political environment, China should speed up in economic and trade cooperation, the Chinese and Russian governments should give corresponding policy support, formulate correct and reasonable policies and regulations in accordance with international practices, and protect the legitimate interests of both sides to the greatest extent, so as to better promote the development of international trade between the two countries.[5]

Conclusion

As the focus of economic and political attention in recent years, Sino-Russian trade is not only of great significance to the economic and technological development of the two countries, but also has a great role in promoting the development of bilateral relations and the "Belt and Road" initiative. Proceeding from reality, this paper aims to theoretically analyze the characteristics and development direction of trade between the two countries. Based on the data analysis, the current development trend of the trade scale between China and Russia, the characteristics of the product structure and the possibility of the future trade between the two countries.

This paper analyzes and discusses the problems existing in Sino-Russian trade in more depth, and finally puts forward countermeasures and suggestions.

REFERENCES

1. Liu Xizeng. Research on the competitiveness and complementarity of Sino-Russian trade under the Belt and Road Initiative[D]. Changchun:Jilin University,2022
2. Zhang Chenxi. Research on the development status of Sino-Russian trade and the construction of FTA[D]. Yanbian:Yanbian University,2022
3. Li Xizi. New opportunities for Chinese and Russian traders[N]. International Finance News,2022-05-23 (1)
4. Liu Siqin Gaowa. Analysis of countermeasures for the high-quality development of Sino-Russian trade in the new era[J]. Modern Marketing (Xueyuan Edition),2023(8):1-3
5. Yue Lizhu. Analysis of the high-quality development countermeasures of Sino-Russian trade in the new era[J]. Today's Fortune (China Intellectual Property), 2020(10):26-27
6. Guo Rong, Wang Ping. The trend of anti-economic globalization in the United States and its impact on China[J]. Business Times,2010(15):42-43+16
7. Li Ming. Analysis on the impact of big data on enterprise international trade in the context of economic globalization[J]. Times Economics and Trade,2020(6):19-2.)