

The Development of Russian and Chinese Economy under "One Belt and one Road Initiative"

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Abstract

This paper is showing the importance of cooperation between Russia and China under the "One Belt and One Road initiative". We are analyzing pros and cons of this cooperation under the point of Russian natural gas export recourses and the influence of Russian energy cooperation between two countries. Also under the One Belt and One Road initiative it could appear some cultural problems because of misunderstanding culture of other country. And it should be solved. Russia and China have great opportunity to develop the export and import exchange of energy infrastructure under "One Belt and One Road initiative". The main idea of increasing economy is to increase mutual cooperation in energy security, culture coordination etc.

Keywords: China, cooperation, "One Belt and One Road initiative", Russia

1. INTRODUCTION

Russian-Chinese relations have a long history. The 21st century is a century of aggravation of relations between countries on the world stage, but Russia and China continue to build a strong friendship between two countries, which is based on mutual political, economic, social and cultural trust. Nowadays Chinese-Russian relations are developing comprehensively and are experiencing the best period in the history of their development.

In October 2013, Chinese President Xi Jinping went to Indonesia where he said the idea that China would like to have the cooperation with Southeast Asian nations in order to build a 21st Century Maritime Silk Road. This plan of China was called as “一带一路” in Chinese and in English is called as “Belt and Road initiative”.

The Belt and Road initiative is the signature policy of China. The main idea of The Belt and Road initiative is to boost trade and economic integration among the different countries in the initiative through investments in roads, pipelines, ports, communication networks and other such infrastructure that could help connectivity.

So let's us discuss what does it mean “Belt” and what is the “Road”? To start with we need to say that the meaning of the word «Belt» aims to link the western parts of China through six economic corridors to Central Asia, Russia, Europe, the Mediterranean and the Persian Gulf, and Southeast Asia, South Asia and the Indian Ocean. And the word “Road” is a sea route designed to link China's coastal parts to Europe and Africa through the South China Sea and the Indian Ocean in one route, and through the South Pacific in another route. The policy of openness to the outside world and the strengthening of mutually beneficial cooperation with the countries of Europe, Asia, Africa and the world is the Foundation of the of The Belt and Road initiative.

Talking about cooperation between Russia and China we need to say that Russia is a good partner for China, Russia is a main exporter of oil and natural gas to China. Russian president Vladimir Vladimirovich Putin during the official state visit to China said that Moscow government is supporting "The Belt and Road initiative", and Russia is always active to participate in any project for making the relationships between Russia and China better and more powerful.

Russian-Chinese relationships nowadays playing very important role in the development of economy of both countries. Firstly Russian location is good for China, we are neighbors, second is that Russian natural gas and oil resources are huge, the third thing is that in the world arena Russia belongs of powerful countries so Russia and China strengthening cooperation is the best choice for both sides. With the increasing of economic globalization nowadays and regional economic integration and the "One Belt and One Road initiative" strategic China and Russia in the field of regional energy cooperation as export and import of natural gas and oil has been started to be deeper.

2. THE CURRENT SITUATION BETWEEN RUSSIA AND CHINA: EXPORT GAS TO CHINA

Economic relations between Russia and China consists of high-level dialogue, two countries have large neighboring markets and complementary production structures. Economy globalization every year is more deeper between China and Russia, so the field of cooperational trade in the area of oil and gas between two countries every year is more deeper.

Analyze the way of the Sino-Russian oil and gas cooperation we can see that exist problems and some difficulties in the area of trade of oil, natural gas and coal between China and Russia. So the Belt and Road initiative is the way to make international Chinese-Russian trade more powerful and deeper in this sphere. Strengthening of energy infrastructure under the Belt and Road initiative would be the best solution and it will bring mutual benefit of economical and international trade cooperation between Russia and China.

Partnership between Russia and China in the area of natural gas is entering to a new level. It is very important that first volumes of pipeline gas from Russia will be delivered to China in 2019 year. The main partner of Russian company Gazprom in China is CNPC – China National Petroleum Corporation. The cooperation between two companies is huge. In 2014 year Gazprom and CNPC signed sale agreement for supplying

natural gas of Russia via the Eastern route. In the global gas industry no exists sale contract and purchase bigger than this. Next year 2015 Gazprom and CNPC continued discussing,

In Spring 2014 Russian company Gazprom and CNPC signed the Purchase and Sale Agreement to supply Russian gas via the Eastern route. It was one of the biggest contract of gas cooperation for more than thirty years of delivering gas.

In autumn 2014 in the capital of Russia was signed a Technical Agreement of supplying Russian natural gas. This document was describing the main functions and parameters of construction of the Power of Siberia gas trunkline's cross-border section. The Technical Agreement was describing main technical features transferring natural gas from one company to other company.

Next year 2015, Gazprom and CNPC signed agreement of cooperation of both sides: Russia and China. Providing natural gas from Siberia region and discussing the terms of the sale-purchase agreement. Later Russian and Chinese companies signed a Memorandum of Understanding on a project envisioning pipeline supplies of natural gas to China originating in the Russian Far East.

Next year 2016 was signed the the agreement of cross-border section of the Power of Siberia pipeline under the Russian river Amur. In 2017, Gazprom and CNPC signed a Supplementary Agreement of supplying Russian natural gas which supplies via the eastern route. Natural gas supplies to China via the Power of Siberia gas trunkline will begin in winter 2019.

In 2016, Gazprom and CNPC signed a Memorandum of Understanding in the area of underground gas storage and gas-powered electricity. Next year the Agreement between Gazprom and CNPC was signed to conduct geotechnical surveys for the creation of UGS facilities. In spring, three contracts were signed at the Belt and Road Forum in Beijing to conduct pre-development surveys for the purposes of creating underground gas storage facilities in China's Heilongjiang and Jiangsu provinces that are in the border of Russia.

In 2017 Russia and China signed an agreement in the NGV market, in particular developing the natural gas filling infrastructure and cooperation at the Europe — China international transport corridor.

Nowadays the project “The Power of Siberia” is developing the economy of Russia and China. “The Power of Siberia” gas trunkline will transport gas from the Irkutsk and Yakutia gas production centers to consumers in Russia’s Far East and China (eastern route). As we see the last years the economy of China is extremely developing, these high economic development improve resources consumption such as the natural gas and oil. Its oil production accounted for the world second total output/ Russian-Chinese. Russians gas and oil resources is quite big and Russia nowadays become the world's major energy exporter, but also become China's energy imports preference. China in the worldwide reserves of energy resources has one of the first places and take the second places of ranking of consumption of energy. As chinese economy continue to develop, so China's energy consumption is also rising fast. Thats why the economy growth of China cannot exist without energy supplies of Russia as energy reserves, production and export volume ranking the forefront of Russia, is China's major energy-importing countries.

International oil company Rosneft is very interested in creating a joint energy infrastructure with Chinese companies in China. Russia has partners from different parts of the world but it doesnt matter that how many partners there are, the most important thing is to focus on the economy collaboration with China, China can offer Russia at the conclusion of long-term contracts loans and entry into the capital of mining companies. This is so important thing in the light of the financial sanctions that Russia has. Russia and China were reliable partners in the past and could be such as before good partners now and in the future. Currently, Russia supplies oil to China in three directions: through the ESPO and Kozmino port in the far East, through the Skovorodino pipeline and through the Atasu – Alashankou pipeline in transit through

Kazakhstan

Fundamentally, the problem of providing China with gas will be solved in 2020, when the Power of Siberia gas pipeline, which Gazprom is building, will be put into operation.

3. EXISTING ISSUES

There are many existing issues of The Belt and Road initiative. The grandiose project "one belt, one road" (BRI) has enough problems, but, despite the difficulties, the Chinese mega project is still relevant and popular.

We need to focus on pluses and minuses to host countries industrialization during the One Belt, One Road' Initiative. There are different things that we have to pay attention when we are researching The Belt and Road initiative.

Because of the fact that Russian energy resources are big, so it allows to say that Russia is one of the bigger exporter of natural gas and oil to the worldwide and China's main partner.

There are the imperfections of the energy of the financial system that need to be resolved.

It is very important for chinese-russian relationships to resolve each existing problem using "One Belt and One Road initiative ". "One Belt and One Road initiative “ community of interests” and “community of destiny”is the aim of creation "One Belt and One Road initiative ". Both countries want to make cooperation deeper.

First of all there is a problem of Religious and Cultural side between two countries. It is necessary to understand the difficulties of communication.

Many countries of the The Belt and Road initiative are countries under different religion such as Islam or Orthodox, so this countries have stricted rules and restriction in the area of marketing, industrialization, and urbanization and of course these countries have the oppression from the western countries. Under the Belt and Road initiative China could faces the problem of misunderstanding religion aspect--- for example there are a lot of goods that are prohibited to import of Islamic Countries or Orthodox

countries, so the difficulties could happen.

So the Belt and Road initiative is not only economical and political cooperation is also religion link between China and other countries. So China during the communication of Islamic or other countries should have knowledges of Islam and other religion for better understanding the country where China has plan to have The Belt and Road initiative, because of this fact that some difficulties and problems of cooperation of the countries could happen, so for prevent it it is necessary to pay attention to this aspect.

The problem of energy infrastructure, the problem of influence of geopolitical, mutual interests of both countries, as financial system also has some questions so both countries have difficulties. Under the One belt and one Road initiative will further develop economic and politic relation between two countries.

4. THE POLITICAL PROPOSAL

China has to understand that it is very important to engage in 100% with countries which sovereign territory and infrastructure are to be built, and under the Belt and Road Initiative China with other countries should have wider international economical and trade consultation about every planning and project. The collaboration with two countries could not be like "first country wins and the second country loses". No. Only in the case of two countries winning the aim of cooperation and collaboration will be done.

Export gas and oil from Russia of course needs government involvement as far as the cross-border gas pipelines are concerned.

So talking about Eastern Gas Programme that it appears in the "Energy Strategy to 2030" this is one of the line of the development of the energy part of Russia. This part is consists of internal and international dimensions. For China, increasing the share of gas in total primary energy supply is a strategy, according to "the 11th Five-Year Plan". What does it mean? This mean a top level of political commitment of the parties to a cross-border project, but talking about country such as China it is necessary to say that it could

be only in the case if its objective of increased share of natural gas is not achieved by domestic production.

THE CONCLUSION

The main idea of "The Belt and Road initiative" consists of political coordination, the network of single infrastructure, economical, political and trade relationships between countries, financial and the aspect of investments, etc. The main aim of "The Belt and Road initiative" is to change previous export and import models and invent new innovative model of trade and create open economical zones and belt with other countries. To reach this aim it is necessary to promote high-level cooperation, coordination, economic integration. One of the most useful parts is respect of traditions and religion of other countries. If we talk about geographical boundaries, the Belt and Road initiative starts with highly and rapidly developing Asia-Pacific region, in the West there is a development economic European countries, in the Central part of the vast heartland, it has an opportunity for development.

The concept of "one belt, one road" is one of the most important integration initiatives of China. In addition, it is in tune with Russia's integration efforts in the Eurasian space within the EAEU. The combination of these projects suggests that Moscow and Beijing are building new forms of the world order, alternative approaches of the West.

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