

Roundtable for Russian and Chinese Regional Leaders

KEY CONCLUSIONS

Trade and economic cooperation between the regions of Russia and China is actively developing

“Our relations with Russia are developing very rapidly. Last year, our volume (of foreign trade – *Ed.*) with Russia amounted to USD 964 million, that’s a 17% increase. Russia became our most important cross-border partner in Zhejiang Province,” Che Jun, Secretary of the CPC Committee of Zhejiang Province.

“For a number of years, China has been one of the main trade partners of the Republic of Buryatia, and ranks first in foreign trade volume of the Republic: 35% in 2017, 37% in the first half of 2018. In 2017 the foreign trade volume increased by 21% to the level of 2016. In the first half of 2018, growth continued and amounted to 17%. In 2017, the exports increased mainly due to an increment in supplies of hard coal, lumber and cardboard. Supplies of cardboard grew by 80%. Year over year, the growth in exports in the first half of 2018 was the result of a 6.5 times increase in the supply of cardboard,” Alexey Tsydenov, Head of the Republic of Buryatia.

“Since 2001, China has been the leader among the region’s foreign trade partners. In 2017, Irkutsk Region’s trade volume with China amounted to nearly USD 4 billion, an increase of 38% compared to the year before. The growth trend continued this year. Now we already see growth of foreign trade volume, which is more than 50% higher year over year,” Sergei Levchenko, Governor of Irkutsk region.

“For several years, the People’s Republic of China has been among the top three trade partners of Sakhalin Region. With 2 billion US dollars, it came third in the foreign trade of the island region in 2017. Trade volume is growing: for six months of this year it increased by 10%. The structure of Sakhalin exports is largely based on commodities,” Oleg Kozhemyako, Governor of Sakhalin Region.

“In 2017, Russia’s trade with Liaoning Province amounted to RMB 27.9 billion and grew by 30%. By the end of 2017, Liaoning Province had already approved 182 investment projects in Russia for a total of USD 155 million,” Chen Qiufa, Chairman of the People’s Government of Liaoning Province.

“Our pragmatic cooperation has reached new heights. Our investments in Russia amounted to USD 2.5 billion last year, trade increased by 30%. Important agreements will be signed in the field of investment cooperation during this Forum,” Bayin Chaolu, First Secretary of the CPC Committee of Jilin Province.

Wood processing, agriculture, construction, energy as promising areas for joint investment

“We implement joint projects in wood processing, agriculture, construction, trade, and food service industry. I’d like to point out a few major ones. The project to create the centre for deep wood processing with the participation of the Russian-Chinese investment fund in Amursk, Khabarovsk Territory. Construction of a pulp mill with an investment of 1.5 billion dollars. The project to create a complex of wood processing enterprises in Jilin Province. The project to establish an agricultural enterprise specializing in exports of corn and soy beans with the participation of companies from the city of Fuyuan. The project to establish an agricultural enterprise for cultivation of corn and soy beans with the participation of a businessman from the city of Hebei,” Vyacheslav Shport, Governor of Khabarovsk Territory.

“The trade volume between the People’s Republic of China and Kamchatka exceeded USD 300 million last year. I’d like to speak about joint projects that are successfully implemented in Kamchatka with the participation of Chinese partners. The first one is creating a multifunctional port and industry park of international level on the site of the Petropavlovsk-Kamchatsky Commercial Sea Port. The total volume of investment into this project is about 20 billion roubles. The second one is construction of a tourism and recreation complex in Paratunka,” Vladimir Ilyukhin, Governor of Kamchatka Territory.

“In cooperation with China, a number of investment projects are already being implemented in the region: the construction of an automated brick production line. The construction of a dealership for the sale of FAW heavy duty trucks has begun, and the project to create a modern timber processing complex is being implemented. Modernization and expansion of the construction bars manufacturing facility is carried out in accordance with environmental requirements. The project to produce bottled water is being implemented with the participation of the Chinese capital,” Sergei Levchenko, Governor of Irkutsk Region.

“One of the projects currently being implemented is the construction of a marine wind power plant on the territory of the Republic. The total expected investment in the project stands at 9 billion roubles,” Artur Parfenchikov, Head of the Republic of Karelia.

Humanitarian ties between the two countries are strengthening

“As of today, 16 municipal districts of Yakutia have already established twin-city relations with cities, districts and provinces of China. Various activities in the sphere of education, culture, sports, and tourism are carried out on a regular basis. In 2015, as part of the ‘Russian Culture’ festival, we held Days of the Culture of the Republic of Sakha-Yakutia in China. Since the 2000’s, the Republic of Sakha-Yakutia always takes part in the Harbin International Trade and Economic Fair, and in recent years

in the Russian-Chinese Expo as well," Aisen Nikolayev, Acting Head of the Republic of Sakha (Yakutia).

PROBLEMS

High transport and logistics costs

"Logistics expenses take up a large share in the cost of exported and imported goods. Besides, we currently do not have a single bridge for several thousand kilometres of the Amur border. The solution to these problems will be facilitated by the launch of the railway bridge crossing over the Amur River near the towns of Nizhneleninskoye and Tongjiang. The bridge gives great prospects for developing cross-border trade and establishing transit traffic," Alexander Levintal, Governor of the Jewish Autonomous Region.

SOLUTIONS

Developing tools for cooperation in all spheres

"We need to strengthen all the aspects that contribute to cooperation. It is important to create a mechanism for regional cooperation between local governments so that cooperation is more pragmatic and based on a more solid ground. The second thing is to create an engine for trade and economic cooperation, so that we have a more reliable infrastructure. That includes transition infrastructure, so that we intensively develop cooperation in energy, mining, tourism, agriculture, forestry, etc. The third thing is to create productive grounds for cultural and humanitarian cooperation in such areas as education, science, health, education, sports, youth policy, media, etc.," Li Jiheng, secretary of the CPC Committee of the Inner Mongolia Autonomous Region.

"In 2016, the DAKAITAOWA (Open a Matryoshka) project was created. So far, the project successfully helps food producers from Russia and countries of the EEC to embrace the Chinese markets. Another instrument of cooperation is the Russian-Chinese yuan investment fund with the initial capital of RMB 5 billion. It is organized specifically for investments in regional projects of the two countries. The third instrument for the development of interregional cooperation between the two countries is the centre for the training regional leaders to cooperate with Chinese partners," said Dmitry Mironov, Governor of Yaroslavl Region.

"Along with the existing priorities, we'd like to strengthen the region's interaction with China with regard to stirring up the interbank connections that help to expand investment opportunities in the field of energy and environmental technologies through the creation of joint waste-processing enterprises and the use of alternative energy sources. Ather project proposed for the Chinese investors is the development of 'The Gate of

Lake Baikal', a special economic zone for tourism and recreation," Sergei Levchenko, Governor of Irkutsk Region.

"We must expand trade and economic cooperation. We must develop innovative cooperation, develop new materials, environmentally friendly technologies, biotechnologies, and expand our cooperation on the basis of those new technologies. We need to deepen humanitarian cooperation in the field of education, culture, art, and tourism," Liu Jiayi, Secretary and Senior (General) auditor of the PRC's National Audit Bureau, Chairman of the United Nations Board of Auditors.

Developing transport infrastructure between Russia and China

"The key path is creation of a new international transport corridor that will fully unlock the transit economic potential of the two regions and create the necessary conditions for business development. At the end of 2016, the construction of a border crossing in the area of the cities of Blagoveshchensk and Heihe started. Completion is planned for December 2019. Most importantly, this project is already shaping new growth points, attracting businesses, and attracts investors as well. Therefore, our task is not only to put the bridge into operation in a timely manner, but also to achieve the greatest multiplier effect from its operation for the economy, and potentially for the economies of both countries, too," Vasily Orlov, Acting Governor of Amur Region.