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ANALYSIS OF CHINA-RUSSIA TRADE

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China and Russia have a long history of trade. After entering the 21st century, China and Russia joined the World Trade Organization successively, and China-Russia trade has entered a new stage. In 2025, China-Russia bilateral trade continued to grow, surpassing 228,1 billion U.S. dollars. The construction of the China-Russia Free Trade Area is conducive to exploring the trade potential between the two countries and enhancing the previous trade cooperation between the two countries.

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The history of trade between China and Russia can be traced back to the Soviet era. This article selects the development history of China-Russia trade after 1992 to analyze the competitiveness and complementarities of the China-Russia trade structure. The bilateral trade between China and Russia has certain characteristics at all stages, especially China and Russia have joined the WTO successively, opening to the outside world has further deepened, and the scale of China-Russia trade has emerged with new characteristics. By summarizing the status quo of China and Russia's economic and trade development, it mainly studies the structural characteristics and reasons of China-Russia import and export merchandise trade.

1. History of China-Russia Trade Development

In the development of Sino-Russian trade, two stages of its formation can be distinguished from 1992 to 2008. Read more about the features of these periods below.

1. The tortuous development stage of China-Russia bilateral trade (1992 to 2000)

During this period, the development trend of bilateral trade between China and Russia was wavy, and the growth rate of trade volume fluctuated greatly. According to Figure 2.1, the China-Russia double-standard trade volume peaked in 1992, 1996 and 2000, which were 7.67 billion US dollars, 6.84 billion US dollars and 8 billion US dollars respectively. The most important feature of the China- Russia commodity structure during this period is that China's exports to Russia are mainly labor-intensive products, and Russia's exports to China are mainly primary raw materials, and the types of exports from both sides are single and stable. After the adjustment of China-Russia economy and trade, the trade order has improved, and complementary factors that can play a positive role have promoted the continuous development of China-Russia bilateral trade within a certain level.

A complete economic and legal foundation and foreign economic system are the prerequisites for the development of commodity trade between the two countries. In 1992, the Russian Federation was established and signed the "Agreement on Economic and Trade Relations between the Governments of China and the Russian Federation" and the "Agreement on Encouraging and Mutual Protection of Investment" with China, laying a good foundation for the development of bilateral trade between China and Russia. The Chinese and Russian governments attach great importance to the economic and trade cooperation between the two sides. With the joint efforts of both sides, after the disintegration of the Soviet Union, China and Russia have formed the characteristics of multi-channel and wide-field cooperation in which countries, localities and enterprises participate in economic and trade cooperation. In 1992, the bilateral trade volume between China and Russia was 5.86 billion U.S. dollars, and Russia also became the sixth largest trading partner country after China, namely Hong Kong, Japan, the United States, Taiwan, and Germany. In 1993, the bilateral trade volume between China and Russia was 7.67 billion U.S. dollars, and China became Russia's second largest trading partner.

After the disintegration of the Soviet Union, China and Russia constantly adjusted their trade policies in accordance with the international situation and the economic and trade conditions of China and Russia, decentralized foreign trade authority, and broke through the government's foreign trade monopoly model under the highly planned economic system of China and the Soviet Union. The gradual rise of border trade and direct trade between enterprises played a very important role in the growth of the scale of China-Russia trade from 1992 to 1994. During this period of China-Russia border trade, after China announced the development of the four border cities of Heihe, Suifenhe, Manzhouli, and Hunchunbei as open cities, the region and Russia have engaged in commodity trade, cooperative joint ventures, labor export, tourism, land lease and other fields. Carried out extensive cooperation and signed thousands of orders. The rapid development of local and border trade between China and Russia has changed the dual-standard trade pattern based on national trade. The reason for the rapid development of China-Russia economic and trade during this period was mainly due to the adjustment of China-Russia economic and trade strategies. After the end of the Cold War, Russia comprehensively adjusted its foreign trade strategy, focused on the development of economic and trade relations with neighboring countries, and put forward the concept of "China-Russia constructive partnership", sending a friendly signal to the development of China-Russia economic and trade relations. At the same time, the results of China's reform and opening up have begun to appear, China's market economy has further developed, and its closely related economic and legal systems have been continuously improved, which has laid a solid foundation for good China-Russia trade cooperation.

However, since 1994, the scale of China-Russia trade has fallen sharply. Compared with 1993, the growth rate of bilateral trade volume between China and Russia fell to -34%, and the total trade volume fell from US$7.67 billion in 1993 to US$5.08 billion in 1994. The scale of China-Russia trade has shrunk sharply. This sharp decline is not a structural decline in a single commodity and a single trade situation, but a general decline in all traded commodities and all forms of trade. However, the decline in bilateral trade during this period was not due to political factors. It was mainly due to the important turning point in the economic development of China and Russia. Taken together, there are several reasons for this trade decline:

First, Russia's domestic economic conditions have undergone major changes. From 1993 to 1994, Russia faced a severe economic crisis. Through the high inflation rate, the GDP declined severely. Russia has implemented an export quota and license system for major raw materials, petroleum, non-ferrous metals and other resource commodities, which has increased the non-tariff costs of China- Russia trade;

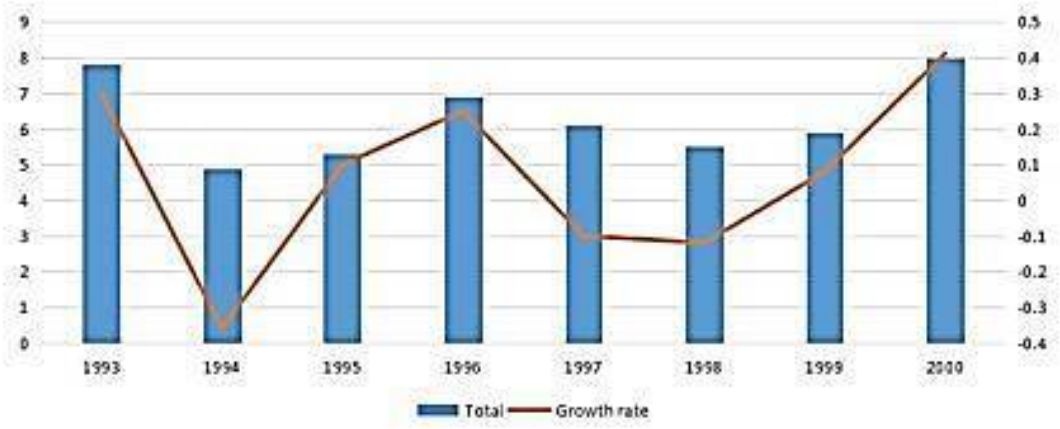
Second, Russia has re-emphasized its oil and gas trade with Western countries, especially the trade links with Nordic countries. This has diversified Russia's imports of light industrial goods, and the complementarity of China-Russia trade has been further weakened. The dominance of the Russian consumer goods market no longer exists;

Third, Russia's China-Russia visa-free system was also suspended in 1994, which imposed great restrictions on the business contacts between China and Russia, and indirectly hindered the development of China-Russia trade.

Fourth, since 1994, China's domestic economic policies have changed. In order to prevent the economy from overheating, the Chinese government has adopted fiscal austerity policies to reduce the scale of infrastructure construction. The demand for light metals and raw materials has further declined, which has affected Russia's raw materials for China. And export of machinery and equipment.

Fifth, the China-Russia trade during this period was extremely complementary, but the trade structure had a low tolerance for single risks. The establishment of the Russian Federation did not change the deformed economic structure of the Soviet Union. Russia's main export products were still resource products, which accounted for more than 75% of exports on average during this period. Imports were mainly food and daily necessities, with average imports. It accounts for 50%, and China's imports from Russia are mainly steel, mineral metals and raw materials, which account for more than 80% on average, followed by animal and vegetable oils and fats, which account for more than 11% on average.

In this period, the complementarity of the China-Russia trade structure inevitably faces the problem of fragility. Once the basic economic environment and foreign trade regulations of the two countries change, it will bring great instability to China-Russia trade.



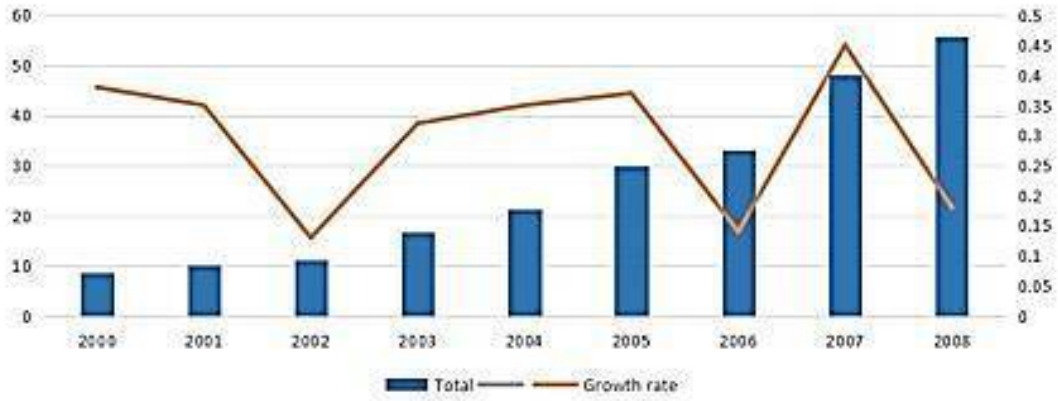
Picture 2.1 – 1993-2000 China-Russia bilateral trade volume and growth rate chart (unit: billion US dollars)

In 1996, China-Russia bilateral trade rebounded, the scale of trade rebounded to 6.84 billion U.S. dollars, with an average growth rate of 25.3%. From 1997 to 2000, the overall trade volume between China and Russia showed a downward trend, mainly due to factors such as the single restriction of the China-Russia trade structure, the lack of stamina caused by the primary trade, and the adverse effects of changes in bilateral policies. This situation changed after Putin came to power in 1999. The previous China-Russia strategic cooperative partnership is more embodied in politics, military and diplomacy. Putin emphasized that China-Russia economic and trade cooperation should become an integral part of China-Russia strategic cooperation. Therefore, China-Russia bilateral trade has entered a new stage.

2. The rapid development stage of China-Russia bilateral trade (2000 to 2008)

After entering the 21st century, bilateral trade between China and Russia has developed rapidly. According to Figure 2.2, before the economic crisis from 2000 to 2008, although the growth rate of China-Russia trade volume fluctuated, but both were above 11%, the bilateral trade volume showed a clear upward trend from USD 8 billion in 2000 to 2008. In the year, 56.9 billion US dollars, an increase of more than 611%. From the perspective of the development of China-Russia trade during this period, it took ten years to achieve the first ten billion U.S. dollar breakthrough, and three years to surpass the second ten billion U.S. dollars.

The third and fourth ten billion U.S. dollars were only It took two years and one year. At the same time, there was no substantial change in the structure of China- Russia bilateral trade during this period. Among China's imports from Russia, energy and resource products still account for an important part, while China's exports to Russia are mainly electromechanical products, light industrial products, and electronic information technology products. In 2005, crude oil and refined oil, steel, logs, paper pulp, ore and other products together accounted for about 70% of China's total imports from Russia, while China and Russia's oil exports to China still accounted for 50% of the total increase in trade between the two countries.



Picture 2.2 – 2000-2008 China-Russia bilateral trade volume and growth rate chart (unit: billion US dollars)

The reasons for the rapid development of China-Russia trade during this period are as follows:

First, the political mutual trust between China and Russia has a positive impact on bilateral trade between China and Russia. In July 2001, China and Russia signed the "China-Russia Good-Neighborly and Friendship Cooperation Agreement." The further deepening of the political mutual trust between the two countries provided a good political foundation for the consolidation and development of the economic and trade cooperation between the two countries, and also contributed to the promotion of China-Russia bilateral trade. A precious historical opportunity.

Second, the China-Russia border trade has revived. During this period, China-Russia border trade was mainly carried out in Xinjiang, Inner Mongolia and the three provinces of Northeast China, and border trade accounted for about 20% of the total trade. The prosperity of border trade has also greatly promoted the development of China-Russia bilateral cooperation.

Third, the rapid economic development of China and Russia has laid a material foundation for China-Russia bilateral trade. After the reform and opening up, China's economy has developed rapidly and foreign cooperation has continued to deepen. It has become an important global import and export trade market. After 1999, Russia has controlled the deterioration of the domestic economy and entered a period of slow recovery, with domestic GDP returning to positive growth. The stability of the macroeconomic environment of China and Russia provides new potential for the development of China-Russia bilateral trade.

Fourth, economic globalization and regional economic integration provide new opportunities for China-Russia bilateral trade. The geographical connectivity between China and Russia makes China and Russia exchange ports in China, and the transportation conditions are better. The two countries have natural advantages in regional economic and trade cooperation. With the development of economic globalization, the Asia-Pacific region has gradually become an important world market, and its unique advantages have provided a good opportunity for bilateral trade between China and Russia during this period.

Since the beginning of the 21st century, with the continuous deepening and development of China-Russia strategic cooperation, China-Russia bilateral economic and trade has developed rapidly, and economic and trade cooperation has become the core content of the China-Russia strategic cooperative partnership. On August 23, 2012, after nearly 20 years of struggle and negotiation, Russia was finally approved to become the 156th member of the World Trade Organization (WTO). According to the relevant agreements reached between the WTO and Russia, after joining the WTO, Russia will gradually lower the trade threshold and further increase the level of trade facilitation. This will provide good conditions and opportunities for the development of China-Russia economic and trade relations, especially for the export of Chinese enterprises' products. Beginning in 2016, the

growth rate of bilateral trade in 2016 was small, reaching US$66.1 billion, a year-on-year increase of 2.2%. The China-Russia trade began to grow again. In 2017 and 2018, China-Russia merchandise trade volume was 84 billion U.S. dollars and 108.28 billion U.S. dollars, with growth rates of 20.8% and 27.1%, respectively. It maintained rapid growth for two consecutive years and exceeded 100 billion U.S. dollars for the first time. The total trade volume between Russia and China has been on the rise in the ups and downs. After the disintegration of the Soviet Union, Russia-China economic relations have become closer and closer. Based on Tables 2.1 and 2.2, it can be seen that the trade between Russia and China has mainly had a positive trend in the past 20 years. However, the development of trade throughout the 1990s was not outstanding. Except for a large increase from 3.9 billion U.S. dollars in 1991 to 5.87 billion U.S. dollars in 1992, it remained volatile until the end of the twentieth century. In 1993, Russia and China increased by 30.8% year-on-year. Due to the transitional period of the Russian economy and Russia's large demand for primary commodities, the growth rate during this period was quite rapid.

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