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THE ANALYSIS OF GENERAL TENDENCIES OF THE FOREIGN TRADE COOPERATION BETWEEN RUSSIA AND CHINA

The foreign trade cooperation between Russia and China in the system of market economy are considered. The offers for the foreign trade cooperation with purpose to increase the efficiency of a two side advantageous relations are resulted.

Keywords: tendencies, foreign trade, cooperation.

The main topic of the given work is defined by variety of forms of the foreign trade cooperation and foreign trade activities between Russia and China, an imperative need of their analysis and development of new approaches to the expansion and optimization of the system of market relations. The object of the research is a foreign trade transaction between Russia and China. The practical importance of the work is defined by the analysis of existing tendencies of the foreign trade cooperation between Russia and China and the offer of new potential ways of the foreign trade cooperation between Russia and China with purpose to increase the efficiency of a two side advantageous cooperation.

Among the internal factors of balance optimization of economic interests of Russia and China it is necessary to consider the aspects of generality and specificity of two countries which promote or, on the contrary, complicate practice realization of the known concept of complementarity of economic complexes of these two countries.

“It is possible to carry out the following basic elements of generality:

- transitive character of economy – from the plan-administrative dependence of the manufacturer on the state to the market form of connection regulated by the state and movements of the manufacturing factors;
- historical preconditions of fruitful economic cooperation;
- the big extent of the common border, trading-transport possibilities, communicative and other possibilities;
- other geo-economics and geo-political factors which are objectively pulling together our states in historically new conditions of the multi polar world” [1].

“Elements of specificity of two countries which promote realizations of the concept of complementarity concern (tab. 1).

The fact that the development of the international relations between Russia and China are inevitable – is obvious.

The fact that the sources of raw materials, energy and safe transport ways are necessary to fast-growing economy of China is not a secret no longer.

The Chinese experts ascertain: “Russia is the partner of China with huge potential possibilities. 70 % of the Russian export is oil, minerals and wood” (URL: <http://www.vostokmedia.com>)

“In exchange, according to the Chinese customs statistics for 2007–2008, the main articles of the Chinese export to Russia during the specified period were (fig. 1):

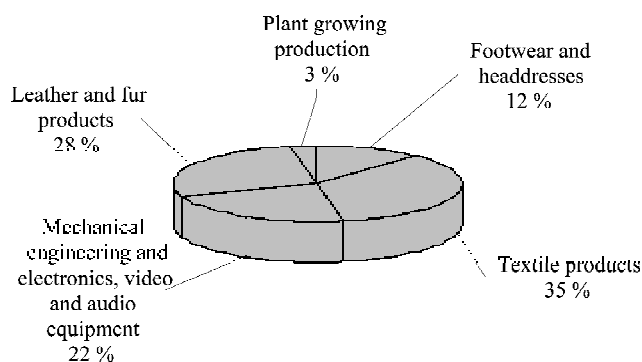


Fig. 1. The shares of the Chinese export to Russia in 2007–2008

Table 1

Elements specificity of the foreign trade activity between Russia and China

Russia	China
Reduction of an export potential as a result of decomposition of the USSR	Demographic problem: overpopulation, redundancy of a manpower, in particular, in areas joint to the Russian Federation
Unprofitable structure of the Russian export characterized by the export strategy of the energy and other natural resources, raw materials and the goods with the low added cost	Raw material problem which pushes China to import raw materials from Russia
The crisis state of domestic investment sphere does not allow to introduce modern technologies in manufacture of competitive production without support from the outside	The problem of the intensification of the economic growth, which high rates are based on the extensive basis, at low productivity of a live work, high energetic and production capital intensities
Oversaturation of the Russian market by the import consumer goods, absence of the sufficient state stimulation of the home producer	A problem of quality of exported production, incomplete conformity to its world standards
The low cost price factor of the Russian high technology production in comparison with the western	Strict position of some West countries concerning terms and conditions of application of know-how and high technology equipment by China
	The advantages of the Russian know-how and high technology equipment in front of high cost of the same in some West countries [1]

- footwear and headaddresses – 1. 061 billion dollars;
- textile products – 3.26 billion dollars;
- mechanical engineering and electronics, audio- and video equipment – 2.008 billion dollars;
- leather and fur products – 2.532 billion dollars;
- plant growing production – 0.275 billion dollars” (URL: <http://www.vostokmedia.com>).

In exchange, for the similar period of time, China imported from Russia the following production (fig. 2):

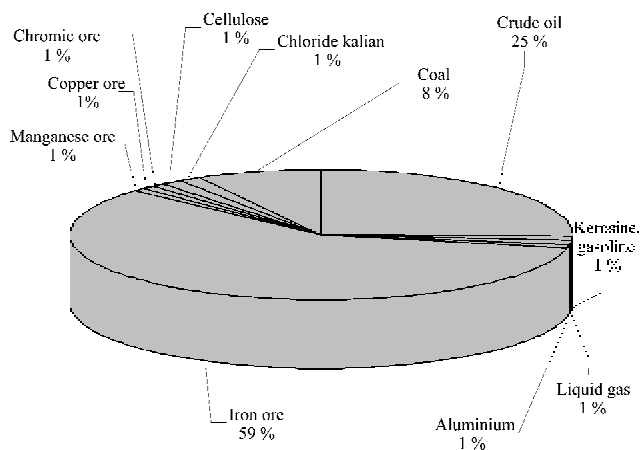


Fig. 2. The shares of the Russian export to China in 2007–2008

Thus, the foreign trade of Russia and China can be characterized by:

- the further growth of the foreign trade turnover and volumes of export operations;
- growth of volumes on the basic commodity positions in export structure of the country;
- inadequacy of export-import positions.

The Russian exporters should recognize that Russia has turned to a raw appendage and a commodity market of roughly developing Chinese economy. The Chinese market already is almost completely lost for the Russian goods with the high added cost. Crude oil and round wood dominate in volumes of the Russian export. The pleasant exception is made by production of the chemical industry which while is still highly demanded in China. Thus, the Chinese partners dictate to the Russian export companies the price at which they agree to get our production.

“China is resource dependant, but in a condition to replace the Russian gas or black oil and coal because already possess a large stocks of it in China. As for the Russian Federation – there no choice are left. Without the Chinese contracts Russia cannot solve a problem of an export diversification of resources not to be exclusively adhered to the European market», – has drawn an unfavorable conclusion Sergey Sanakoev – the head of the Russian-Chinese centre of economic cooperation” (URL: <http://www.ecolife.krsk.ru/content.asp?id=391>).

“Raw export is a central part of trade relations of China”, said the president of the Institute of a energy policy Vladimir Milov, “Theoretically we can increase export of energy resources to China in 2010 by the sum of 6–11 billion dollars. However, there is a serious problem – Chinese are ready to pay for our resources the price practically twice low, than that on which it is favorable to

us to sell it to them” (URL: <http://www.ecolife.krsk.ru/content.asp?id=391>).

“The similar problem exists in the sphere of oil export. Now the annual volume of deliveries of oil of Russia to China does not exceed 10 million tons a year, whereas in 2010 it is possible to reach 20 million tons”, – added Mr. Milov. As he said, for this purpose it is necessary to create a corresponding infrastructure, for example, civil-engineering designs of an oil pipeline Russia–China with branch to Pacific ocean to continue to master the East Siberian deposits more actively. «As for the gas deliveries to China the problem rests against absence of the arrangement on the price. We could begin delivery right away and fulfill the volume of gas export to 3 billion dollars per year by 2012 in a cost expression”, he said» (URL: <http://www.vostokmedia.com>).

Last years, the favorable tendency was outlined in economic cooperation between Russia and China, concerning goods turnover structure – goods turnover structure has begun slowly, but gradually varies – the share of technical machinery industrial production is growing. The structure of the Russian export also has changed – is not only delivering raw materials to China, but also a hi-tech production. Besides, the government supposes to approve the program of development of the Russian-Chinese cooperation in 2010, providing further diversification of the Russian export towards increase of deliveries of highly technological production.

One more prominent aspect of two countries interaction is an investment cooperation and realizations of the joint projects, one of which, for example, is the building of “the Chinese business centre in Moscow”. So, “...on December, 12th, 2006 the general director of Chinese international investment company “Hua ming” Mu Hua dun and the director of the main botanical garden of the Russian Academy of Sciences Alexander Demidov have signed in the Moscow mayoralty the agreement on ground rent of the territory of the main botanical garden of the Russian Academy of Sciences for the project «the Chinese business centre in Moscow”. At the ceremony of signing the contract there were the ambassador of China in Russia Lju Guchan, the chairman of the committee of foreign trade activities in Moscow – Valery Kuzin, the chairman of a board of the Russian-Chinese centre of economic cooperation – Sergey Sanakoev, and also representatives of both Chinese and Russian business structures and mass-media. This joint project reflecting high level of two countries relations, will not only help to improve the two side cooperation in all spheres, but will also strengthen the friendship and mutual understanding between the people of two countries. It is planned that the complex will include five-star hotel, office building of a class “A”, the modern exhibition centre, a trading complex, a garden-park in traditional Chinese style” (URL: http://ru.ruschina.net/news/page_13038/rch/lkjhhg/).

The great role favoring such step was carrying out “a Year of Russia in China”. “A Year of Russia in China has caused an interest among the Chinese party” – the trade representative of the Russian Federation in China – Sergey Tsyplakov has declared: “...not only the interest grows between Russia and China, but also a goods turnover” (URL: http://ru.ruschina.net/news/page_13038/rch/lkjhhg/).

At the same time experts warn that the good indicators hide serious problems. Experts specify that the present growth continues to follow the account of increase in deliveries of the Russian energy resources. And it is not a unique problem. "Lately annual level of a gain of a trade turnover of the Russian Federation and China made approximately 30 %. This year decrease in rates is observed", told the head of the Russian-Chinese centre of economic cooperation Sergey Sanakoev to "RBC daily". "Unfortunately, even this growth is provided not simply by increase of energy deliveries, but also a rise in prices for raw materials. It is necessary to pay attention not to increase in volumes of trade, but to the share increase in export to China of technical machinery and hi-tech production" (URL: <http://www.ecolife.krsk.ru/content.asp?id=391>).

The reason of such position, to the opinion of the president of the Institute of an energy policy is an active lobbyist policy of the Chinese authorities and the extremely passive behavior of a Russian side.

Thus, accurate strategy of the state which would allow using possibilities of China in interests of the country is necessary to Russia. To reach this purpose – it is necessary, in the first, to stop expansion of Chinese-dealers on the Russian market, to expand the markets and capacities, actively involving investments from China, to be fixed in these markets at the expense of own technological innovations. For this purpose it is necessary:

- to master narrow niches of specialized hard to copy technologies;
- to think out the ways of protection of technical decisions;
- to load Chinese orders for accessories, transforming them from competitors into contractors;
- to buy the Chinese industrial actives [2].

Development of the international relations between Russia and China is inevitable and the main task of these relations is – to combine economic possibilities with strategic interests of both countries, observing rules of law of both parties.

Researches and conclusions of the given work give possibility of application of its positions in activity Chinese and Russian legal and the physical persons connected by the foreign trade relations.

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ANALYSIS OF RISKS OF THE FOREIGN TRADE TRANSACTIONS BETWEEN RUSSIA AND CHINA

The foreign trade transactions in the system of economic activity between Russia and China are considered. Recommendations about conducting the foreign trade transactions with China with the purpose to increase the efficiency of it are resulted.

Keywords: risk, foreign trade transactions.

The urgency of the given work is defined by an imperative need of a deep research of the foreign trade relations and communications between Russia and China with the purpose to increase the efficiency of bilateral cooperation. The object of the given research work – risks of the foreign trade transactions. The practical importance of the work consists of the specific proposals and recommendations on conducting effective communication with the purpose of realization the successful foreign trade transactions between Russia and China.

The favorable geographical position, developed logistical network, availability of customs coordination are among the reasons of the effective business cooperation between Russia and China. But along with the establishment of good neighboring cooperation there are a lot of legal risks which Russian companies can face conducting the foreign trade activity with China. The knowledge of the legal aspects of

foreign trade of China will allow to avoid unjustified and unexpected expenses (see in the figure).

Legislative difference of the partner countries. One of the most serious legal risks which are commonly faced by businessmen from different jurisdictions – is the difference of the legislation of the countries regulating common legal issues. Searching for the profit the business partners from different countries do not pay much attention to the initial stage of relations – to a stage of coordination of terms of the contract. A lot of ridiculous problems outflow difficulties and unexpected consequences in mutual relations.

Reliability of Chinese parties. "The allowing order of conducting business for the enterprises existing in China essentially narrows a circle of the subjects, having the right to conclude transactions of the international purchase and sale. Therefore it is necessary to check a legal status of the enterprise of the foreign counterpart both its financial and