



# Russia's participation in the «One Belt, One Road» project

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## 1. INTRODUCTION

The One Belt, One Road Initiative (OBOR- BRI) is a historic initiative that unites people around the world and opens up various opportunities for global peace.

China's ruling party defines the "Five Principles of Peaceful Coexistence" as the fundamental values of "One Belt, One Road": (1) mutual respect for each other's sovereignty and territorial integrity; (2) mutual non-aggression; (3) non-interference in each other's internal affairs; (4) equality and mutual benefit; and (5) peaceful coexistence.

"The Belt" is driven by a wide range of motivations, including enhancing China's domestic economic security by increasing its global economic and, in particular, financial influence, mitigating security threats, and gaining strategic space. Indeed, it has transcended any single issue and has become a convergence and amalgamation of multiple diplomatic, domestic socio-economic, financial, geo-economic and geopolitical interests and drivers, as well as pre-existing government initiatives and proposals.

Participants in the global community must promote open, innovative and inclusive development. States must create an ecosystem that puts nature first.

## 2. RESULTS AND DISCUSSION

BRI was created in response to China's industrial overcapacity, low domestic demand, stagnant exports abroad, and the need to expand ties with developing countries to reach new overseas markets. By 2027, total global BRI spending could reach \$1.3 trillion. Other economic forecasts predict more than 2,600 projects worldwide worth \$3.7 trillion.

In recent years, China's BRI has increasingly invested in the Middle East, Gulf and Africa. By 2016, China was the largest exporter to Africa, accounting for 17.5% of Africa's imports. By mid-2017, there were already more than 10,000 Chinese-owned companies operating in Africa. Loans from China to African countries (\$126 billion) exceeded its foreign direct investment (\$41 billion) between 2001 and 2018. This has led to a closer political alliance between China and African countries. China's two main overseas development banks invested \$23 billion in infrastructure projects in Africa between 2007 and 2020, \$8 billion more than the

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other eight largest lenders combined (including the World Bank, the African Development Bank and the U.S. International Development Finance Corporation, and the European Development Bank).

China has long considered land access and land routes to resources safer than maritime transportation. The China-Pakistan Economic Corridor, for example, reduces the distance between China and the Middle East from 12,900 kilometers by unsafe sea routes to a shorter and safer distance of 3,000 kilometers by land. Between 2008 and 2035, China says it will invest \$36 billion in energy connectivity projects and about \$41 billion in mining projects to be implemented in Central Asia.

The development of transportation, energy, and telecommunications infrastructure, as well as the creation of a network of ports controlled by Chinese state-owned companies, have been the focus of BRI over the past decade. In addition, other sectors such as information and communication technologies (e.g., 5G), e-commerce, finance, space, tourism, law, customs, police, education, culture, and others are increasingly integrated. Chinese authorities have identified five building blocks: policy coordination, interconnected infrastructure, trade facilitation, financial integration, and human connectivity.

These initiatives internationalize China's priorities and align it with its long-term strategic interests. BRI is thus Beijing's most important political and economic tool. Beijing also uses BRI as a new multilateral cooperation platform alongside the G20, the Shanghai Cooperation Organization, the Asian Infrastructure Investment Bank, and others. It is using these platforms to define new international standards in United Nations organizations (e.g., in the digital and telecommunications sectors) and to redefine existing rules of international economics and politics for global governance. By 2035, China hopes to become the world's most important standard-setting power through its strategy called China Standards 2035.

It actively participates in the UN International Organization for Standardization, the International Telecommunication Union (ITU) and other international forums. It is represented in those UN and other forums, taking leadership positions that are used to build consensus for China.

Maritime policy plays an important role in Beijing's grand strategy to become a world power. However, it was only during the leadership of Chinese President Hu Jintao (2003-2013) that Beijing gave explicit political support to expanding its power in ocean spaces. In 2012 (18th Party Congress), Beijing for the first time highlighted the pursuit of becoming a strong maritime power as a national goal. As part of this overarching policy priority, MSR plays an important role in realizing Beijing's ambitions in ocean spaces.

Although Beijing did not provide details, it highlighted a number of key concepts for the development of MSR. To improve maritime connectivity, the "One Belt, One Road Vision for Maritime Cooperation" (proposed blue economic corridors in three parts, including canals: (1) connecting China-Pakistan, Bangladesh-China-India-Myanmar through the South China Sea and the Indian Ocean, and then continuing to the Mediterranean, then to the Atlantic and Africa; (2) linking China, the South Pacific and then Australia; (3) starting from China to the northwest of Russia's northern coast and then to the Northern region and parts of Europe via the Arctic Ocean. Using a set of these corridors, Beijing aims to achieve "ocean-based prosperity" along with other goals of "green development," "maritime security," "innovative growth," and "co-management." By the end of January 2021, Beijing indicated that 140 countries and 31 international organizations had signed BRI documents, including bilateral declarations, a joint communiqué and a memorandum of understanding. While they are not necessarily legally binding and may simply represent high-level political rhetoric, Beijing considers these countries to be BRI partners. All ASEAN countries have been designated as BRI partner countries. ASEAN as an organization has signed or acceded to nine instruments with China between 2013 and 2018. At the country level, several countries, including Malaysia,

Cambodia, Vietnam, Brunei, Bangladesh, Indonesia, and the Philippines, have acceded to bilateral BRI instruments.

In 2023, the "One Belt, One Road" initiative will be ten years old. Russia is an important partner of China in the joint construction of the Belt and Road Initiative. Over the past ten years, under the leadership of the two heads of state, the pairing of the "One Belt, One Road" initiative and the Eurasian Economic Union has brought fruitful results.

China and Russia have comprehensively promoted cooperation in the five priorities of the joint construction of the Belt and Road Initiative, namely, interconnecting policies, connecting transportation routes, expanding trade routes, capital flow and bringing peoples closer together. The tangible results of cooperation have boosted trade and economic exchanges between China and Russia, contributing to the economic development of the two countries and the well-being of the peoples.

### **CONNECTING TRANSPORTATION ROUTES TO STRENGTHEN THE FOUNDATION OF COOPERATION**

China and Russia are actively promoting the interconnection of transportation routes. Since 2013, a total of 75,000 China-Europe trains have been launched, most of which have passed through Russia. In 2022, the Blagoveshchensk-Heihe road bridge and the Nizhneleninskoye-Tongjiang railroad bridge connecting Russia and China were opened. In May 2023, the General Administration of Customs of the PRC approved the expansion of cross-border transportation in Jilin Province, adding the port of Vladivostok as a transit port for domestic trade goods and establishing the China-foreign-China cross-border intermodal transportation model.

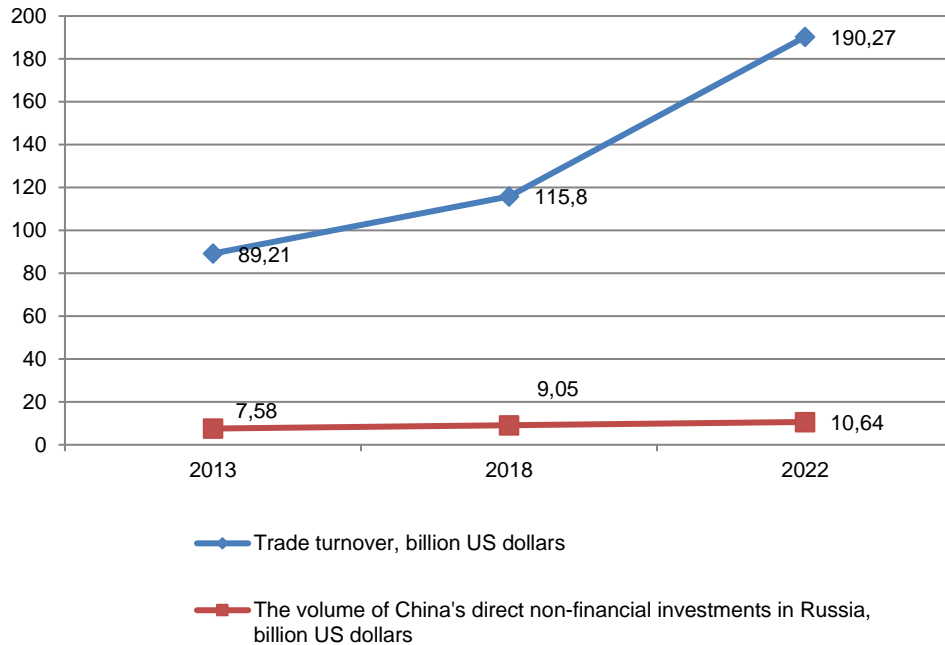
In addition, the Russia-China oil pipeline, the eastern branch of the China-Russia gas pipeline and China's first 100kV cross-border Blagoveshchensk-Heihe power transmission line have ensured steady progress in energy trade between China and Russia.

### **STRENGTHENING BILATERAL TRADE AND ACCELERATING CAPITAL FLOWS**

China and Russia have made remarkable progress in trade and finance, with trade turnover doubling and RMB settlements showing rapid growth.

Sino-Russian trade and economic cooperation is characterized by a high level of complementarity. Chinese exports to Russia are mainly represented by mechanical and electrical engineering products and textile products, while Russian exports to China are energy

carriers, mining products and agricultural products. This trade structure meets the market needs of the two countries and promotes economic development.



**Fig.1 - Indicators of cooperation between Russia and China, billion USD**

Trade turnover has doubled from US\$89.21 billion in 2013 to US\$190.27 billion in 2022. China's non-financial direct investment in Russia rose from US\$7.58 billion in 2013 to US\$10.64 billion in 2021, an increase of 40.4%.

In 2023, bilateral trade between China and Russia is expected to exceed US\$200 billion, a record high. In the future, as China and Russia gradually expand their markets, the scale of bilateral trade is expected to further expand and gradually increase its diversity, providing new opportunities for enterprises to expand exports.

In terms of capital flows, the People's Bank of China and the Central Bank of Russia signed a RMB 150 billion/815 billion currency swap agreement on October 13, 2014. Since 2022, Russian banks have been connected to China's CIPS payment system, and at present, RMB settlements between Russia and China account for 70% of bilateral trade settlements. According to Liu Huaqin, RMB settlements between China and Russia provide more opportunities to expand bilateral trade settlements and demonstrate to other countries the advantages of settlements in national currencies.

**COOPERATION TO IMPROVE QUALITY AND EFFICIENCY**

Promoting high-quality development of Russia-China trade and economic cooperation, as outlined in the "Joint Statement of the President of the Russian Federation and the President of the People's Republic of China on the Plan for the Development of Key Areas of Russia-China Economic Cooperation until 2030", will give additional impetus to the comprehensive

deepening of bilateral cooperation. This stage will focus on developing cooperation in eight areas, including e-commerce, industrial modernization and agricultural technology.

In the next stage, China and Russia will continue to strengthen cooperation in innovation, identify and remove bottlenecks hindering deeper cooperation, accelerate the construction of China-Russia border infrastructure and improve the efficiency of customs clearance and inspection, introduce innovative cooperation methods, build a new production chain involving industrial enterprises of the two countries, and promote payment innovation.

In 2019, the "Agreement on Trade and Economic Cooperation between the Eurasian Economic Union and its member states, on the one hand, and the People's Republic of China, on the other hand" (hereinafter referred to as the Agreement) officially entered into force, providing guarantees for bilateral trade and economic cooperation. According to Liu Huaqin, to further promote the pairing of the "One Belt, One Road" initiative and the Eurasian Economic Union, China and Russia should actively implement the Agreement and promote trade facilitation between member states. At the same time, the new Internet trade platform "Silk Road of e-commerce" should be actively developed, and cooperation in digital economy, green economy and sustainable development should be deepened. Trade barriers should be removed as soon as possible to lay a solid foundation for expanding exchanges.

The One Belt, One Road Forum is an international event held annually to discuss and promote the "One Belt, One Road" initiative. This project, initiated by China in 2013, seeks to strengthen economic and trade ties between Eurasian countries and create a new network of trade routes.

A lot of interesting events took place at the One Belt, One Road forum in 2023. In this section, we will tell you about the most important news that became the main topics of discussion at the forum.

#### 1. Important economic agreements signed

Several important economic agreements between the participants were signed at the forum. These agreements are aimed at developing the economies of the countries participating in the "One Belt, One Road" initiative. They provide for cooperation in areas such as trade, investment, technology exchange and infrastructure development. These agreements are an important step towards strengthening interaction between the participants of the initiative.

#### 2. Presentation of innovative projects

The forum presented innovative projects that were the object of interest of the participants. These projects include various fields such as information technology, energy, transportation and others. The presentation of the projects allowed participants to assess the potential and prospects for the development of these initiatives, as well as to discuss opportunities for cooperation and investment for their realization.

#### 3. Discussion of security and stability issues

One of the important topics raised at the forum was the issue of security and stability in the region. The participants discussed various aspects of security, including counter-terrorism, cyber security, conflicts and other threats. The discussion led to the development of common recommendations and measures to enhance security and stability within the framework of the One Belt, One Road initiative.

### 3. CONCLUSION

1. Under the Belt and Road Initiative, China views ASEAN as part of the bridge connecting China to Southeast Asia, South Asia, the Indian Ocean, and the maritime route along the China-Indochina Peninsula corridor (China-South China Sea-Indian Ocean-Europe).

2. ASEAN member states, on the other hand, see the initiative as a means to improve connectivity through advanced infrastructure, which will increase trade and investment in the region by improving logistics. The participation of ASEAN countries in the project will enable countries to increase investment in the logistics sector. This can contribute to spillover effects in the economy through other investments such as manufacturing, oil and gas, mining and quarrying, and agriculture.

3. Since the construction of the "One Belt, One Road" began, a number of projects have been implemented, among which the following can be highlighted. China-Myanmar gas and oil pipeline, cross-border economic zone (Myanmar), cross-border economic zone (Vietnam), Haizhong power plant (Vietnam), Nam Tha hydropower plant (Laos), 100 mWT wind-solar power plant (Philippines), 132 MWT wind-solar plant (Philippines), power plant (Vietnam), 40 MWT wind-solar plant (Philippines), power plant (Vietnam), Thai-Chinese industrial zone in Rayong, Morowali industrial port (Indonesia).

4. Among the main problems of the initiative implementation we can name political factors, which are related to the attitude of the governments of the countries to the initiative and the main destabilizing factor - the coup in Myanmar, environmental security in the ASEAN countries, as well as the social factor expressed in protest actions, which have already taken place in a number of countries (Vietnam, Laos, Indonesia, Myanmar).

Thus One Belt, One Road transport corridors can significantly improve trade, foreign investment, and living conditions for citizens in participating countries, but only if China and the corridor countries undertake deeper policy reforms that increase transparency, expand trade, enhance debt sustainability, and mitigate environmental, social, and corruption risks.

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