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CROSS-BORDER COOPERATION BETWEEN RUSSIA AND CHINA: OVERCOMING DEEP OBSTACLES

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Interregional and cross-border cooperation between Russia and China is not only an important part of bilateral interactions, but also an incentive for the accelerated development of border territories. Studying the results of Russian-Chinese cross-border cooperation over the past 30 years makes it possible to track the institutional changes of the two countries, as well as the overall dynamics of their foreign trade and investment activities. The main feature of the current state of Russian-Chinese cross-border cooperation is the gradual fading of interest in it on both sides, which is in contradiction with the growing number of state programs, framework agreements and initiatives with serious political support.

In order to understand the reasons for such an imbalance, this paper consistently analyzes the main dimensions and indicators of Russian-Chinese cross-border cooperation, as well as the regulatory framework and the results of the implementation of state programs and projects. On the example of successful and failed cases, an attempt is made to identify the deep obstacles to the development of interregional cooperation at different levels and compare them with the problems that Chinese experts highlight.

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Keywords: cross-border cooperation, regional economy, regulatory framework, local elite, Far East, Russia, China.

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Introduction

Starting from 2013, the accelerated development of the Far East has become one of the key directions of Russian state policy, which was due to the “Turn to the East” in internal and external affairs. The need to integrate this macro-region into the Asia-Pacific region implied the creation of a favorable investment climate, the development of export-oriented industries and small and medium-sized businesses. The conceptual basis of this course was formed by the idea of advanced, innovation-based development, which included the modernization of the technological structure of the economy based on the improvement of the socio-economic system and its territorial subsystems. In addition, the policy was aimed at increasing the level of budgetary self-sufficiency of the region, which would be ensured by the inflow of investments leading to economic growth. For the development of the Far East, cross-border cooperation is of fundamental importance. In this region communication of this kind is mostly represented by the interaction of the border regions of the Far Eastern Federal District of Russia and the Northeast of China. The results of the Russian-Chinese cross-border cooperation over the past 30 years reflect the institutional changes of the two countries during this period, as well as the state of foreign trade, population migration, the introduction of labor and tourism⁴. The number of national programs, relevant strategies, territories of advanced development and other initiatives indicates an increased state interest in this topic.

However, there are a number of underlying problems that significantly hinder the development of Russian-Chinese cross-border cooperation. An increasing number of facts indicate that interest in this interaction on both sides is gradually fading^{5 6 7}. The Chinese side is increasingly restrained in assessing the transit benefits and prospects of industrial cooperation at the local level due to the small market capacity of the regions of the Russian Far East and their infrastructural

⁴ Yang Wenlan. (2016). ‘Economic and trade cooperation strategy in the China-Russia-Mongolia Border Triangle’ (杨文兰. 中俄蒙边境三角区经贸合作方略), *Open Bulletin (开放导报)*, vol. 184, no. 1.

⁵ Xu Lili, Wu Rilige. (2021). ‘Reflection on the characteristics and Development advantages and Disadvantages of China-Russia Border Crossings’ (徐黎丽, 乌日丽格. 中俄边境口岸的特点及发展优劣势反思), *Guizhou Ethnic Studies (贵州民族研究)*, vol. 42, no. 240.

⁶ Hu Ming, Tian Wenquan. (2021). ‘China-Russia economic and trade cooperation under the new Development Pattern: Review, Status Quo and Outlook’ (胡明, 田文泉. 新发展格局下中俄经贸合作: 回顾、现状及展望), *China Economic and Trade (中国经贸)*, no. 1.

⁷ Ma Hong, Fan Huimin, Cao Xinyue. (2021). ‘The current situation and practice of cross-cultural education cooperation on the Sino-Russian border’ (马红, 范会敏, 曹馨月. 中俄边境跨文化教育合作的现状与实践), *Journal of Hubei Open Vocational College (湖北开放职业学院学报)*, vol. 34, no. 4.

underdevelopment^{8 9 10}. In addition, the opinion is taking root among the population of the region that the turn to the East and the strengthening of cross-border cooperation with China exist solely in the interests of big business and pass by people. As a result, even positive changes are not identified with public policy.

The hypothesis of this work is as follows. At the moment, there are a sufficient number of reasonable initiatives to develop and strengthen cross-border cooperation between Russia and China in the Far East. All of them are coordinated from above and have significant political support. However, their implementation on the ground is usually impossible due to their inconsistency with local specifics, including the positions of influential groups of the local elite, the organization and capabilities of the local bureaucracy, the state and gaps in the regulatory framework of Russian-Chinese interregional cooperation. This paper will consistently analyze the main directions, programs and initiatives for the development of cross-border cooperation between Russia and China in order to identify obstacles that, at first glance, are not obvious.

Considerable dimensions and indicators of Russian-Chinese cross-border cooperation

The border regions of the Far Eastern Federal District are conditionally divided into independent ones (Primorsky Krai and Khabarovsk Krai) and those that are dependent on China (Trans-Baikal Territory and the Jewish Autonomous Region). The Amur Region occupies an intermediate position between these groups. For independent regions, trade with China and Chinese investments are not of critical importance due to the size of their own economy, diverse commodity specialization and geographical proximity to Pacific ports; while in the dependent regions, China accounts for about 90% of all foreign trade, and Chinese capital plays a fundamental role in the development of economic sectors due to the low standard of living and remoteness from the Pacific Ocean¹¹. Cross-border cooperation with China, first of all, should become a task for the accelerated socio-economic development of the group of regions that are “dependent” on the PRC.

⁸ Xu Boling. (2017). ‘Accurately assess Russia's economic strength and China-Russia economic and trade prospects’ (徐坡岭. 准确评估俄罗斯经济实力和中俄经贸前景), *China Economic Report (中国经济报告)*, no. 11.

⁹ He Wei. (2007). ‘Several issues that need urgent attention to the development of border trade in Daxinganling’ (何伟. 大兴安岭边境贸易发展亟待关注的几个问题), *Heilongjiang Finance (黑龙江金融)*, no. 2.

¹⁰ Suo Jiali. (2016). ‘The opportunities and challenges faced by the "Belt and Road" Strategy in the field of logistics on the Sino-Russian border in Heilongjiang Province’ (索佳莉. 《一带一路》战略在黑龙江省中俄边境物流领域所面临的机遇与挑战), no. 22.

¹¹ Pancratova Ye. (2019). ‘The history and development trend of cooperation between Russia and China along the border’ (潘克拉托娃. 俄中沿边地区合作历史与发展趋势), *Siberian Studies (西伯利亚研究)*, vol. 46, no. 3.

Despite a number of successful large-scale federal projects that have already been implemented (the construction of the Power of Siberia gas pipeline, the Amur Gas Processing Plant, the Far Eastern Plant Zvezda in Bolshoy Kamen, the Far Eastern Shipbuilding and Ship Repair Center, etc.), it cannot yet be said that the Far Eastern region has in the full sense become Russia's "gateway" to Asia. Foreign capital accounts for about 1% in projects implemented within the framework of the Territories of Advanced Development and Free Port of Vladivostok. In practice, the lion's share of all investments goes into large-scale Russian businesses, often with state participation. In the period 2013-2019, the growth rates of the gross product of the Far Eastern Federal District did not exceed the average Russian values, and the real incomes of the population in all border regions of the Far Eastern Federal District, with the exception of Primorsky Krai, fell by an average of 6%¹². Trade indicators also demonstrate negative results – weak diversification of exports of Far Eastern products remains. Statistics show that so far the participation of Chinese investors in Far Eastern projects is insignificant, and the increase in Russian-Chinese trade turnover is mainly due to raw materials export industries and transit traffic from the Central part of Russia.

Chinese capital has taken its niche in such Russian industries as the production of vegetables and rice ("Legendagro Holding"), purchase of wood and its quality control ("Russian Forest Products") and the mining industry ("Highland Fund" as the main shareholder of PJSC MMC "Norilsk Nickel"). China plays the largest role in the accumulated incoming foreign direct investment (FDI) in the Trans-Baikal Territory: in 2019, it accounted for 33% of all FDI in the region. However, in 2014 this figure was 68%. The growth of China's share is noted only in the Amur region – there this indicator increased from 3% to 7% in 2014-2019. In the other border regions under consideration, China's share is even lower. In the Jewish Autonomous Region – 7% in 2019 and 22% in 2014, in the Primorsky Krai – 3% and 14%, respectively, in the Khabarovsk Krai – 3% and 4%, in the Amur Region – 7% and 3%¹³. Thus, we see not just low indicators, but also a negative trend – China's share in FDI in border regions is declining. At the same time, China's share of all Russian FDI has not changed from 2014 to 2019 – it is 1%. This distribution of Chinese direct investments demonstrates a decrease in the interest of Chinese investors in Russian border territories, that is already low.

Of course, these data do not take into account the movement of Chinese investments through offshore jurisdictions. However, offshore companies, apparently, play a predominant role in the

¹² Federal State Statistics Service of the Russian Federation, Indicators for monitoring the evaluation of the effectiveness of the subjects of the Russian Federation. Regional statistics, <https://rosstat.gov.ru/regional_statistics>.

¹³ Central Bank of the Russia, Direct investments in the Russian Federation: balances by subjects of the Russian Federation by instruments and partner countries, <http://www.cbr.ru/statistics/macro_itm/svs/>.

implementation of Chinese investments in large projects at the federal level and are not so important for interregional cooperation.

The border regions of the Far Eastern Federal District account for about 6-7% (\$7 billion) of the total trade turnover between Russia and China. In the Primorsky and Khabarovsk Territories and the Amur Region, the share of exports to China in gross regional exports is in the range of 39-54%, in the Trans-Baikal Territory and the Jewish Autonomous Region – 95-97%. The share of imports in the Khabarovsk Krai is about 29%, in the Primorsky Krai and the Amur Region – 56-74%, in the Trans-Baikal Territory and the Jewish Autonomous Region – 88-93%¹⁴. The structure of exports to China from these border regions of Russia is extremely undiversified. According to 2019 data, it consists mainly of goods with low added value – raw materials or near-raw materials, such as ore, electricity, timber, etc. Mainly goods with high added value are imported, which demonstrates the trade imbalance that is usual for Russia. Inconsistent policy of the federal authorities is one of the reasons for this. An illustrative example is the export of wood: the initiative to impose an embargo on the export of roundwood has been discussed since the 2000s, and industry representatives were preparing for it. After 2018, the initiative was abandoned. In 2022, the export of untreated wood from Russia will be banned again¹⁵. This may trigger an outflow of capital.

Another significant reason is the almost complete absence of a system of trade and investment agreements or agreements on free trade zones (FTZs) with China. This hinders the development of export-oriented industries, as it imposes higher tariff and non-tariff barriers on Russian export goods than products of competing countries. Over the past 2 decades, China has actively used the Silk Road Briefing policy and has already concluded expanded free trade agreements (FTAs) as part of its “One Belt, One Road” initiative with a number of countries: Myanmar, Cambodia, Laos, Vietnam, Australia, Singapore, South Korea, New Zealand, Pakistan, Georgia. Agreements with Qatar, Bahrain, Kuwait, Oman, Saudi Arabia, the United Arab Emirates, Sri Lanka are under negotiation. Large-scale FTAs are an important part of the Chinese economy. In addition to them, the PRC is developing free trade zones to encourage joint work of Chinese and foreign enterprises using joint experience. A relevant example within the framework of the topic under consideration is the Khorgos Gate Free Trade Zone in Kazakhstan. In 2020, China opened 46 cross-border e-commerce zones along the perimeter of its borders – the total number reached 105 as a result. In such circumstances,

¹⁴ Federal State Statistics Service of the Russian Federation, Foreign trade: official statistics, <<https://rosstat.gov.ru/folder/11193>>.

¹⁵ Ministry of Economic Development of the Russian Federation, From January 1 2022 the procedure for exporting certain types of untreated and roughly processed wood from Russia is being changed, <https://www.economy.gov.ru/material/news/c_1_yanvarya_2022_g_izmenyaetsya_poryadok_vyvoza_iz_rossii_otdelnyh_vidov_obrabotannoy_i_grubo_obrabotannoy_drevesiny.html>.

Russia should be more active and try to get involved in the Chinese process of developing free trade routes, for which there are already initial conditions.

In 2011, Harbin Customs approved the creation of a free trade zone in Suifenhe¹⁶. In 2014, Harbin Bank created an online platform for Chinese-Russian cross-border e-commerce. In 2019, a pilot free trade zone Heilongjiang was created on the border with Russia¹⁷. It has been operating for 2 years and can potentially be very profitable for Russian business, as it allows companies to import Russian components duty-free and consolidate them with cheaper Chinese ones, use more affordable labor and sell the finished product on the domestic market of China and other Asian countries. The Heilongjiang FTZ also allows access to measures to facilitate the listing of Russian companies on Chinese stock exchanges and access to Chinese domestic capital for the expansion of Chinese-Russian joint ventures¹⁸. Now the FTZ is divided into three subsectors: Harbin, Heihe, Suifenhe. Even during a pandemic, the FTA allows businesses to maintain a high level of trade. For example, more than 174,000 tons of goods worth 800 million yuan were imported into the Suifenhe Free Trade Zone in 2020.

Critical analysis and shortcomings of the regulatory framework

According to many Chinese researchers, the imperfection of the regulatory framework, especially on the Russian side, is another fundamental obstacle to the development of Russian-Chinese cross-border cooperation^{19 20 21}. The main problem is that Russia does not pay enough attention to the revision and updating of the relevant regulatory legal acts: there are no necessary initiatives from above. For a long time, legislation in the field of cross-border cooperation has not developed in the Russian Federation, which seriously hindered the establishment and development of direct contacts between border territories and their municipalities. Until 2017 the issues of cross-border cooperation could not be raised to the level of Federal law, despite the fact that cooperation

¹⁶ Cross Border Russia-Heilongjiang Trade Heats Up, *Russia Briefing*, 18 May 2021, <<https://www.russia-briefing.com/news/cross-border-russia-heilongjiang-trade-heats-up.html/>>.

¹⁷ Heilongjiang Free Trade Zone Reopens On Russia-China Border, *Russia Briefing*, 2 April 2021, <<https://www.russia-briefing.com/news/heilongjiang-free-trade-zone-reopens-russia-china-border.html/>>.

¹⁸ Russian Manufacturers & Exporters Gaining From China's Heilongjiang Free Trade Zone, *Russia Briefing*, 19 October 2021, <<https://www.russia-briefing.com/news/russian-manufacturers-exporters-gaining-from-china-s-heilongjiang-free-trade-zone.html/>>.

¹⁹ Ma Hong, Fan Huimin, Cao Xinyue. (2021). 'The current situation and practice of cross-cultural education cooperation on the Sino-Russian border' (马红, 范会敏, 曹馨月. 中俄边境跨文化教育合作的现状与实践), *Journal of Hubei Open Vocational College* (湖北开放职业学院学报), vol. 34, no. 4.

²⁰ Hu Ming, Tian Wenquan. (2021). 'China-Russia economic and trade cooperation under the new Development Pattern: Review, Status Quo and Outlook' (胡明, 田文泉. 新发展格局下中俄经贸合作: 回顾、现状及展望), *China Economic and Trade* (中国经济), no. 1.

²¹ Huang Zengju, Ou Kaifei. (2021). 'Russian State border policy in the new era: Inheritance and Adjustment-Based on the analysis of the 2018 edition of "Principles of State Border Policy of the Russian Federation"' (匡增军, 欧开飞. 新时期俄罗斯国家边界政策: 继承与调整 - 基于 2018 年版《俄罗斯联邦国家边界政策原则》的分析), *Russian Studies* (俄罗斯研究), no. 1.

between Russia and China in the border regions has been developing for more than 30 years by that time.

At the moment, cross-border cooperation in Russia is carried out in accordance with the Constitution of the Russian Federation, the Federal Laws “On the Basics of Cross-Border Cooperation”, “On the Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation”, “On the Basics of state Regulation of Foreign Trade Activity”, “On the general principles of the Organization of Local Self-Government in the Russian Federation”, “On the general principles of the organization of Legislative (Representative) and Executive state Authorities of the Subjects of the Russian Federation”, and also in accordance with the Law “On the State Border of the Russian Federation”, the Foreign Policy Concept of the Russian Federation, the Fundamentals of the State Border Policy of the Russian Federation, the Strategy of Spatial Development of the Russian Federation until 2025, the National Security Concept of the Russian Federation.

The Federal Law “On the Basics of Cross-border Cooperation” and the Concept of Cross-border Cooperation of the Russian Federation are of particular importance. Until 2017, not a single Federal Law contained even a mention of the definition of “cross-border cooperation”²². The definition first appeared in the Concept of Cross-border Cooperation in the Russian Federation of 2001²³. The legal basis for this type of interaction was finally formed by Federal Law “On the Basics of Cross-border Cooperation” of 2017.²⁴ The law fixed the conceptual apparatus, as well as the forms, principles, tasks and directions of cross-border cooperation. Moreover, it highlighted the powers of various state authorities and local self-government bodies in this area, as well as the procedure for concluding agreements on cross-border cooperation.

Another important document is the Concept of Cross-Border Cooperation in the Russian Federation²⁵, approved by the Decree of the Government of the Russian Federation on October 7, 2020. The concept contains goals, factors and areas of activity of federal executive authorities, executive authorities of the subjects of the Russian Federation and local self-government bodies in the field of cross-border cooperation, compiled taking into account existing experience. The concept

²² Logvinova I.V. (2017). Cross-border cooperation: legal foundations and features in the conditions of Russian federalism. *Gaps in Russian legislation. Law Journal*, no. 6, pp. 76-79.

²³ The concept of cross-border cooperation in the Russian Federation, Approved by the Order of the Government of the Russian Federation, 9 February 2020, <<https://docs.cntd.ru/document/901780926>>.

²⁴ Government of the Russian Federation, Federal Law “On the Basics of Cross-border cooperation”, 26 July 2017, <<http://government.ru/docs/all/112556/>>.

²⁵ Government of the Russian Federation, The concept of cross-border cooperation in the Russian Federation, Approved by the Order of the Government of the Russian Federation, 7 October 2020, <<http://static.government.ru/media/files/MnASiQeMZvg94D1jToaVcdAyXzgFpGAC.pdf>>.

provides for measures to stimulate the development of cross-border cooperation. The concept highlights the measures, focused on:

- strengthening the regulatory framework;
- priority development of the national security system on the border territory;
- strengthening cooperation between law enforcement agencies of the Russian Federation and neighboring states;
- formation of conditions for the joint development of border territories with the involvement of interested authorities, businesses and the population.

The expansion of the Russian regulatory framework in the field of cross-border cooperation, as follows from the concept, goes through the establishment, consolidation and increase in the number of preferences for border territories, as well as through the coordination of specific forms and areas of cooperation with the Chinese side. Specific issues of developing cross-border cooperation with China should be resolved by local authorities.

Since the 1980s, China has taken a more active position in the development of cross-border cooperation. This cooperation started in 1986, when intergovernmental agreements were signed on the development of cross-border trade between the city of Suifenhe and the village of Pogranichny (Primorsky Krai)²⁶. On January 3, 1996, the State Council of the People's Republic of China adopted the "Notification of the State Council of the People's Republic of China on Cross-border Trade"²⁷. Further, the Chinese side also adopted the "Regulations on Border-crossing Trade for Residents of Border Regions" in 1996²⁸ and "Additional Regulations on the Further Development of border Trade" in 1998²⁹. At the same time, agreements with the authorities of the border territories of neighboring countries were signed³⁰. Thus, since the mid-1990s, the State Council of the People's Republic of China has published a number of regulations on problems of cross-border cooperation with Russia.

In 1998, the Coordinating Council for Interregional and Cross-Border Trade and Economic Cooperation was founded. The members of the Council were representatives of 7 subjects of the

²⁶ Zhan S. (2014). Russian-Chinese cross-border cooperation at the present stage (2001-2011), *Bulletin of MGIMO University*, pp. 66-68. <https://mgimo.ru/files2/y12_2014/262820/sinjan_disser.pdf>.

²⁷ Ministry of Commerce of the People's Republic of China, Notification of the State Council of the People's Republic of China on Cross-border trade (国务院关于边境贸易有关问题的通知), 3 January 1996, <<http://www.mofcom.gov.cn/aarticle/b/bf/200207/20020700031328.html>>.

²⁸ Hu Ming, Tian Wenquan. (2021). 'China-Russia economic and trade cooperation under the new Development Pattern: Review, Status Quo and Outlook' (胡明, 田文泉. 新发展格局下中俄经贸合作: 回顾、现状及展望), *China Economic and Trade (中国经济)*. no. 1.

²⁹ Ministry of Commerce of the People's Republic of China, Additional provisions on the further development of cross-border trade No 844 (国家外经贸部关于进一步发展边境贸易的补充规定的通知, 844 号), 16 November 1998, <<http://www.china.com.cn/chinese/zhuanti/xbjmy/656387.htm>>.

³⁰ Kostyunina G.M., Baranov V.I. (2019). Cross-border free economic zones in foreign countries (on the example of China), *Bulletin of MGIMO University*, no. 2., pp. 48.

Russian Federation (the Republics of Altai and Buryatia, the Amur and Chita Regions, Khabarovsk Krai and Primorsky Krai, the Jewish Autonomous Region) and representatives of 3 provinces of northeast China and Inland Mongolia, Xinjiang Uygur Autonomous Region, as well as the mayors of the main cities of Northeast China (Harbin, Shenyang, Changchun, Dalian)³¹. The Council's purpose was to identify problems and prospects of cooperation between the regions of Eastern Russia and the provinces of Northeast China, to expand cooperation between banks in border areas, to develop transport, investment and tourism, to solve the problem of environmental protection, etc.

On September 23, 2009, during a meeting in New York, Chinese President Hu Jintao and Russian President Dmitry Medvedev approved a Program of cooperation between the regions of the Far East and Eastern Siberia of the Russian Federation and the Northeast of the People's Republic of China (2009-2018)³². In November 2010, the 15th regular meeting of heads of government was held in St. Petersburg with the participation of Wen Jiabao and Vladimir Putin. An Agreement between the Federal Agency for the Arrangement of the State Border of the Russian Federation and the Main Customs Administration of the People's Republic of China on checkpoints across the Russian-Chinese state border was signed within the framework of the meeting. The Agreement states that "the creation of a cooperation mechanism will speed up the infrastructure of checkpoints, increase their capacity, stimulate trade and economic development of the Russian Federation and the People's Republic of China"³³.

Cooperation program between the regions of the Far East and Eastern Siberia of the Russian Federation and the North-East of the People's Republic of China (2009–2018) became the first large-scale joint program aimed at accelerated development of the border regions of the two countries. It was assumed that it would qualitatively change the dynamics of cross-border cooperation between the Russian Federation and China and the development of neighboring regions. The program was characterized by the widest coverage of industries. Its main directions were "work on the modernization of border infrastructure, expansion of cooperation in the field of transport, creation and development of scientific and technical cooperation zones, regulation of the sphere of labor activity, cooperation in the field of tourism, environmental protection and humanitarian

³¹ Zhan S. (2014). Russian-Chinese cross-border cooperation at the present stage (2001-2011), *Bulletin of MGIMO University*, Moscow, pp. 66-68. <https://mgimo.ru/files2/y12_2014/262820/sinjan_disser.pdf>.

³² Ministry of Economic Development of the Russian Federation, Program of cooperation between the regions of the Far East and Eastern Siberia of the Russian Federation and the Northeast of the People's Republic of China (2009-2018), 23 September 2009, <<http://economy.gov.ru/minec/main>>.

³³ Federal Agency for the Development of State Border Infrastructure of the Russian Federation, Agreement between the Federal Agency for the Arrangement of the State Border of the Russian Federation and the General Customs Administration of the People's Republic of China on cooperation in the development of checkpoints across the Russian-Chinese State Border, 23 November 2010, <<http://docs.cntd.ru/document/902289639>>.

cooperation”³⁴. There were 205 key projects listed in the annex: 94 for the Russian side and 111 for the Chinese side.

However, after a few years it became obvious that the program could not fully justify the hopes placed on it. By 2015, out of 94 projects that were to be implemented in the eastern regions of Russia, only 15 were under implementation, including only 11 involving Chinese investments. Among the shortcomings of the program, its unsuccessful structure can be noted. The program, which was a list of projects without implementation mechanisms and determining the order of interaction between the representatives of the two countries who supervised the cooperation. Only the departments responsible for implementation were determined – the Ministry of Economic Development of the Russian Federation and the National Development and Reform Commission of the People’s Republic of China ³⁵. The negative attitude towards the program in society also affected the results. The opinion that the main task of the program was to turn the Russian Far East into a raw material appendage of China was rather popular³⁶.

Positive trends began to be observed only by 2013 – almost 27 years after the signing of the first agreements and 4 years after the signing of the Cooperation program. The number of documents in the field of cross-border cooperation began to grow. This can be attributed to the change of leadership both in the state apparatus of the People’s Republic of China, and in The Ministry for the Development of the Russian Far East and Arctic. More modern, proactive and dynamic managers came to power. Together with the appearance of Western anti-Russian sanctions, this led to some intensification of cooperation at the level of the Ministry of Regional Development of Russia and the State Committee for Development and Reform of the State Council of the People’s Republic of China, as well as at the level of individual subjects.

The main positive result of the cross-border cooperation program was not isolated infrastructure projects, but the expansion of the regulatory framework and institutional framework of Russian-Chinese cross-border cooperation. So that, in 2013, the Cooperation Council between the regions of the Russian Far East and the Northeast of China was established³⁷. In 2014, the First

³⁴ Ministry of Economic Development of the Russian Federation, Program of cooperation between the regions of the Far East and Eastern Siberia of the Russian Federation and the Northeast of the People’s Republic of China (2009-2018), 23 September 2009, <<http://economy.gov.ru/minec/main>>.

³⁵ Zuenko I. (2018) Russian-Chinese Coordinating Council for Interregional and Cross-Border Cooperation. *Carnegie Moscow Center*, <<https://carnegie.ru/commentary/77081>>.

³⁶ Muratshina K. G. (2017). Program of cooperation between the regions of the Far East and Eastern Siberia of the Russian Federation and the Northeast of the PRC for 2009-2018 in Russian-Chinese cross-border cooperation: significance, evolution, risks. *Bulletin of Tomsk State University*, no. 417, pp. 110-120.

³⁷ Ivanov S. A. (2018). The program of cooperation between the Eastern regions of Russia and the Northeastern regions of China: political significance and economic efficiency. Institute of History, Archeology and Ethnology, FEB RAS. *Customs policy of Russia in the Far East*, vol. 82., no. 1.

Russian-Chinese EXPO was held³⁸. In 2015, an agreement on the guiding principles of the activities of the Russian-Chinese Friendship, Peace and Development Committee was signed³⁹. In 2016, an appropriate intergovernmental commission was established⁴⁰. In 2017, an agreement to establish a Center for attracting and supporting Chinese investors in the Far Eastern Federal District was signed⁴¹.

Also, during the implementation of the Program, 3 memoranda were signed. In 2014, Memorandum of Understanding in the field of interregional and cross-border cooperation between the Ministry of Regional Development of the Russian Federation and the State Committee of the People's Republic of China for Development and Reforms was signed⁴². In 2015⁴³, Memorandum of Understanding in the field of interregional and cross-border cooperation between the Ministry of Economic Development of the Russian Federation and State Committee for Development and Reform of the State Council of the People's Republic of China, as well as a Memorandum of Understanding on strengthening Russian-Chinese regional, industrial and investment cooperation in the Far East were signed.

In order to receive financial support for cross-border cooperation, a Framework agreement on financial cooperation in the development of Siberia and the Russian Far East was signed in 2016 within the framework of the Russian-Chinese Financial Council. On the Russian side, the document was signed by the Far Eastern Bank of Sberbank PJSC, the Baikal Bank of Sberbank PJSC, the Asia-Pacific Bank, the Fund for the Development of the Far East and the Trans-Baikal Region; on the Chinese side – the Bank of Harbin, the Bank of Chongqing, the bank of Dalian, the Bank of Inner Mongolia, the Bank of Hainan⁴⁴.

Considering relatively recent times, then the topic of cross-border cooperation between Russia and China is increasingly being discussed. For example, in 2017, Khabarovsk hosted the first meeting of the Intergovernmental Russian-Chinese Commission on Cooperation between the Regions of the

³⁸ The results of the participation of the Ministry of Regional Development of the Russian Federation in the First Russian-Chinese EXPO have been summed up, *Russia and China*, 14 July 2014, <<http://ruchina.org/china-article/china/396.html>>.

³⁹ President of the Russian Federation, Documents signed following the Russian-Chinese talks, 3 September 2015, <<http://kremlin.ru/supplement/5009/print>>.

⁴⁰ Ivanov S. A. (2018). The program of cooperation between the Eastern regions of Russia and the Northeastern regions of China: political significance and economic efficiency. Institute of History, Archeology and Ethnology, FEB RAS. *Customs policy of Russia in the Far East*, vol. 82., no. 1.

⁴¹ Ministry for the Development of the Russian Far East and Arctic, An agreement on the establishment of a Center for attracting and supporting Chinese investors in the Far Eastern Federal District was signed, 6 July 2017, <<https://minvr.ru/press-center/news/6245>>

⁴² Ministry of Economic Development of the Russian Federation, Memorandum of Understanding on Interregional and Cross-border Cooperation between the Ministry of Regional Development of the Russian Federation and the State Committee of the Chinese People's Republic for Development and Reforms, 20 May 2014, <<http://economy.gov.ru/minec/main>>.

⁴³ President of the Russian Federation, Documents signed following the Russian-Chinese talks, 3 September 2015, <<http://kremlin.ru/supplement/5009/print>>.

⁴⁴ 2016 China-Russia Financial Alliance Cooperation and Innovation Forum held (2016 中俄金融联盟合作创新论坛举行), *Renmin Ribao*, 8 April 2016, <<http://world.people.com.cn/n1/2016/0408/c1002-28261773.html>>.

Far East and the Baikal Region of the Russian Federation and the Northeast of China. Within the framework of the first meeting, priority areas of cooperation were identified: sports, tourism and support of joint business projects. The Commission meets annually and is one of the five Russian-Chinese intergovernmental commissions (along with the commission for the preparation of regular meetings of prime ministers, on energy, investment cooperation, humanitarian cooperation). A serious problem of the existing mechanism of Russian-Chinese cooperation is the low level of coordination and exchange of information between various intergovernmental commissions and the intersection of their areas of responsibility.

In February 2018, the idea of cross-border cooperation acquired a new embodiment in the initiative “Years of Sino-Russian Cooperation and Exchanges 2018-2019”⁴⁵, adopted at the meeting of the Intergovernmental Commission on Cooperation between the North-East and the Far East and the Baikal Region of Russia. Its goal was not only infrastructure projects, but, first of all, strengthening cooperation in the field of investment, trade and agriculture.

Finally, in the same year, a new Sino-Russian Cooperation and Development Plan in Russia’s Far East Region (2018-2024) was adopted⁴⁶. This program is already less ambitious than the previous one. It describes only industry priorities and provides a list of initiatives. Among the interesting projects, only one can be singled out – the development of Bolshoy Ussuriysky Island as a tourist destination and the development of Russian Island as a scientific and technical cluster. It is noteworthy that the projects again have no deadlines for implementation and no clear obligations of the parties are spelled out. Among the mechanisms for implementing the goals are the Intergovernmental Russian-Chinese Commission for Cooperation and Development of the Far East and the Baikal Region of the Russian Federation and the North-East of China and the Business Council in its composition, as well as a number of scheduled regular events – the Eastern Economic Forum, the Russian-Chinese EXPO, the days of the Chinese investor in the Far East. Apparently, a negative role is played by the lack of other mechanisms for strengthening cooperation, concerns about the repetition of the negative experience of the implementation of the previous program (2009-2018).

The result of the implementation of state programs was the expansion of the regulatory framework and institutional framework of Russian-Chinese cross-border cooperation, despite the fact that most of the real initiatives prescribed in them have not been implemented. The reason for this

⁴⁵ Christoffersen G. (2019). Chinese Northeast-Russian Far East Regional Cooperation: Old and New Programmes. *The Asia Dialogue*, 19 June 2019, <<https://theasiadialogue.com/2019/06/19/chinese-northeast-russian-far-east-regionalcooperation-old-and-new-programmes/>>.

⁴⁶ Ministry of Commerce of the People’s Republic of China, Sino-Russian Cooperation and Development Plan in Russia’s Far East Region (2018-2024) (中俄在俄罗斯远东地区合作发展规划 (2018-2024)), 19 November 2018, <<http://oys.mofcom.gov.cn/article/oyjss/ztdy/202011/20201103015204.shtml>>.

was not only the imperfect structure of the documents, but also some institutional problems of Russian-Chinese cooperation. These include excessive centralization of regional policy, poor consideration of the real possibilities of interaction between the border regions of the two countries in regional development strategies, lack of qualified personnel on the ground, as well as a lack of systematic information. Both Russian and Chinese experts recognize that there is an urgent need to update legal and regulatory mechanisms at both the state and interregional levels.

Institutional problems and the harmful influence of some individuals

The expansion of the regulatory framework creates the basis for cross-border cooperation. However, the abundance of framework agreements, the transfer of the same projects from earlier to new documents and the formal content of development programs causes distrust of the plans and creates a sense of fictitious cooperation. The situation is aggravated by the increased centralization of planning international contacts of regional entities caused by the amendments of 2015 to the Federal Law “On Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation”⁴⁷. The centralization of regional policy is also reinforced by the lack of local funding and qualified personnel, especially those with knowledge and competencies in Oriental studies and the world economy in general, and in Chinese studies in particular.⁴⁸

There is another problem that significantly hinders the development of Russian-Chinese cross-border cooperation, but, unlike institutional or bureaucratic barriers, it is not, at first glance, obvious. Local influential figures with access to the decision-making process often play a decisive role in the success or failure of the implementation of an initiative within the framework of cross-border cooperation between Russia and China. If the approved project contradicts the interests of economic and other elites, its implementation will either be delayed or postponed indefinitely. This was best demonstrated by the case of the construction of the Blagoveshchensk – Heihe bridge. The idea appeared in the 1960s, the decision on construction was made in the mid-1990s, but it was postponed for a long time.

Several influential figures tried to prevent the opening of the bridge at once. Initially, in the 1960s. Stepan Avramenko, first secretary of the Amur Regional Committee of the Communist Party of the Soviet Union, chairman of the Novosibirsk Regional Executive Committee, dissuaded Leonid

⁴⁷ Government of the Russian Federation, Federal Law “On Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation”, 4 January 1999, <<http://www.kremlin.ru/acts/bank/13347>>.

⁴⁸ Yang Wenlan. (2016). ‘Economic and trade cooperation strategy in the China-Russia-Mongolia Border Triangle’ (杨文兰. 中俄蒙边境三角区经贸合作方略), *Open Bulletin (开放导报)*, vol. 184, no. 1.

Brezhnev from the idea of building a bridge across the Amur, referring to the Chinese threat. In the 1980s, due to the warming relations with China, the issue became relevant again, but was regularly postponed for the next five years. In the 1990s, Albert Krivchenko, the first head of the Amur Region administration, undertook the implementation of plans for the construction of the bridge. He was prevented by a confrontation with the regional Council of People's Deputies, and later with the Legislative Assembly of the Amur region. In 1995 and 2004, the parties have already tried to thoroughly begin the development of a feasibility study of the bridge. In 2005, a business plan was already ready, the construction was actively discussed in the media of both countries, the Chinese side began to prepare access roads to the future bridge. At the same time, German Gref, the head of the Ministry of Economic Development of Russia, visited the Amur region. But he did not go to China and spoke skeptically and negatively about the construction of the bridge, noting that he did not see any advantages for Russia in it⁴⁹.

The project was included in the cooperation program only in 2009, and only in 2013 the issue of construction was discussed at the government level. The process was moved from the dead point by Igor Gorevoy, Minister of Foreign Economic Relations, Tourism and Entrepreneurship of the Amur Region, and Marina Dedyushko, Minister of Economic Development of the Amur Region. They created a working group and a financial and economic organizational model. After a difficult debate with the Governor of Heilongjiang Province, Lu Hao, on the issues of financing and the use of labor, the concession agreement was finally approved. The work began in 2016, when a joint company for the construction and operation of the bridge on the principles of concession at the expense of loans from Chinese banks was created, and ended in 2019⁵⁰. The construction lasted 4 years, taking into account the fact that all stages of the work were controlled by the Ministry for the Development of the Russian Far East and Arctic, which, according to the Ministry, promptly resolved any issues. The cost of the project from the Russian side amounted to 14 billion rubles, from the Chinese side – 5 billion rubles⁵¹.

The centralized nature of regional policy makes it difficult to take into account the interests of all non-State actors. Thus, for instance, Vladimir Sushkov, the owner of the Amurassov river port on the Amur River and related intraregional interest groups, prevented the construction of the bridge for decades. The reason for this was that the absence of the Blagoveshchensk – Heihe bridge made the Sushkov port the main channel of passenger communication with China, as well as one of the

⁴⁹ The Long Road to China: who interfered and how the first road bridge between Russia and China was built, *Amurskaya Pravda*, 28 November 2019, <<https://ampravda.ru/2019/11/28/92439.html>>.

⁵⁰ The construction of a bridge to China across the Amur has been completed, *Rossiyskaya Gazeta*, 29 November 2019. <<https://rg.ru/2019/11/29/reg-dfo/zaversheno-stroitelstvo-transgranichnogo-mosta-blagoveshchensk-hejhe.html>>.

⁵¹ Builders have started assembling the construction of a cross-border bridge across the Amur, *Amur Port*, 2 March 2018, <<https://portamur.ru/news/detail/stroiteli-pristupili-k-sborke-konstruktsii-transgranichnogo-mosta-cherez-amur/>>.

main ways of transporting goods by medium and small entrepreneurs. In order to postpone the construction of the bridge, Vladimir Sushkov decided to buy a controlling stake in the company at an early stage of construction. He also has been applying active lobbying efforts not only at the regional, but also at the federal level for many years. The owner of Amurasso led this struggle until his death in 2017.

The opening of the bridge was planned first for 2020, then for January 2021. But due to the pandemic and the outbreak of the disease in Heihe at the end of December 2020, the Chinese side did not give permission to launch the bridge. As of the fall of 2021, the bridge has not been opened. Probably, the influence of local elites affects this too. According to media reports, problems with cargo transportation remain in the region, queues are formed at border crossings to leave for China, conflicts between drivers and participants in foreign economic activity are noted⁵². All this in the short term is fraught with a significant increase in prices for food products, equipment, logistics and an increase in discontent. At the same time, even the Ministry of Economic Development of the Amur region does not have information from Chinese partners about the prospects of opening a bridge at least for cargo transportation, although it is negotiating with them⁵³.

Another similar case is the Nizhneleninskoye – Tongjiang railway bridge from the Jewish Autonomous Region to the PRC. Its construction was provided for by the 2009-2018 Cooperation program. It took 4 years to coordinate this initiative with the Chinese side. China fulfilled its part of the deal in 3 years, from 2013 to 2016, while Russia started construction only in 2017. It is now expected that the bridge will be put into operation in 2021⁵⁴. The problem of its long construction was the frequent change of contractors and lack of finance, although both the Russian Direct Investment Fund and the Far East Development Fund were involved in the construction. The 2009-2018 program also provided for the reconstruction or modernization of all border crossings on the Russian-Chinese border. Initially, this was handled by the Federal Agency for the Development of State Border Infrastructure. In 2016 these functions were transferred to the Ministry of Transport. The completion dates have already been moved from 2012 to 2021, but border crossings still work poorly, and crossing the border sometimes takes several days. For instance, at the important Zabaikalsk – Manchuria border crossing, long queues are regularly formed. Hundreds of vehicles and

⁵² Amur entrepreneur says that if the Blagoveshchensk – Heihe pontoon bridge would not be opened, “prices will fly into space”, *Amur Life*, 1 October 2021, <<https://www.amur.life/news/2021/10/01/ceny-v-kosmos-uletyat-amurskie-predprinimateli-o-situacii-esli-ne-otkroyut-pontonnyy-most-blagoveschensk-heyhe>>.

⁵³ Ministry of Economic Development and External Relations of the Amur Region, The International Bridge is waiting for the opening of traffic: at the border crossing across the Amur, all control points were tested when passing through the border, 14 October 2021, <<https://economy.amurobl.ru/posts/news/vasilij-orlov-mezhdunarodnyy-most-v-ozhidanii-otkrytiya-dvizheniya-transporta-na-pogranichnom-perekh/>>.

⁵⁴ The railway bridge from the Jewish Autonomous Region to China is going to be put into operation in August, *RIA Novosti*, 19 March 2021, <<https://ria.ru/20210319/most-1602011214.html>>.

hundreds of thousands of tons of cargo accumulate there. The problem is aggravated by the increased requirements of the control and supervisory authorities of the People's Republic of China regarding the standards of sanitary treatment at border crossings, forcibly adopted due to the pandemic⁵⁵. This, of course, has a negative impact on bilateral trade and entails an increase in Russian prices for goods and services, which Chinese experts also note.

These situations are demonstrated by the fact that state programs hardly take into account the real foreign economic opportunities of the regions. The lack of systematic information about the state and dynamics of Russian-Chinese cooperation and individual projects aggravate the situation. Limited sources, poor understanding by regional executive authorities of the nature of sources of Chinese capital and human resources (inability to collect information about Chinese counterparties) lead to the formation of a non-systemic approach to all projects and strategies.

Official information, especially at the level of the federal center, is very different from the information disseminated at the level of the leadership of the region. It differs even more from the real state of affairs. On the example of the construction of the Blagoveshchensk – Heihe bridge, it can be noted that, according to the official websites of federal executive bodies, such as the Ministry for the Development of the Russian Far East and Arctic⁵⁶ and the Ministry of Economic Development of the Russian Federation⁵⁷, or federal media, such as *Rossiyskaya Gazeta*⁵⁸, the bridge has already been put into operation, and the construction work is highly appreciated by experts. At the same time, local media such as *Amurskaya Pravda*⁵⁹ and *Amur Life*⁶⁰ indicate that at the time of October 2021, neither the Blagoveshchensk – Heihe Bridge itself nor the pontoon bridge were still open for cargo transportation, which critically hinders foreign economic activity. Official website of the Ministry of Economic Development and External Relations of the Amur Region⁶¹ also regularly publishes information about the process of preparing the bridge for commissioning, but honestly declares that

⁵⁵ Congestion due to restrictions on the reception of Russian timber and coal has arisen on the border with China, *Kommersant*, 23 March 2021, <<https://www.kommersant.ru/doc/4741339>>.

⁵⁶ Ministry for the Development of the Russian Far East and Arctic, At the junction of two states: chronology of the construction of the first automobile bridge from Russia to China, 31 May 2019, <<https://minvr.gov.ru/press-center/news/22322/>>.

⁵⁷ Ministry of Economic Development of the Russian Federation, The Intergovernmental Russian-Chinese Commission on Investment Cooperation, 2021, <https://www.economy.gov.ru/material/departments/d16/mezhpravitelstvennaya_rossiysko_kitayskaya_komissiya_po_investicionno_mu_sotrudnichestvu/>.

⁵⁸ Public-private partnership has connected two banks of the Amur River, *Rossiyskaya Gazeta*, 7 October 2021, <<https://rg.ru/2021/10/07/gosudarstvenno-chastnoe-partnerstvo-soedinilo-dva-berega-amura.html>>.

⁵⁹ The Long Road to China: who interfered and how the first road bridge between Russia and China was built, *Amurskaya Pravda*, 28 November 2019, <<https://ampravda.ru/2019/11/28/92439.html>>.

⁶⁰ Amur entrepreneur says that if the Blagoveshchensk – Heihe pontoon bridge would not be opened, “prices will fly into space”, *Amur Life*, 1 October 2021, <<https://www.amur.life/news/2021/10/01/ceny-v-kosmos-uletyat-amurskie-predprinimateli-o-situacii-esli-ne-otkroyut-pontonnyy-most-blagoveschensk-heyhe>>.

⁶¹ Ministry of Economic Development and External Relations of the Amur Region, International Bridge in anticipation of the opening of traffic: at the border crossing across the Amur, all control points were tested when crossing the border, 14 October 2021. <<https://economy.amurobl.ru/posts/news/vasiliy-orlov-mezhdunarodnyy-most-v-ozhidanii-otkrytiya-dvizheniya-transporta-na-pogranichnom-perekh/>>.

traffic on it has not yet been released. The case of the construction of the Blagoveshchensk – Heihe bridge shows that the representative offices of local executive authorities and local self-government bodies, even despite their limited powers, are the main source of relevant information and a key link in establishing contacts with the Chinese side, starting from business models and business missions, ending with debates, negotiations and emergency situations.

Conclusion

Analysis of the regulatory framework, consideration the main directions and case study of some notable cases of cross-border cooperation between Russia and China, as well as Chinese literature's analysis^{62 63 64} revealed the following obstacles to the further development of Russian-Chinese cooperation of this kind:

- The small market capacity of the Russian border territories, their infrastructural underdevelopment, weak diversification of exports of Far Eastern products, the predominance of raw materials and near-raw export goods.
- Inconsistent policy of the federal authorities, which often change approaches to the development of the regional economy in general and to individual projects in particular.
- Insufficient development of the regulatory framework of Russian-Chinese border cooperation.
- The abundance of framework agreements, the formal content of programs, the almost complete absence of the results of the implementation of real successful projects, leading to a sense of fictitious cooperation and distrust of government plans among the population.
- The failure of the Cooperation program between the regions of the Far East and Eastern Siberia of the Russian Federation and the North-East of the People's Republic of China (2009–2018) due to its vague structure: the lack of mechanisms for implementing the program, the lack of a comprehensive strategy, the lack of clear criteria for evaluating the

⁶² Lai Yongjian, Jiang Defu. (2013). Give full play to the four major advantages of ecotourism and carefully implement the tourism development project – Thinking and exploring the Eighth Five-Year Plan to Accelerate the Development of Tourism (来永见, 姜德福. 发挥生态旅游四大优势 精心实施旅游兴场工程—八五八农场加快旅游业发展的思考与探索), *Farm economic management (农场经济管理)*, no. 8.

⁶³ Zheng Yunlong, Zhou Aimin, Liu Ying. (2011). Research on Urbanization and Cultural Positioning of cities at China-Russia border crossings (郑云龙, 周艾民. 刘影. 中俄边境口岸城市的城市化与文化定位研究), *Frontier Economy and Culture (边疆经济与文化)*, no. 6.

⁶⁴ Lin Yuxuan, Zhou Yuliang, Wang Chaoran. (2018). Research on the path of strengthening cultural exchanges to promote the transformation and upgrading of foreign trade at ports (林宇璇, 周育良. 王超然. 加强文化交流以促进满洲里口岸外贸 转型升级的路径研究), *Foreign trade and economic cooperation (对外经贸)*, no. 3.

effectiveness of projects, the lack of prerequisites for many projects to be implemented, as well as the lack of elaboration of the experience of the previous program in the new one.

- Strengthening of centralization of planning of international contacts of regional entities caused by the amendments of 2015 to the Federal Law “On Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation”, leading to a reduction in the powers of local governments and the inability to take into account the range of interests of local elites.
- Excessive influence on the decision-making process and the effectiveness of the implementation of projects by certain local influential figures, which leads to an even greater delay in the implementation of projects and an increase in distrust of the deadlines.
- Lack of qualified personnel on the ground, lack of systematic information and reliable sources, poor understanding of the real economic opportunities of the regions by the federal center, short-term planning.

As a result, the Chinese side is beginning to lose interest in joint projects with Russia in the border territories and is increasingly restrained in assessing the benefits and prospects of such cooperation, shifting the focus of its attention to competing countries. The situation can be changed only if systematic work is carried out on existing problems, including progressive liberalization of foreign trade, development of transport and logistics infrastructure and strengthening of ties between regions, careful consideration of regional realities when implementing new projects, taking into account the interests and positions of local influence groups, the implementation of pilot large-scale projects designed to become the first success stories in Russian-Chinese interregional relations, investments in training personnel of appropriate specialization for regional authorities.

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