«Russian-Chinese trade turnover: cooperation perspectives»

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Mid-year trade turnover result between Russia and China has hit 80,675 bln USD (+27,2%):

Russian exporters have increased supplies by 48,2% to 51,125 bln USD . While Chinese exports to Russia have reached 29,55 bln USD. In June mutual turnover has reached record 14,75 bln USD (9,75 bln USD Russian import and 5,002 bln USD Chinese export).

The declared aim is to increase turnover between two countries up to 200 bln USD by 2024

How feasible are the plans to reach 200 bln. USD by 2024?

Current increase in trade figures between two countries is a result of the Russian Government's efforts to reestablish trade under new realities. China is one of the partners that is helping Russia to cope with the difficulties. Taking into consideration significant growth of the turnover between Russia and China (that is constantly increasing since 2015) plans to reach 200 bln USD by 2024 seem realistic. Some experts say that it might happen even earlier.

Which commodity headings in Russian export have shown growth? Which Russian companies can become leaders in exports to China?

Despite positive dynamics export structure remains the same: major volume is generated by mineral

resources. Problems at the Western markets have forced Russian exporters to opt for opportunities in the East. Apart from oil&gas segment timber and metals are the goods that Russia can offer to its Eastern neighbor. Hi-tech exports (mainly from defense segment) have not grown and even declined in percentage due to increase in mineral resources exports. Correlation between imports and exports is also changing. For a long time import and export balance remained more or less equal with a slight tendency for export to grow faster. For example, an export-import ratio has increased from 0,74 in 2014 to 1,07 in 2019, reaching 1,17 in 2021. Which means that Russia has imported to China 17% more goods than China exported to Russia. Current export figures (29,55 bln USD from 51,125 bln USD total turnover) mean that export-import ratio has reached record 1,73. Following that trend export volume can double import figures very soon. Assuming that Russian trade is de-facto excluded from Western markets the tendency is quite unsettling. On the one hand China is helping Russia to solve export problems and increasing purchasing of Russian commodities. But on the other hand problem of hi-tech import needed for Russian industriy is even bigger problem. Russian industry and businesses should look closer to the potential of cooperation with Eastern partners. For instance we suggest to use Hong Kong financial hub for export and import operations. That jurisdiction is well known as a bridge between East and West for many years. And Hong Kong dollar operations open good opportunities for international trade. Even despite the fact of strong control of Hong Kong financial sector by mainland China authorities. But at the moment Russian businessmen tend more towards Middle East (Dubai, for example) rather than Far East. Which does not help to tackle trade imbalance. Source: DELOVOY PROFIL Group press-centre, EXPERT Magazine

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