

A close-up photograph of two hands shaking in a firm grip. The hand on the left is wearing a white shirt cuff, and the hand on the right is wearing a dark suit sleeve. In the background, the Russian flag (white, blue, and red horizontal stripes) and the Chinese flag (red with five yellow stars) are visible, suggesting a diplomatic or business agreement between the two nations. The scene is set against a clear blue sky.

China Russia Economic Relation



Detail of trade, energy and defense deals



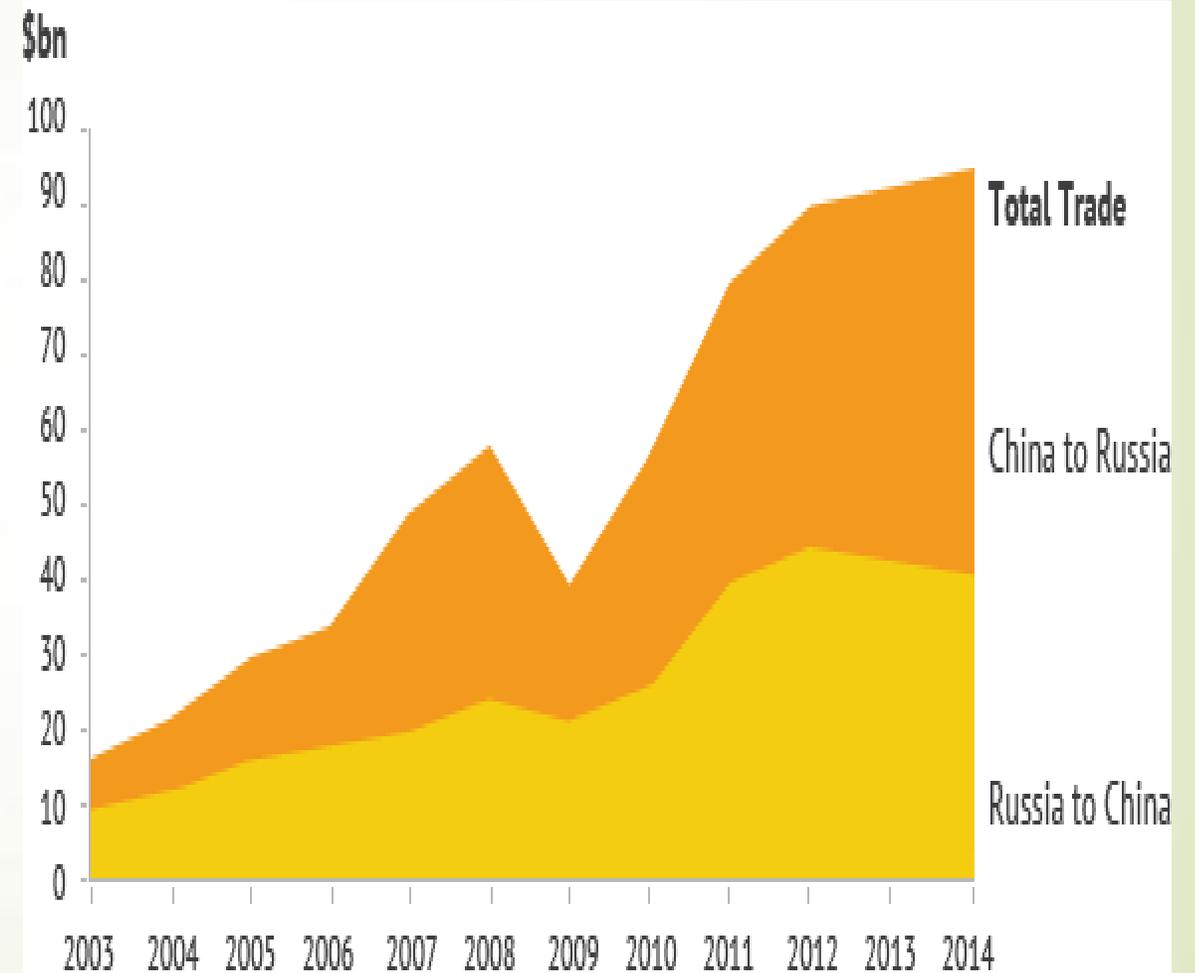
China Russia joint Projects

- ▶ Trade (General)
 - ▶ Energy
 - ▶ Defense
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Bilateral Trade Volume

- Bilateral Trade Volume Between Russia and China is \$ 100 billion in 2015.
- It was only 15.8 \$billion in 2003. It has grown 17.8% annually.

Source: General Administration of Customs of People's Republic of China



Top Trading partners:

➤ China's Top 10 Trading partner

- United States: US\$388.1 billion (18.3% of total Chinese exports)
- Hong Kong: \$292.2 billion (13.8%)
- Japan: \$129.5 billion (6.1%)
- South Korea: \$94.7 billion (4.5%)
- Germany: \$65.8 billion (3.1%)
- Vietnam: \$61.6 billion (2.9%)
- India: \$58.9 billion (2.8%)
- Netherlands: \$57.7 billion (2.7%)
- United Kingdom: \$56.3 billion (2.7%)
- Singapore: \$45.8 billion (2.2%)

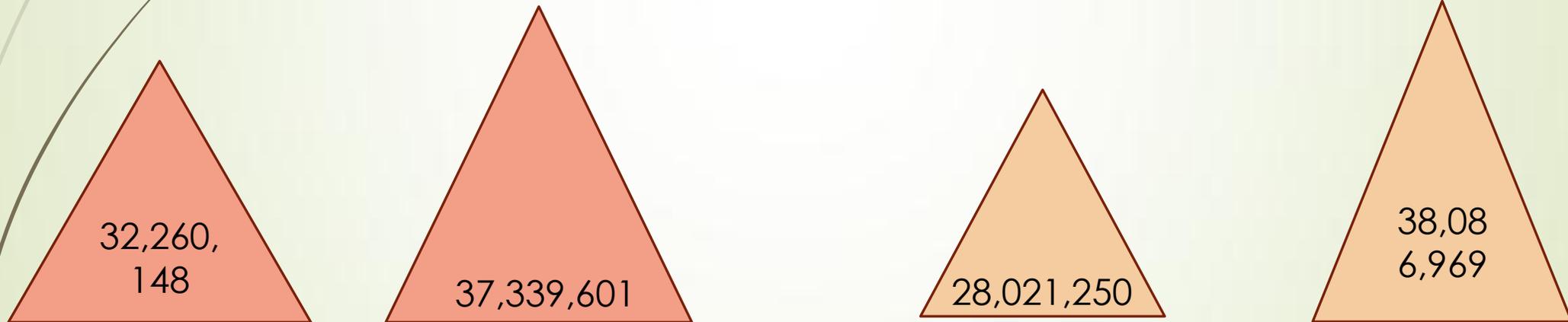
➤ Russia's Top 10 Trading partner

- Netherlands: US\$29.3 billion (10.2% of total Russian exports)
- China: \$28 billion (9.8%)
- Germany: \$21.3 billion (7.4%)
- Belarus: \$14.1 billion (4.9%)
- Turkey: \$13.7 billion (4.8%)
- Italy: \$11.9 billion (4.2%)
- South Korea: \$10 billion (3.5%)
- Kazakhstan: \$9.4 billion (3.3%)
- United States: \$9.4 billion (3.3%)
- Japan: \$9.4 billion (3.3%)

Bilateral Import Export in 2016.

- ▶ China's Imports from Russia in 2016 amounted 32,260,148
- ▶ China's Exports to Russia in 2016
- ▶ 37,339,601

- ▶ Russia Imported from China
- ▶ 38,086,969
- ▶ Russia Exported to China
- ▶ 28,021,250





China Russia Energy Relations

- ▶ China is the Largest Economy in terms of GDP.
- ▶ It is the biggest importer of Hydro Carbon resources in the world.
- ▶ China imported Crude oil: US\$116.2 billion, and Petroleum gases: \$23 billion in 2016
- ▶ Russia is the 6th Largest Economy in terms of GDP.
- ▶ Russia is the 2nd largest gas producer and 3rd largest oil exporter of the world.

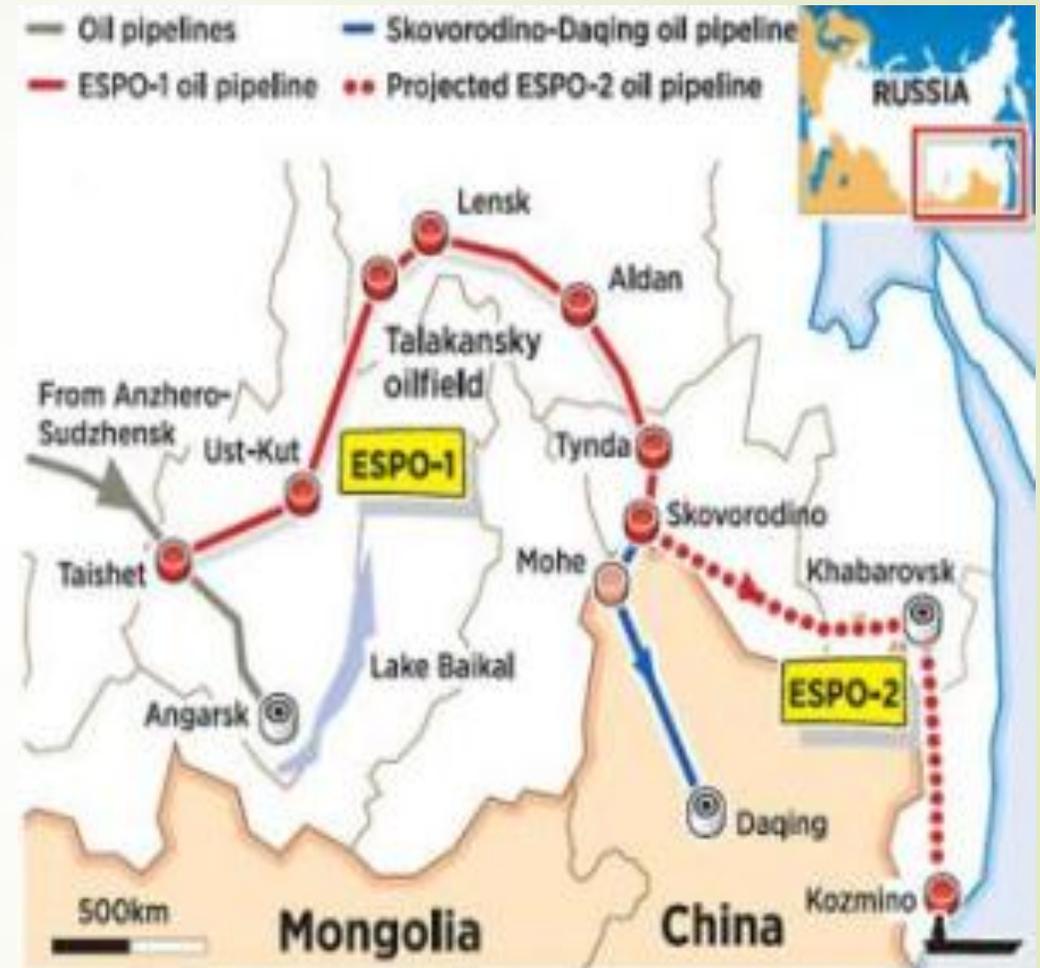


China Russia Energy Trade

- Energy Sector has great potential for China Russia bilateral relationship. However, They have not been able to construct a major pipeline during last 25 years. In fact their emerging energy relations are at infant stage.
 - They have signed a number of energy trade deals worth billions of dollars. But all of them are in early stages.
 - It will take at least 10 to 15 years to establish strong energy relationship between them, However, mutual mistrust and suspicions will create obstacles in smooth realization of this objective.
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China Russia Energy Projects

- **China Russia Oil and gas pipeline**
- Expected date of completion in end of 2018.
- It is located in Daqing city in north eastern province of Heilongjiang and connected to Russian border city of Mohe. It is part of Eastern Siberia Pacific Ocean pipeline network, which supply Russian crude oil to Asia Pacific markets.
- It annual capacity will be 15 million tones of oil.
- Initially it became operational in 2011, with the completion of its first section.



Oil Trunk Pipelines in Western Siberia

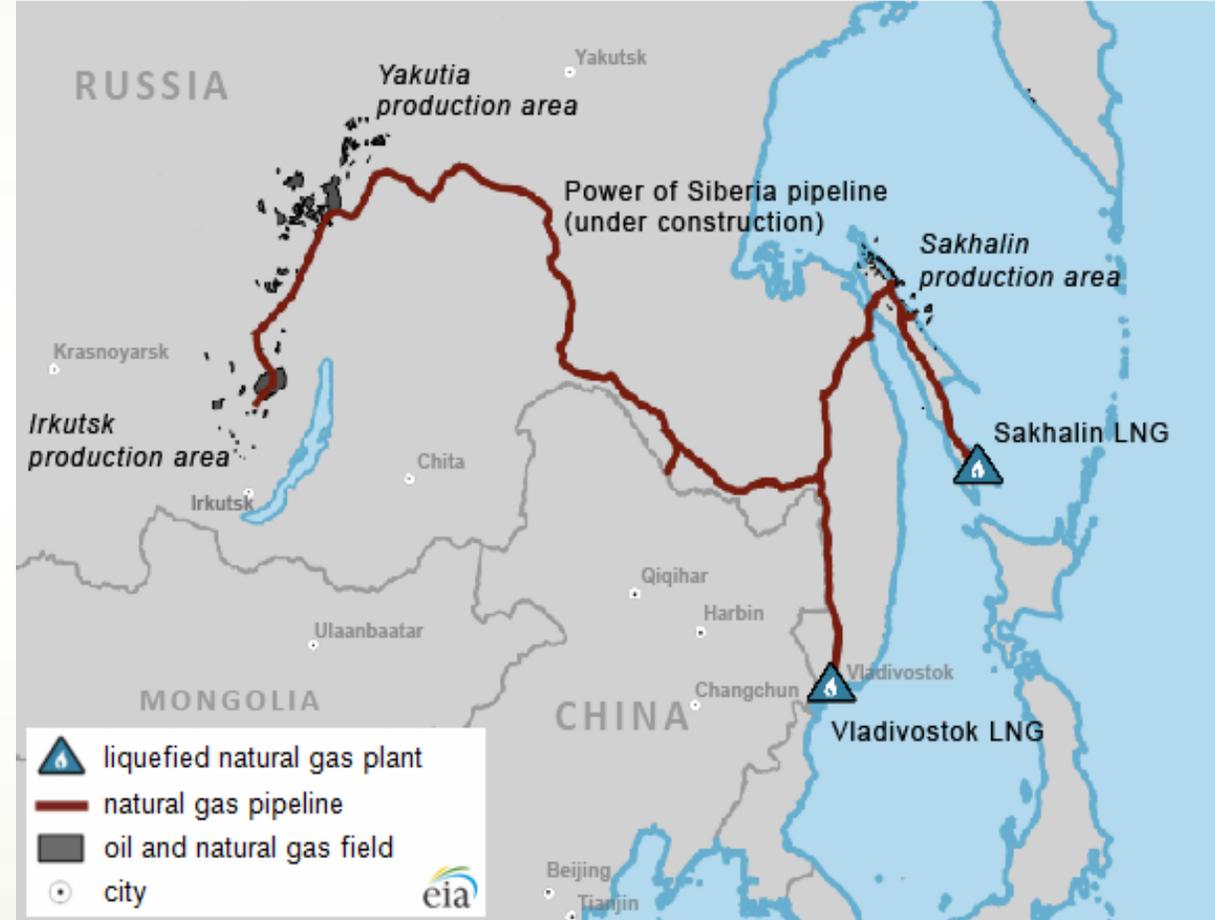
- Project objective: increase in the capacity of the ESPO pipeline system.
- transport crude oil from Western Siberia in the direction of the Town of Taishet in order to provide for transportation of oil for export to the People's Republic of China and to the countries of the Asian-Pacific region through the port of Kozmino as well as to refineries of the Russian Federation.
- It will be completed in 2020.



Gazprom signs supplementary agreement with CNPC

- Gazprom has signed a supplementary agreement with China National Petroleum Corporation (CNPC) stating that its Power of Siberia pipeline will be supplying gas to China by December 2019.
- The 3,000 km trunkline, which recently announced its construction was ahead schedule, will transport gas from the Irkutsk and Yakutia regions of Russia to China in accordance with the initial Sales and Purchase Agreement signed in 2014.

Selected natural gas infrastructure in eastern Russia





Altai gas pipeline and historic gas deal for 30 years

- ▶ The **Altai gas pipeline** is 2,657-km proposed natural gas pipeline to export natural gas from Russia's Western Siberia to North-Western China
- ▶ China and Russia has recently signed 30 years gas deal worth \$400 billion.
- ▶ It is the biggest project in the history of Gazprom. Negotiations for this deal lasted for almost a decade.



China Russia Defense Deals

- ▶ China is the 2nd largest country in terms of military expenditure after US.
- ▶ Its military expenditure has crossed \$601 US billion in 2016.
- ▶ It has announced an increase of 17% in its military budget in 2017.
- ▶ China has increased its arms exports and reducing dependence on imported weapons.
- ▶ Russia is the 2nd largest arms producer in the world AND 3RD largest for military spending.
- ▶ Its military budget has reached \$69.2 US billion .
- ▶ While Russia has decreased its defense budget by 7 % in 2017.
- ▶

Source: SIPRI



Thank you



Bilateral arms deals

- Russia has announced to deliver the first batch of four advanced Su-35 fighters to Beijing later this year.
- Russia will provide S-400 surface-to-air missile, which could arrive in China by 2018.
- The deal is not only the largest Sino-Russian arms deal in over a decade, but S-400 missile defense capabilities would provide China with a quick missile defense upgrade at the moment neighboring states like North Korea acquire more ballistic missiles, and the U.S. and Japan look to buy stealthy anti-ship missiles.

