

Problems of Legal Support of Chinese-Russian Economic Cooperation



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Abstract. In recent years, the economies of China and Russia and their trade relations have withstood the global economic downturn and the pandemic tests. The volume of trade between the countries has exceeded the 100 billion USD mark for three years in a row. Cooperation has expanded from trade to investment, finance, energy, aerospace, high technology, high-speed railways, agriculture and other areas; from cross-border trade to major strategic projects where the economic interests of the countries are very closely intertwined. However, at the same time, there are certain problems in trade and economic cooperation between China and Russia, including a slowdown in the economic development of the two countries, flaws in the trade structure, system mechanisms, legal framework, etc. Alongside a slow recovery of the world economy and a rapid expansion of Chinese-Russian economic and trade cooperation, these problems hinder the free and favorable development of trade and economic cooperation between the two countries. The aim of the study is to examine the experience of the European Union and the North American Free Trade Area in the field of economic integration, especially the guarantees of the relevant legal systems in the field of trade and economic cooperation, and identify whether they can be useful for the development of Sino-Russian trade and economic cooperation. We show that by creating and improving the legal system, modernizing bilateral investment agreements, intensifying the study of free trade zones, strengthening the link between The Belt and Road Initiative and the Eurasian Union, as well as improving the cooperation mechanism of the BRICS countries, it is quite possible to provide legal

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guarantees of Chinese-Russian trade and economic cooperation. The main methods used in this work are empirical research, case analysis and comparative analysis.

Key words: China, Russia, economic cooperation, development status, constraints, legal protection.

Introduction

Since February 2022, after the start of the special military operation in Ukraine, the United States of America and the European Union have imposed several packages of economic sanctions against Russia, including financial restrictions, trade embargoes, asset freezes and technology separation. Russia's economic and political focus is shifting from West to East (Klimova, Gu Fangzhou, 2015). All this contributes to the accelerated development of Chinese-Russian economic and trade relations. In cooperation between the two sides, success has been achieved in the fields of energy, finance, trade, science and technology, and infrastructure.

In the context of the new development model, good relations with large neighboring countries are of particular significance. Being an important pole of the international community, Russia is a "world-class player" with great international influence, and its status and role in the international arena cannot be ignored. In light of the trilateral relations between China, the United States, and Russia, especially when relations between China and the United States are relatively fragile, Russia is becoming a very constructive international force. Strengthening Sino-Russian trade and economic cooperation and finding a solution to the dilemma of economic development as soon as possible have become common needs and strategic requirements of China and Russia in an epidemic situation (Hu Ming, Tian Wenquan, 2021). Further strengthening of the Sino-Russian trade and economic cooperation is expected in the future; however, due to the increasing complexity of international economic and political changes caused by various uncoordinated factors, difficulties will inevitably arise (Li Shuangshuang, 2022).

Research overview

Due to the continuous development of Sino-Russian economic and trade cooperation, the increase in its level has become a serious problem that causes common concern among scientists in related fields in China and Russia. Let us note several areas of research.

Studying the status quo and the mechanism of cooperation

Liu Huaqin believes that with the ongoing development of economic cooperation between China and Russia, thanks to the efforts of the two governments, the institutional environment of bilateral trade and economic cooperation has improved, but there still remains the problem of the failure of systems and mechanisms. In this regard, China and Russia should continue to strengthen the institutional structure of bilateral trade and economic cooperation in order to ensure long-term institutional guarantees of sustainable development¹.

Studying the risks of Sino-Russian economic and trade cooperation

E.V. Bogolomov, Deputy Chairman of the Saint Petersburg Bar Association of Russia and Executive Director of the Kuznev Law Firm, pointed out that the sanctions imposed against the background of the Russian-Ukrainian conflict by Western countries have seriously affected the Russian economy and business environment. New opportunities have opened up for Chinese-Russian economic cooperation, but legal, commercial and sanctions

¹ Liu Huaqin. Trade and economic cooperation in a changing world. Available at: <http://www.ojji-oys.org/UploadFile/Issue/r0ok5aiq.pdf>

risks have emerged. The exclusion or minimization of the above risks is preparatory work before the implementation of cooperation².

Wang Yuwei believes that the current Sino-Russian economic and trade cooperation is mainly associated with the risks of judicial assistance and financial and legal risks. The best solution to this problem should be the rule of law and legal concepts and the accelerated creation of a system of state legal services for Chinese-Russian economic and trade cooperation³.

Studying the prospects of Chinese-Russian trade and economic cooperation

The rule of law plays an important role in the process of Chinese-Russian economic cooperation. Despite the fact that relations between China and Russia can now be called the best period in the history of cooperation, there are still many opportunities for the growth of mutual investments and the strengthening of trade and economic cooperation between the two countries. On the one hand, the lack of a proper understanding of the Russian market and business environment, and on the other hand, the impact of potential secondary sanctions from Europe and the United States and the underestimation of Russia's national credit arouse concern among some investors.

N.O. Starkova and E.S. Balanutsa believe that in modern conditions, the systematic development of two neighboring states (Russian Federation and China) cannot be carried out separately due to their geopolitical and economic interests (Starkova, Balanutsa, 2015).

² Opinion of E.V. Bogolomov an expert with the Saint Petersburg Bar Association of Russia. Available at: http://www.legaldaily.com.cn/Finance_and_Economics/content/2022-06/08/content_8730253.html

³ Wang Yuwei (2018). Studies on the prevention and control of legal risks in Sino-Russian economic and trade cooperation against the background of The Belt and Road Initiative. Available at: <http://vip.lninfo.com.cn/article/detail.aspx?id=74826770504849564955485748>

Current situation regarding Chinese-Russian economic cooperation

In recent years, China and Russia have continuously deepened mutual political trust. The significant economic and political weight of the two countries, their geographical proximity, generally positive history of modern relations, long experience of economic ties and noticeable political rapprochement in recent years contribute to the growth of the intensity and quality of economic cooperation (Podolsky et al., 2016). In 2019, the heads of both states raised the level of bilateral relations to the “comprehensive strategic partnership of China and Russia in a new era”, providing political guarantees of comprehensive and multidisciplinary cooperation. The synergy between The Belt and Road Initiative and the Eurasian Economic Union, as well as between the China – Mongolia – Russia economic corridor and the Advanced Development Zone of the Russian Far East will open up new opportunities for further expansion of cooperation between China and Russia.

Since the beginning of the coronavirus pandemic, Chinese-Russian trade and economic cooperation has been developing by leaps and bounds due to the repeated ups and downs of the global epidemic and the weak economic recovery. The volume of bilateral trade between China and Russia reached 146.887 billion USD in 2021, which is a record figure for the fourth year in a row. China has been Russia's largest trading partner for 12 years (Sun Zhuangzhi et al., 2022). From January to October 2022, the scale of Sino-Russian trade reached the highest level (*Tab. 1*); cooperation in various fields continues to deepen.

Energy cooperation has always been the most important, fruitful and large-scale area of Chinese-Russian trade and economic cooperation, as well as its “cornerstone”. According to statistics from the

Table 1. Sino-Russian trade from January to October 2022, billion yuan

Indicator	Volume of Sino-Russian bilateral trade		Annual growth rate, %	
	from January to October	October	from January to October	October
Total volume of bilateral trade	748.72	84.19	21.2	31.7
Total exports to Russia	342.56	35.6	20.8	10.4
Total imports from Russia	406.16	48.59	21.5	53.4

Source: General Administration of Customs of the People's Republic of China. Available at: <http://www.customs.gov.cn/customs/xwfb34/mtjj35/4062162/index.html>

General Administration of Customs of the People's Republic of China, in 2021 China imported Russian energy carriers amounting to 334.29 billion yuan, which is 47.4% more than last year (65.3% of the total value of China's imports from Russia)⁴. Russia remains China's largest source of energy imports, the second largest source of crude oil imports and the largest source of electricity imports.

Cooperation between China and Russia in the financial sphere is continuously strengthening. In 2020, more than half of the trade transactions between China and Russia were carried out in euros, yuan and rubles, and not in dollars. According to statistics from the Central Bank of Russia and the Customs Administration of China, the yuan currently accounts for more than 17% of bilateral trade settlements between China and Russia and more than 12% of Russia's international reserves. The role of the Chinese currency as a means of payment is gradually increasing⁵. Cooperation in the financial sphere contributes to the diversification of the international monetary system and will help effectively avoid all kinds of sanctions that the United States can take against the two sides through the hegemony of the dollar. In the future, China and Russia will continue to support the expansion

of pricing and local currency settlements in bilateral trade, investment and loans; and services will ensure stable development of bilateral trade.

The governments of the two countries signed the Agreement on Economic and Trade Relations, the Agreement on Avoidance of Double Taxation and the Sino-Russian Intergovernmental Agreement on Investment Guarantees, which provide legal protection for investors. The promotion of The Belt and Road Initiative put forward by China has given a new impetus to trade and economic cooperation between China and Russia. Being a key force in The Belt and Road Initiative, Russia not only actively supports the development of this project, but also contributes to its synergy with the Eurasian Economic Union. However, there are factors that determine whether it will be possible to bring economic cooperation between the two states to a higher level. Therefore, the creation of a long-term and stable legal system for economic development of the two countries should become an important part of future cooperation between China and Russia.

Factors constraining the development of Chinese-Russian economic cooperation

Trade and economic cooperation between China and Russia is developing rapidly, but some problems still remain. Further development of bilateral trade and economic cooperation is hindered by a slowdown in the economic growth of the countries, unreasonable trade structure, flaws in governance mechanisms, unstable investment environment, corruption, lack of law and order

⁴ General Customs Administration: The volume of trade between China and Russia in 2021 for the first time exceeded 900 billion yuan. Available at: <https://wap.yzwb.net/wap/news/1924862.html> (accessed: February 27, 2022).

⁵ China has been Russia's largest trading partner for 12 consecutive years – fruitful economic and trade cooperation between China and Russia. Available at: http://www.cnjjwb.com/index.php?s=szb&c=home&m=szb_content&id=11475 (accessed: October 3, 2022).

(Zhang Chao, Zhao Haifeng, 2018), and concerns about the rise of China. In practice, economic relations between the two countries can develop both for the better and for the worse: there are a number of factors that contribute to and hinder the further deepening of economic ties (Ngo, 2021). There also exist some problems that cannot be ignored.

Russia's economic development is facing difficulties

Being the only country in the world that fully provides itself with natural resources, Russia has a huge market of 146 million people. At the same time, the country has sufficiently integrated industrial and state economic systems that have an incomparable superiority compared to other countries in terms of economic security and counteraction to strikes. At the same time, the Russian economy has a number of problems, including an irrational structure, potential dangers of the economic growth model and long-term problems of dependence on other countries in the international economic paradigm. Since the beginning of the Russian-Ukrainian conflict, the United States and Western countries have introduced unprecedented economic and financial sanctions against Russia. The Central Bank of Russia has frozen almost 300 billion USD of foreign exchange reserves, and several large banks of the Russian Federation have been excluded from the international interbank system for transmitting information and making payments (SWIFT). The most favorable treatment regime has been abolished, many companies are leaving the Russian market, and tough energy sanctions have been imposed. Sanctions have become an important tool and a long-term political choice for the United States and its allies to contain and isolate Russia, as well as a variable affecting its economic development (Li Jianmin, 2022).

The sanctions imposed by the West are aimed at undermining the financial and economic situation

in Russia, provoking panic in the market, hitting the banking system, and creating a large-scale shortage of goods. In order to eliminate the consequences of sanctions and stabilize the domestic economic situation, Russia has taken a number of anti-sanctions measures: a decree on settlements in rubles, a decree on parallel imports, a decree on import substitution, the creation of an independent financial messaging system of the Bank of Russia (SPFS). To some extent, this shows that the West's "economic blitzkrieg" against Russia has not worked in the short term, and the West's plan for sanctions to quickly destroy the Russian economy has failed. But in the long run, sanctions will still have a serious detrimental effect on the Russian economy. In fact, sanctions affected not only Russia, but also other countries and regions of the world, including those not involved in the conflict. It can even be argued that the package of Western sanctions since 2014 has indeed put Russia on a lower growth trajectory, and their cumulative impact is growing over time (Tao Shigui, Gao Yuan, 2020). However, the introduction of large-scale sanctions against Russia by the Collective West naturally raised the question of deepening and expanding economic relations with China⁶.

Slowing down the speed of China's economic development

At the moment, Chinese society is at the stage of transition from a production-oriented society to a consumption-oriented society. The Chinese economy is moving from an investment-based economy to a consumption-based economy. And the goal of China's economic development is changing from high-speed development to high-quality development. In the process of China's economic and social transformation, economic

⁶ Timofeev I. (2022). Russian-Chinese economic cooperation: Opportunities and barriers in new conditions. Available at: <https://russiancouncil.ru/analytiks-and-comments/analytiks/rossiysko-kitayskoe-ekonomicheskoe-sotrudnichestvo-vozmozhnosti-i-prepyatstviya-v-novykh-usloviyakh/>

Table 2. Annual GDP growth rates, %

Year	I quarter	II quarter	III quarter	IV quarter
2017	7.0	7.0	6.9	6.8
2018	6.9	6.9	6.7	6.5
2019	6.3	6.0	5.9	5.8
2020	-6.9	3.1	4.8	6.4
2021	18.3	7.9	4.9	4.0
2022	4.8	0.4	3.9	

Note: The annualized growth rate represents the growth rate compared to the same period of the previous year.
Source: National Bureau of Statistics of the People's Republic of China. Available at: http://www.stats.gov.cn/xxgk/sjfb/zxfb2020/202210/t20221024_1889593.html

growth is slowing down every year (Guo Changqing, 2019). The government has already realized the existence of the problem, so it is making efforts to promote reforms and vigorously develop high-tech industries and new service industries, hoping to create new growth points for China's economic development. However, the benefits of the reform will not be apparent for a short time. At the same time, the COVID-19 pandemic has posed severe challenges to the country's economy.

China's GDP growth target for 2022 was about 5.5%, but economic growth slowed in the first quarter due to stronger-than-expected factors such as the pandemic. According to the National Bureau of Statistics of China, as of July 15, China's GDP grew by 2.5% year-on-year in the first half of the year and by 0.4% in the second quarter (*Tab. 2*). Currently, the risk of stagflation in the global economy is increasing, the influence of external destabilizing factors and uncertainty are growing, and the triple pressure of a reduction in domestic demand, supply shocks and weakening expectations continues to persist.

In the short term, the slowdown in China's economic growth is mainly due to the COVID-19 pandemic and the restraining influence of Western countries led by the United States. Judging by the trend of long-term development, the decline in China's economic growth may become an objective unavoidable phenomenon. In order to promote general prosperity in the conditions of slowing economic growth, the country will face a number of

problems, including medium- and long-term major problems related to population aging, a new type of urbanization, technological progress, an increase in the income gap of residents, various cultural and social conflicts, and the complication of the external environment.

Irrational structure and small volumes of trade between China and Russia

China and Russia are developing countries. In the sphere of foreign trade, due to their difference in the availability of resources, economic and trade cooperation between the two countries has long suffered from problems such as irrational structure and unitary form. In recent years, the structure of China's exports to Russia has been constantly improved and modernized. The manufacturing industry accounts for the vast majority of China's exports to Russia. At the same time, the share of high-tech products in the exported manufacturing industry is increasing, while primary products and raw materials occupy a dominant position in Russia's exports to China (Qi Shaozhou, Fu Zexi, 2017). Over the past 20 years, economic cooperation between China and Russia has increasingly focused on raw materials⁷.

In addition, despite the rapid pace of development in recent years, in terms of total volume, bilateral trade between China and Russia occupies

⁷ Hillman E. (2020). China and Russia: Economic Unequals. Center for Strategic & International Studies. Available at: <https://www.csis.org/analysis/china-and-russia-economic-unequals>

a relatively small share in China's foreign trade. In 2021, the total volume of trade between China and Russia was about 2.43% of China's total foreign trade⁸, while in the same period, the total volume of trade between China and Europe (excluding Russia) was 13.7%. Thus, on the basis of consolidating the current growth trend of Sino-Russian trade and further optimizing the structure of trade, China and Russia should explore new growth points and new forms of cooperation in bilateral trade and economic cooperation. Based on traditional trade in goods, as well as an actively developing field of high technologies, energy, resources, finance, investment, industrial cooperation in such areas as various forms of economic and technological directions of cooperation development, the use of digital economy, green development, biological medicine and new sources of growth, trade and economic cooperation between China and Russia reveals a model of diversification, scale and quality of bilateral trade and economic relations of "double enhancement".

Mechanisms of Sino-Russian trade and economic cooperation are awaiting further improvement

Trade facilitation has become an important way for the countries to improve the business environment, reduce trade costs and enhance trade efficiency (Li Jianmin, 2020). Economic and trade cooperation between China and Russia is generally based on intergovernmental trade agreements. The trading system and the system of trade and economic services in accordance with international practice have not yet been properly built.

Due to the efforts of the Russian and Chinese governments, the bilateral trade system is improving. However, there are still problems related to the unreliability of the system's mechanisms, including

⁸ A preliminary review of the results of the Russian-Ukrainian conflict in 2022 and an analysis of their impact on various industries. Available at: <https://www.vzkoo.com/read/202205300dca8eb6e5fd65ac11a750c3.html> (accessed: June 30, 2022).

the mechanism for protecting the interests of workers, the dispute settlement mechanism, the mechanism of cross-border payments and settlements, the mechanism of customs clearance, etc. Let us consider, for example, the protection of the rights and interests of Chinese workers in Russia. Due to the quota restriction imposed in Russia on attracting foreign labor to enterprises, the quota application procedure is cumbersome, and the execution cycle is long. The provisions on the localization of workers have made it difficult for Chinese enterprises to operate in Russia, and the rights and interests of Chinese workers in Russia cannot be protected. If we take Chinese and Russian investments as an example, then due to differences in the investment legislation of the countries, Chinese investors in Russia face financial risks, risks of the investment environment and currency settlements, intellectual property risks, logistics, tax and other risks. To some extent, they influenced the willingness of Chinese companies to invest in Russia. Only by creating an appropriate risk control mechanism and a full dispute settlement mechanism will it be possible to establish investment relations and increase the level of desire to invest. China and Russia should constantly strengthen the institutional structure of bilateral trade and economic cooperation to ensure long-term institutional guarantees of sustainable development (Liu Huaqin, 2019).

Legal system of regional economic cooperation

In the context of regional economic cooperation, let us turn to the experience of the European Union (EU) and the North American Free Trade Area (NAFTA). Their creation was aimed at promoting free trade within regions and even around the world, and their main systems demonstrate mature legal characteristics (Shen Sibao, Fu Rong, 2008). In this regard, China and Russia can learn from the experience of the EU and NAFTA legal systems.

Legal system of the European Union

Today, the European Union is the largest customs union in the world. It has a fairly advanced legal system, including “primary law” and “secondary law”. The concept of “primary law” refers to treaties, annexes and memoranda signed between member governments to create the EU, as well as to international treaties and agreements of the EU, such as the Treaty of Rome, while secondary law refers to regulations and resolutions jointly adopted by EU institutions. The principle of the rule of law in the EU is one of the pillars of this legal system. In other words, EU law will always be more effective than the laws of EU members that do not comply with it.

To a certain extent, the members of the European Union have sacrificed State sovereignty, which has led to the creation of a number of institutions of “supranational sovereignty”, such as the Council of the European Union, the European Commission, the European Parliament and the European Court of Justice. From the point of view of legislation, the member States give the EU significant legislative power. In fact, the main activity of the EU is to adopt and interpret these laws through the European Court of Justice.

The EU possesses not only an improved legislative mechanism, but also a fairly reliable legal system, including constituent treaties, annexes and memoranda signed between member States, as well as provisions and resolutions adopted by EU institutions. These laws have supreme force in the European Union. At the same time, member States are required to take active measures to strengthen the integration of laws with each other. For example, the White Paper on Completing the Internal Market, published by the EU, and the corresponding Single European Act, the main purpose of which is to eliminate border control and harmonize product standards to create a free single market. Through the European Court of Justice with supranational sovereignty, the EU not

only controls the implementation of its laws, but is also endowed with extensive jurisdiction to resolve disputes.

Despite Brexit, the financial crisis, the refugee crisis and other factors, the EU remains the organization with the highest level of integration of regional organizations in the world. The EU not only implements within itself the free movement of goods, services, capital and human resources, but it has also established a perfect legal system as a guarantee of “freedom”. The EU legal system is unique, and no other legal system can compare with it, despite the fact that it relies on many elements. The key to understanding the principles of its work is to avoid attempts to include them in national systems and to consider their behavior from different points of view⁹. This complete set of economic, social and legal systems is unparalleled in other regional organizations and represents a model for future regional integration and economic globalization.

Legal system of the North American free trade area

The North American free trade area, which was formed after adopting the North American Free Trade Agreement (NAFTA), is the most developed integration grouping along with the European Union. It is the world’s first regional trade organization, which includes both developed and developing countries. Since NAFTA members emphatically insist on state sovereignty, the assignment of sovereign rights is very limited. NAFTA supports the orientation toward the model of the European Union in the aspect of economic integration. The difference lies in the absence of a desire to form political supranational bodies¹⁰. It is

⁹ Bolado L. Overview of the EU legal system. Available at: <https://www.lexisnexis.co.uk/legal/guidance/overview-of-the-eu-legal-system> (accessed: October 15, 2019).

¹⁰ Zelenskaya T. NAFTA is... North American Free Trade Area. NAFTA: Goals and objectives. Available at: <https://fb.ru/article/176971/nafta---eto-severoamerikanskaya-zona-svobodnoy-torgovli-nafta-tseli-i-zadachi>

for this fundamental reason that NAFTA is unique in terms of the legal system. In other words, in accordance with the different needs of the member countries in the organization of regional integration, it develops an organizational structure and a legal system with the characteristics of both soft law and rigid legislation. Thanks to the flexible system structure, this model not only properly solves many problems caused by the different levels of economic development of NAFTA member countries, but also creates new ways of North – South cooperation that have a sufficiently strong value as a model to follow in regional integration (Wang Chunjie, 2009).

The North American free trade area seeks to realize the free movement of goods, services and capital within the region. However, the abolition of customs taxes and quotas alone is not enough to implement free trade. It is necessary to improve the legal system. The North American Free Trade Commission does not have the right to make laws, so the legal system of NAFTA is quite elementary. There is only the North American Free Trade Agreement and the corresponding annexes to it. This agreement in the United States is considered an international treaty and has the same status as federal law. Although the North American Free Trade Commission does not have the legislative power to guarantee the free flow of intraregional trade, the North American Free Trade Agreement can to some extent adjust the domestic legislation of member countries and resolve legal issues and contradictions. For example, when it comes to health and environmental laws, NAFTA requires member countries to integrate their laws, prohibits the use of laws as a means of hindering trade, and establishes mechanisms for mutually recognized product standards. This ensures the liberalization of trade turnover from a legal point of view and helps to avoid hidden trade protection. As for the dispute resolution mechanism, NAFTA provides for it in chapters 11, 19 and 20 of the North American Free Trade Agreement, respectively, and also establishes

dispute settlement mechanisms on environmental and labor issues in two additional agreements: the North American Agreement on Environmental Cooperation and the North American Agreement on Labor Cooperation. In general, NAFTA does not have a single dispute resolution mechanism, and the dispute resolution model combines diplomatic and judicial methods. However, this method of dispute resolution is flexible and non-coercive, which can provide a sufficient legal guarantee of dispute resolution within the region.

The lack of institutional legal guarantees of Chinese-Russian trade and economic cooperation has indirectly contributed to the increase in trade barriers between the two countries and hindered bilateral trade and economic cooperation. China and Russia can borrow from the successful experience of free trade zones in North America and the European Union. The difference between China and Russia in terms of historical background, social culture and legal system is very great. At this point, there is sufficient similarity with the relationship between the United States, Canada and Mexico, so China and Russia, within the legal framework of the future free trade area, can borrow from NAFTA a simple and soft organizational structure, as well as a flexible legal system. Such a model is currently also the main one in China's free trade with other countries. The European Union has the deepest degree of integration, especially in terms of legal conflicts. Its experience can also be used by China and Russia as a guideline for improving the relevant provisions.

Legal guarantees of Chinese-Russian economic cooperation

According to the Agreement between the People's Republic of China and the Russian Federation signed by the Russian and Chinese leaders in June 2018, both parties emphasize the need to continue joint efforts to promote comprehensive practical cooperation. From a legal point of view, China and Russia should create a

legal environment suitable for the development of a market economy. A cooperation agreement should be signed between the two countries to develop bilateral trade and economic cooperation and ensure its legal guarantees. It is necessary to comply with international law and, in particular, actively implement various agreements within the WTO, apply the WTO dispute resolution mechanism to protect their respective rights and interests, actively implement The Belt and Road Initiative, BRICS mechanisms and other platforms for the development of trade and economic cooperation. Let us take a closer look at the aspects that provide reliable legal guarantees for Chinese-Russian economic cooperation.

Improving and implementing the legal framework of Chinese-Russian trade and economic cooperation

In recent years, China and Russia have signed a number of bilateral agreements on cooperation in the field of economy and trade, including the Sino-Russian Intergovernmental Agreement on the Promotion and Protection of Investments, Sino-Russian Intergovernmental Agreement on the Avoidance of Income Tax, Double Taxation and Tax Evasion, Sino-Russian Intergovernmental Agreement on Economic and Trade Relations, Sino-Russian Intergovernmental Agreement on the Settlement of Government Loans and Debt Obligations, etc. This laid a solid legal foundation for the development of Sino-Russian trade and created a healthy environment for economic development of the two countries. However, with the deepening and development of bilateral cooperation, some agreements signed over the years have ceased to correspond to reality. The current situation in the sphere of bilateral cooperation requires either the signing of a new cooperation agreement, or making adjustments to important points of the existing agreement such as market access, settlement of investment disputes and debt issues to create a softer institutional environment for Sino-Russian trade and economic cooperation.

In February 2022, during the visit of Russian President Vladimir Putin to China and his visit to the opening ceremony of the Winter Olympic Games in Beijing, the relevant departments of China and Russia signed a number of documents on cooperation in key areas. In particular, the customs offices of the two countries signed an agreement on planning mutual recognition of “authorized economic operators” (AEO). Mutual recognition of AEO will continue to have a stimulating effect, as well as contribute to increasing the level of trade and economic cooperation between China and the Eurasian Economic Union. On the same day, both sides signed a Memorandum of Understanding on Promoting Investment Cooperation in the Field of Sustainable (Green) Development.

Raising the level of Sino-Russian investment cooperation and substantiating the creation of a free trade zone between China and Russia

Both China and Russia are market economies, playing an important role in the international market. Since the beginning of the Russian-Ukrainian conflict, the economic dependence of China and Russia has been continuously increasing. Raising the level of Sino-Russian investment cooperation and creating a Sino-Russian free trade zone are strategic choices of the countries that will contribute to overcoming the crisis (Zhan Siyu, Li Yamin, 2010). It will also help both parties to avoid risks due to economic globalization.

In 2006, China and Russia signed the Sino-Russian Intergovernmental Agreement on Investment Guarantees, which officially entered into force in 2009. The agreement provides legal guarantees in the sphere of trade between China and Russia. At the present stage, the expansion of bilateral investment is an important direction for achieving qualitative development of trade and economic cooperation between the countries in the future. Thus, the economic and trade departments of Russia and China should start exploring the possibility of increasing the level of Chinese-

Russian investment cooperation and strive to create more effective institutional mechanisms for its implementation. Along with the deepening of the Sino-Russian comprehensive strategic partnership in the new era, the creation of a closer Sino-Russian free trade zone is a win-win choice for both sides. If China and Russia can sign a free trade agreement, it will not only promote trade and economic contacts between the two countries, but also provide a reliable legal guarantee of their economic cooperation.

In accordance with the current situation in the sphere of trade and economic cooperation between China and Russia, efforts still need to be made to achieve the goal of creating a free trade zone. It is necessary to increase the transparency of the judicial process and the fulfillment of mutual obligations for WTO accession. Relevant agencies should create platforms for exchange and cooperation, timely eliminate potential dangers in the economy and trade, as well as adjust mutually beneficial friendship and cooperation agreements between governments in accordance with the state of development of Sino-Russian trade and economic cooperation. We should strive to overcome customs and non-customs barriers, change the tax rate and the external tax rate within the jurisdiction, effectively use methods of resolving trade disputes, accelerate the free circulation of goods, services and capital between the two countries.

Synergy between The Belt and Road Initiative and the Eurasian Economic Union

The synergy between The Belt and Road Initiative and the Eurasian Economic Union can promote the relationship between them by creating a platform of cooperation for trade and economic contacts and also provide legal guarantees of trade and economic cooperation between the two countries in legal terms. The Eurasian Economic Union (EAEU) is the result of Vladimir Putin's promotion of integration in the region of the Commonwealth of Independent States (CIS). There is hope that the EAEU will be able to play the role of a bridge between Europe and the Asia-Pacific

region in a multipolar world. However, the synergy of The Belt and Road Initiative and the Eurasian Economic Union also faces such problems as differences in the stages of development, divergence of interests, low level of cooperation, flaws in business environment and a lag in the construction of the system. Nevertheless, China and Russia can continue to promote synergy between The Belt and Road Initiative and the Eurasian Economic Union in order to stimulate communications and economic development in the region of the Eurasian continent. Russia is not yet actively participating in China's broad initiative to develop infrastructure throughout Asia, known as the "One in the Whole Area" initiative, but this may change as interstate relations improve¹¹.

In May 2018, an agreement on trade and economic cooperation between the People's Republic of China and the Eurasian Economic Union was officially signed. Thus, a legal framework and mechanisms of interaction were formed to address issues of trade and economic cooperation between the EAEU and China. The agreement provides an important legal guarantee for the formation of a common economic development space, implementing synergy between The Belt and Road Initiative and the EAEU, as well as the coordinated development of The Belt and Road Initiative and partnerships in Greater Eurasia (Zhao Mingwen, 2020).

Deepening the cooperation mechanisms of the BRICS countries

The BRICS countries attract the attention of the whole world not only because of their economic models and the viability of their economies, but also because they play an increasingly important role in the global governance agenda as beneficiaries of the latest round of globalization and the top countries among the economically lagging ones. As a result of more than a decade of development, the BRICS

¹¹ Lotspeich R. The economic integration of China and Russia. Available at: <https://theasiadialogue.com/2018/03/14/economic-integration-of-china-and-russia/>

countries have become an important platform for cooperation between states with emerging markets. The 14th BRICS Summit was successfully held in June 2022. Official applications from Argentina and Iran for membership, following the BRICS summit, further attracted attention to the organization around the world. In 2021, the total GDP of the BRICS countries amounted to 24.5 trillion USD (24% of the global volume). Today, the BRICS countries cooperate in many areas and have formed cooperation mechanisms, such as the New Development Bank, the BRICS Contingent Reserve Arrangement, the BRICS Business Council and the BRICS Think Tank Council, which show their significant role in the international economy. For this reason, the BRICS countries can also become an important platform for trade and economic cooperation between China and Russia. Since the beginning of the Russian-Ukrainian conflict, Russia has called on the BRICS countries to unite in order to create a new payment system called BRICS Pay, as well as to choose BRICS Pay for conducting internal transactions in order to implement the dedollarization of trade within the BRICS.

Looking to the future, it is necessary to continue to innovate and build a rules-based and market-oriented new model of Sino-Russian trade and economic cooperation in order to provide long-term institutional guarantees for sustainable development of China and Russia (Liu Huaqin, 2019).

Conclusion

The consistent strengthening of strategic partnership between Russia and China is taking place against the background of growing global turbulence and chaotic international relations (Kortunov et al., 2020). Currently, China is the most promising and at the same time optimal partner for Russia. This can be judged by various indicators, which primarily include the complementarity of the economies of the countries (Ganeeva, Tulueva, 2016). Stable partnership relations between China and Russia provide a solid foundation for the trade and economic development of the two countries. However, in practice, due to various reasons, the success of trade and economic cooperation between Russia and China is still not satisfactory. Further development of bilateral relations also puts forward new requirements for trade and economic cooperation. In order to detect and solve problems in the spheres of economy and trade, as well as strengthen trade and economic cooperation between Russia and China, it is necessary to pay attention to improving legal guarantees in order to ensure stable and long-term legal support for trade and economic cooperation. The study and implementation of political and legal guarantees of Chinese-Russian economic cooperation will contribute to the further improvement and strengthening of relations between the two countries in the context of international economic and political changes.

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