On May 20 Russia's President Vladimir Putin paid an official visit to China. This visit resulted in more than forty contracts and bilateral statements signed, additionally Putin met with the authorities of China, UN Secretary General Ban Ki-moon, President of Mongolia Tsakhiagiin Elbegdorj, President of Afghanistan - Hamid Karzai and his Iranian counterpart - Hassan Rouhani.

The intrigue behind the visit, that was a major attraction for the public and the media alike, was the chance that Russia and China could sign a gas supply contract. The kind of attention towards this deal was provoked by the latest developments in Ukraine along with the US and EU sanctions against Russia. The audience was really curious in which manner Russian authorities would behave under pressure.

In reality the widely covered crisis in Ukraine and the gas contract between Russia and China have little in common. Ukraine is an independent state, it has been for more than two decades, and with each passing year it has been stumbling with the same old problems, including gas delivery issues. In particular, Ukraine has made a number of attempts to blackmail Russia over the gas transit, additionally it had been stealing the gas that was designated for the EU consumers. Unfortunately, the Ukrainian state failed to mature as a nation and now, in 2014, it's completely falling apart. Moscow has long been aware of this fact, so it had been looking for a way to bypass Ukraine in the delivery chain to Europe, this was the thinking behind the construction of the South Stream gas pipeline that runs across the Black Sea and Bulgarian soil.

As for Ukraine, it has lately been the focus of the American politico-military game, and now Washington is trying to drag this country into NATO to build its military bases and missile defense systems, it may as well be using the country's population as cheap cannon fodder afterwards. It is clear that the construction of the South Stream provokes no enthusiasm in the White House, while the EU, on the contrary, believes that it will be playing a major part in securing its energy supplies.

As for the gas contract between Russia and China, it has been in the pipeline for over 10 years, and has never attracted a lot of public and media attention before. Of course, as in any trade, Russia would like to sell more expensive, and China strives to buy cheaper. Since the size of the deal is considerable, both sides were acting very cautiously, afraid to make a mistake, especially when neither of them was in straitened circumstances. Europe, even if it chooses so, can not give up on Russian gas in the short run, as for China ‘s gas needs they have not yet reached a critical level.

According to some Russian analysts, by 2020, China's yearly demand for gas will reach 300-350 billion cubic meters. China will be able to extract 115 billion cubic meters on its own, another 80 billion cubic meters could be obtained through liquefied natural gas supplies. It's unlikely that Asia-Pacific countries would be able to provide more than 40 billion cubic meters per year. As for China's demand in 2030, experts predict that the gas consumption level will exceed the European, which as of now amounts to 600 billion cubic meters. Russia is planning to start with shipping
38 billion cubic meters to China and subsequently raise this level to 60 billion cubic meters along the Eastern and Western supply routes.

Natural gas has a number of alternatives — among them are coal and nuclear power. The latter requires a spare country for any government to fully rely on. Coal is bad in terms of environment, as for nuclear power it can be handy for the industry development, but is not very convenient for the day-to-day use. Japan's experience has clearly showed that a NPP constructed along a coast line, in seismically active areas, according to some unsuccessful American projects may bring a country in a very difficult situation.

It should be recognized that at the moment, natural gas has little to no real competition among energy sources. Its price will rise, and Russia will not be expandable in any country's supply plans.

After holding a theatrical pause, Gazprom and CNPC have signed on May 21 a 30-year long contract on the yearly supply of 38 billion cubic meters along the Eastern supply route. Alexey Miller, the head of Gazprom, refuses to reveal the exact price for one thousand cubic meters, though the total contract price is already known - 400 billion dollars. «Forbes» and other anti-Russian PR on May 21 reported that “China has refused to sign a gas contract with Russia”, but within a few hours the news was to be changed.

It’s clear that Russia does not want to lose the European market and become dependent on China, but at the same time it has little desire to downplay its relationships with China. Kremlin calls for a balance in the relationship with Europe and China, and Washington is moved by a maniacal desire to rule the world. In short, the White House creates problems for everyone, and it seems that it has succeeded in creating some for itself.

What other contracts, except for the above discussed, have been signed in Shanghai?

The Russian company Novatek has signed a contract with China’s CNPC to supply 3 million tons of liquefied natural gas per year. The contract will be implemented in the framework of the project "Yamal SPG", which involves the development of the South Tambieiskoye gas field and construction of a plant with a capacity of producing 16.5 million tons of liquefied natural gas per year and one million tons of gas condensate per year. The first phase the project will be able to produce 5.5 million tons per year by 2017.

China's largest car manufacturer Great Wall Motors announced that it will launch a plant in Tula in 2017. Investments in this project will amount to 12 to 18 billion rubles. The plant will be producing 150 thousand cars per year.

Rosneft and CNPC signed a deal to launch an oil refinery in Tianjin at the end of 2019, Rosneft will be the sole supplier for this refinery. The plant's refining capacity must be around 16 million tons per year. Investments in construction are estimated to amount to 5 billion dollars, the second stage involves the creation of a network of petrol stations in China, which will operate under the brands of Rosneft and CNPC.

Russian Railways and China Railway Corporation have agreed to develop infrastructure and to increase the amount of railway traffic. The companies are planing to develop the rail infrastructure in the areas that are close to the bilateral border and to increase the volume of traffic between the countries along with the transit traffic.

As for aviation, Russia and China are going to create a civil widebody aircraft. The contract on its creation was signed between the "Joint Aircraft Corporation" and the Chinese corporation COMAC. The future plane must occupy a considerable share of the Chinese and Russian markets and become a serious player on other markets. The second project in the field of aviation is the production of a modernized version of Russian transport helicopter Mi- 26 in China.

As for the current political relations between Russia and China, they could be described as friendly. An editorial under the title "The Chinese public opinion should be on the side of Russia and Putin" in a Chinese newspaper "Huanqiu Shibao" states that: "In its foreign policy towards Moscow China has taken a position of "neutrality with a slight twist of sympathy towards Russia". This statement won't be a major irritation for some countries, but at the same time gives China an opportunity to become a conciliator at the right time that will help parties to find a solution that would satisfy everyone. Thus, China won't be involved in a confrontation with Western countries and at the same time would be able to help Moscow. But it's about time for the Chinese public opinion, the paper says, to be as direct and harsh as it takes in order to condemn Western participation in an illegal coup in Ukraine. "It should show the world that Russia is not alone".
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