Russia and China are Exploring New Horizons of Economic Cooperation

One of the most important aspects of economic partnership between states is cooperation in such areas as transportation and logistics. As it could be expected, the intense development of economic relations between Russia and China was soon followed by the rapid growth and integration of their transportation systems, which leads to the ever growing traffic increase between states.

Among the major Chinese-Russian transport projects one can find such international trade corridors as Primorye-1 and Primorye-2, which link the Chinese provinces of Heilongjiang and Jilin with the ports of Russian Primorsky Territory. Those corridors will allow the Chinese side to save time and money on freight, while attract Chinese investors to Russia’s Far East.

However, the construction of transport corridors requires significant investments since a state is bound to upgrade and expand the existing infrastructure - roads, railways, sea ports. However, when all this is done, the proceeds from the Chinese cargo transit will quickly overshadow the costs suffered by the Russian side. Experts predict that by 2030, the ITC Primorye-1 and Primorye-2 will be bringing about a 100 billion rubles (1.7 billion dollars) a year to Russia’s treasury.

At the beginning of September 2016, Russia’s Primorye hosted the second East Economic Forum, with a panel on the transit potential of the Far East. At this event, the deputy chairman of the People's Government of Heilongjiang Province of China, Li Haitao stated that once Primorye-1 and Primorye-2 will become fully operational, the transit of goods through the ports of Primorye will increase from the current level of 23 million tonnes a year to over 60 million tons. Of these, one can expect a least 7 million tons of the more costly containerized cargo. So far, the maximum amount of such cargo shipped through ports of the Russian Far East haven’t surpassed a million tons per yer.

In addition to shipping it export goods through these corridors, the Heilongjiang Province is planning to to start bringing goods from other regions of China and other Asia-Pacific countries along this route. The construction of the necessary infrastructure is well under way in China, and Beijing now urges Russia to hurry with its part of the work at hand.

It should be noted that the north-eastern province of Heilongjiang has a special significance in Russian-Chinese relations, since it has always been playing the role of a sort of a bridge between the two countries. It plays this role so successfully largely due to its peculiar geographical location: it is on the far outskirts of China and is pretty much surrounded by Russian territory. The strip of the border it shares with Russia is over 2000 miles long. Moreover, it's separated from the central part of China by the Bohai Bay of the Yellow Sea. This makes transportation from the Heilongjiang Province to central China a difficult matter. However, it could play its location to its advantage by becoming a crossroads junction between Russia, the southern regions of China, South Korea, Japan and other Asia-Pacific countries. But his goal will be pretty much unattainable without the Russian ITC Primorye-1 and Primorye-2.
In addition, it's imperative for Beijing to provide the Heilongjiang Province with a safe route that would link its producers with the rest of China. We're talking about a region with developed agriculture, which occupies a leading place in the country on grain collection, so its supplies are crucial for the food security of China.

However, if the new ITC infrastructure is to be used, it will significantly reduce the costs and time of the Heilongjiang Province agricultural products delivery. Perhaps in the future, this fast route will be used by all sorts of Chinese companies that are constantly searching for better logistics options.

However, in addition to the development of infrastructure, such transport corridors require simplified customs procedures. In October 2016 Vladivostok's checkpoints started to operate around the clock, while all the necessary papers from that point on could be filed electronically. As a result, most of the transit cargo is being checked in the Primorye ports and allowed to be shipped further in no more that two days.

In conclusion it can be said that the successful implementation of the Primorye-1 and Primorye-2 projects is not just important for Primorye and the Heilongjiang Province, not just for Russia and China, it's is crucial for the development of the Asia-Pacific region. Looking more broadly, it is an important step in the economic integration of the countries of Eurasia to the regional trade, as it connects the Eurasian Economic Union, led by Russia to the One Road One Belt project.

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