The cooperation at the regional level gives additional depth and solidity to the economic relations between the two countries. It demonstrates the level of mutual trust and facilitates the establishment of truly warm relations, economic and cultural integration. By understanding this, Russia and China encourage contacts between their regions.

One of the important trends of Russian-Chinese inter-regional cooperation is the Volga-Yangtze Project.

In 2013, in accordance with the approval of President of the Russian Federation Vladimir Putin, the Joint working group on cooperation in the economic and humanitarian fields was created for the regions of the Volga federal district of the Russian Federation and Upper and Middle Reaches of the Yangtze River in China.

The Volga Federal District includes 14 territorial entities of the Russian Federation, almost 30 million people living on its territory (20% of the Russian population). The Upper and Middle Reaches of the Yangtze River include five Chinese provinces and Chongqing - a direct controlled municipality with the total population exceeding 360.6 million people.

By the end of 2017, the parties exchanged several visits and held a few joint meetings. Agreements on trade and economic cooperation between the administration of Nizhny Novgorod Oblast (the administrative centre of which, Nizhny Novgorod, is also the administrative centre of the Volga Federal District) and Chinese provinces Anhui and
Sichuan, were reached.

Overall, one can note that the cooperation between these large regional unifications of Russia and China is developing quite slowly. This relates to many legislative obstacles, absence of favourable terms for trade and the strict visa regime between the two countries. Nevertheless, many specialists consider that if these difficulties are removed, the relations between the Volga Federal District and the Upper and Middle Reaches of the Yangtze River are up to the bright future.

Also, the interaction of China and Altai Krai of the Russian Federation has considerably increased recently. The cooperation in the spheres of economics, education and culture is being developed between the said Russian region and China.

The basis for the economic cooperation of Altai Krai and China is the trade of agricultural products. As is known, Altai Krai is included into the number of the leading territorial entities of the Russian Federation in the sphere of agriculture. The Chinese market of food products is one of the main markets for export into this region. Greater China periodically purchases big volumes of Altai flour, grains and honey. Also, Altai Krai is the largest Russian supplier of vegetable oil into China.

In 2015, the region sold to China 5.4 thousand tonnes of flour and more than 26 tonnes of honey (which is nine times more than the amount of honey purchased by the Chinese in 2014).

In June 2016, the administration of Altai Krai informed on the fourfold increase of the foreign economic turnover with China for the past year. Apart from other products, China purchased hundreds of tonnes of Altai ice-cream. In 2017, this tendency continued.

Altai Krai has the briskest trading with Xinjiang Uygur Autonomous Region, an autonomous territory in the north of China. Freight and cargo transportation between them is provided by road via Kazakhstan and Mongolia.

However, the excessive surplus of grains that is being observed in Altai Krai and the constantly growing demand of China in the import of quality food products and agricultural raw products demand from both sides the expansion of the trade and inclusion of new regions of China into it. The growth in exports to China is the main concern for Altai Krai administration.

It should be noted that there are a few obstacles in the Chinese legislation, preventing the Russian-Chinese trade of agricultural products to develop to the full extent. As an example, despite the growing popularity of Altai grain products into China, the quota system for import of flour, existing in China, prevents the growth in supplies, despite the growing popularity of Altai grain products – these quotas are only allocated among the Chinese companies.

Nowadays, Russia and China are conducting negotiations regarding cancellation or relaxation of Chinese import restrictions for agricultural products, and a certain success has already been achieved. Thus, China is obliged to get rid of tariff barriers by 2020, which do not correspond to the WTO requirements.

In November 2017, a meeting between the governor of Altai Krai Aleksandr Karlin and Li Hui, the Chinese Ambassador to Russia, took place. They discussed the prospects of the development of trade and investment cooperation between Altai Krai and China. Apart from traditional spheres of engagement, the parties touched upon the topic of tourism. According to Li Hui's words, the territory shows a considerable potential in this sphere.

In the same month, the delegation of Altai Krai went to Shanghai, to the 21st International Exhibition of Food and Beverage, China's global food and hospitality trade show FHC 2017. The Chinese businessmen and officials have an opportunity to get acquainted with the various products of Altai enterprises.

In general, the prospects of economic cooperation of China and Altai Krai can be taken a favourable view. It is well known that China's own agriculture cannot fully provide for the demands of the population of the country, and the Chinese import of food products will only increase in the nearest future. Besides, many Chinese are concerned with the excessive usage of chemicals and genetically modified foods, to which the Chinese agrarians resort to maximize the harvest. Considering these factors, as well as the ongoing work on the liberalization of Chinese trade legislation, the Russian producers of organic agricultural products can count on the significant growth of trade with China in the years immediately ahead.

Another interesting article of news about Russian-Chinese cooperation at the regional level is the extension of contacts between China and the Chechen Republic. The oil business became the main sphere of economic
cooperation of Chechnya and China.

In April 2017, the Chechen company OAO ‘Chechenneftehimprom’ and the Chinese CPTSA signed a co-operation agreement. The Chinese oil producers won approval for exploration and development of Chechen oil/gas fields. As the first foreign partner of Chechnya in the oil industry, CPTSA was promised the most favourable operating conditions.

According to the words of Chechnya’s Prime Minister, Abubakar Edelgeriyev, the parties will engage not only in the oil extraction, but also the oil refining, which will positively influence the Chechen economy.

Another sphere of engagement of China and Chechnya is the safety and security arrangements. Recently, growth of terror threats has been noted in the Xinjiang Uygur Autonomous Region of China. To maintain security on their territory, China is intending to adopt the best Chechen practices of fighting against terror. With this view, in November 2017, the Chinese delegation headed by Chen Gopin, who is the Special Representative on Combatting Terrorism and security issues of the People’s Republic of China, visited Chechnya. Apart from the issues of security, the representatives of the delegation discussed the further development of the economic cooperation with the Chechen senior-most officials. They stated that Chechnya is rich in resources and has remarkable potential for tourism.

In conclusion, one can note that Russia and China consistently develop the co-operation between these two regions, which already pays dividends.

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