

# THE BELT AND ROAD INITIATIVE AND ITS INFLUENCE ON THE ECONOMY OF THE FAR EAST OF THE RUSSIAN FEDERATION

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**Abstract:** *the article analyzes the impact of the Chinese "Belt and Road" strategy on the development of Russian Far East economics. The political and economic prerequisites for the formation of this strategy are considered, with the allocation of two main initiatives: the restoration of the great silk road trade both at sea and on land. The concept of the economic belt of the silk road and the Maritime silk road of the XXI century (abbreviated as "one belt — one road", Belt and Road or One Belt, One Road) was put forward by the President of China in 2013. The goal of this international initiative of China is to improve existing and create new trade routes, transport and economic corridors connecting almost 70 countries, as well as to make the economic ties maintained between Euro-Asian countries closer. "One belt — one road" implies a full-scale transformation of the logistics network throughout Eurasia, including the arrangement of sea routes in the Indian ocean (the Sea silk road, "String of pearls"), the implementation of logistics projects in South-East Asia, Mongolia, the Russian Primorye, and even the development of the Northern sea route. The main directions of the "Sea silk road of the XXI century": from the seaports of China through the South China sea to the Indian ocean and further to Europe; from Chinese ports through the South China sea to the South Pacific ocean. In these areas, it is planned to form international economic cooperation corridors: "China-Mongolia-Russia", "China — Central Asia — West Asia", "China — Indochina", "China — Pakistan" and "Bangladesh — India — Myanmar — China". The article analyzes the impact of this strategy on the economy of the Russian Far East. As an example, the largest infrastructure project for the construction of a bridge over the Amur river, connecting the shores of China and Russia in March 2019, is considered.*

**Keywords:** *international, China, economics, Far East development.*

## ИНИЦИАТИВА «ПОЯС И ПУТЬ» И ЕЁ ВЛИЯНИЕ НА ЭКОНОМИКУ ДАЛЬНЕГО ВОСТОКА РОССИЙСКОЙ ФЕДЕРАЦИИ Богомазова М.А. (Российская Федерация)

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**Аннотация:** *в статье анализируются основные тенденции экономической стратегии китайского правительства «Пояс и Путь» и ее влияние на развитие экономики Дальнего Востока РФ. Рассматриваются политические и экономические предпосылки формирования указанной стратегии, с выделением двух основных инициатив: восстановление великого торгового Шелкового пути как на море, так и на суше. Концепция Экономического пояса Шелкового пути и Морского Шелкового пути XXI века (сокращенно «Один пояс — один путь», Belt and Road или One Belt, One Road) была выдвинута председателем КНР в 2013 году. Цель этой международной инициативы Китая — совершенствование уже существующие и создание новых торговых путей, транспортных и экономических коридоров, связывающих почти 70 стран, а также сделать поддерживаемые между евро-азиатскими странами экономические связи более тесными. «Один пояс — один путь» предполагает полномасштабную трансформацию логистической сети всей Евразии, включая обустройство морских маршрутов в Индийском океане (Морской шелковый путь, «Нить жемчуга»), осуществление логистических проектов в Юго-Восточной Азии, в Монголии, российском Приморье и даже развитие Северного морского пути. Основные направления «Морского Шелкового пути XXI века»: из морских портов Китая через Южно-Китайское море до Индийского океана и дальше до Европы; из китайских портов через Южно-Китайское море в южную акваторию Тихого океана. В этих направлениях планируется сформировать международные коридоры экономического сотрудничества: «Китай — Монголия — Россия», «Китай — Центральная Азия — Западная Азия», «Китай — Индокитай», «Китай — Пакистан» и «Бангладеш — Индия — Мьянма — Китай». В статье анализируется влияние данной стратегии на экономику Дальнего Востока России. В качестве примера рассмотрен крупнейший инфраструктурный проект по строительству моста над рекой Амур, соединившего берега Китая и России в марте 2019 года.*

*Ключевые слова: международный, Китай, экономика, развитие Дальнего Востока.*

The Belt and Road Initiative (BRI) is a global development strategy adopted by the Chinese government involving infrastructure development and investments in 152 countries and international organizations in Asia, Europe, Africa, the Middle East, and the Americas [2]. The leader of the People's Republic of China, Xi Jinping, originally announced the strategy during official visits to Indonesia and Kazakhstan in 2013. "Belt" refers to the overland routes for road and rail transportation, called "the Silk Road Economic Belt"; whereas "road" refers to the sea routes, or the 21st Century Maritime Silk Road [3]. The Chinese government calls the initiative "a bid to enhance regional connectivity and embrace a brighter future" [4]. Some observers see it as a push for Chinese dominance in global affairs with a China-centered trading network [2]. The project has a targeted completion date of 2049,[1] which coincides with the 100th anniversary of the People's Republic of China. BRI is a transcontinental long-term policy and investment program which aims at infrastructure development and acceleration of the economic integration of countries along the route of the historic Silk Road.

According to the official outline, BRI aims to "promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries [2]." BRI is a global initiative but by its nature of building on the historic Silk Road puts a major focus on countries in Asia, Eastern Africa, Eastern Europe and the Middle East [2], a region mainly composed of emerging markets. According to the Belt and Road Portal, currently 71 countries are taking part in the Initiative, together representing more than a third of the world's GDP and two thirds of the world's population. The Belt and Road Initiative combines two initiatives [3]:

1. The (land based) Silk Road Economic Belt, comprising six development corridors;
2. The 21st Century Maritime Silk Road;

The Silk Road Economic Belt is a long-term vision for the infrastructural development, connectivity and economic cooperation of Eurasia and is spanning six development "corridors", namely:

1. New Eurasian Land Bridge Economic Corridor (NELBEC);
2. China – Mongolia – Russia Economic Corridor (CMREC);
3. China – Central Asia – West Asia Economic Corridor (CCWAEC);
4. China – Indochina Peninsula Economic Corridor (CICPEC);
5. Bangladesh – China – India – Myanmar Economic Corridor (BCIMEC);
6. China – Pakistan Economic Corridor (CPEC);

The 21st Century Maritime Silk Road connects China to Southeast Asia, Indonesia, India, the Arabian peninsula, Somalia, Egypt and Europe, encompassing the South China Sea, Strait of Malacca, Indian Ocean, Gulf of Bengal, Arabian Sea, Persian Gulf and the Red Sea [2].

On 26 April 2019, the leaders of Russia and China vowed to work together in pursuing greater economic integration of Eurasia. The two countries have agreed a "China-Russia Regional RMB Fund" [4](RDIF) which is designed to support infrastructure investment projects in the Russian Far East and North Eastern China and is financed by Russian and Chinese investment banks. The Far Eastern region of Russia as a whole has also been generating a great deal of FDI as a result 32% of Russia's total foreign investment goes into the region. Although the Russian Far East may seem remote to many – even in Asia, the fact that one of its cities is a key port on Asia's East Coast should not be unnoticed. At present, the region provides a still-remote, yet increasingly accessible new commercial frontier. This is linked strongly to the upgrading and expansion of certain sections of the Trans-Siberian Rail [2].

It is also significant that Russian President moved the Regional Administrative Centre for the entire Far Eastern Region to Vladivostok about six months ago. The city is very close to China and Japan, and is developing as Russia's main port to the Pacific. It is also the last terminal on the Trans-Siberian Rail. This is substantial as transport nodes are springing up around the region, taking advantage of the upgraded and expanded Trans-Siberian network. The so-called "Trans-Siberian Land Bridge"[4] has begun services from Ports in Japan to Vladivostok, then crossing Russia and the Eurasian continent to Europe. This new route cuts 50% off the normal shipping time, saving time and money. While the various cities of the Russian Far East have seen their fortunes fluctuate over the years, development of the Trans-Siberian will see cities along the route such as Khabarovsk, Chita and Ulan-Ude once again become more affluent as they develop into Far Eastern regional logistics hubs.

As the first result of the BRI strategy, the bridge over the Amur river connected Russian Far East and China in March 2019. Bridge builders connected the two parts of the bridge with a 132-meter span. This is the first railway bridge between the two States. Its length is 2,209 meters, of which 309 are on the Russian side. The bridge is an important example of cooperation within the framework of the "one belt and one road" project, strengthening the Eurasian economic Union. The capacity of the bridge will be 21 million tons, which will certainly contribute to the development of cooperation between North-Eastern China and the Russian Far East. It is planned to export iron ore, coal, mineral fertilizers, forest products and other goods to China via the bridge.

Putting it into operation will connect the railway network of the North-East of China and the TRANS-Siberian railway. This will be a completely new transport corridor for international cargo transportation. Construction of the bridge began on December 24, 2016. Its length is 1080 meters. Each of the parties (Russian and Chinese) built exactly half – 540 meters. Parts were built synchronously from the two banks, their docking occurred on may 31, 2019. In total, the total length of the bridge crossing is 20 kilometers. This includes 6 kilometers of road in China and 13 kilometers of access roads on the territory of Russia, in which another 278 meters-a bridge over the Bayou Kanikurganskaya. The main bridge on the Russian side begins on the island, so it leads to the construction of the kurgans. Construction of the bridge was carried out around the clock. The maximum number of employees working on the Russian side was 960 [2].

By 2020, the leaders of the countries set the task of increasing Chinese direct investment in the Russian economy, in particular large volumes to the far East, given its territorial proximity to China and distance from European markets, up to 12 billion dollars. The far East development Fund intends to attract Chinese investment in the most promising sectors of the Far East — mining and processing of minerals, logistics, agriculture and food, as well as tourism. The agreement on two projects already exists: the Fund, together with its Chinese partners, intends to launch two investment funds of \$1 billion each in the next six weeks, Chekunkov said. "The first Fund will invest in the mining industry with a focus on gold and copper, the second-in infrastructure and construction," [3] - said the head of the Fund. The Fund will invest 10% of the capital there, at least 80% will be with Chinese partners. In both funds, the Chinese private partner will be Metropol, one of the largest private holdings in China, which is owned by the Kuok family. Metropolis is part of the Kerry Group conglomerate, which owns luxury Shangri-La hotels, as well as 50% of the China World Trade Center.

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