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Foreign Economic Relations of the People's Republic of China

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Abstract—The dynamics of the growth of foreign trade turnover of the People's Republic of China over seven decades is shown, and the main features of the modern trade and geographical structure of exports and imports are identified. The author focuses on China's trade in services, Beijing's attraction of foreign investment, and the export of Chinese capital. The features of the leading territorial forms of the country's foreign economic openness—special economic zones and experimental free trade zones—are considered. The place of Russia in the foreign trade of China at the present stage is shown.

Keywords: People's Republic of China, foreign trade, investment, special economic zones, experimental free trade zones, Russia.

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Weakened by the protracted war with Japan and the civil war with the Chiang Kai-shek regime, the People's China from the first days of its existence was in dire need of importing a wide range of industrial and consumer goods. The entry of a large contingent of Chinese volunteers into the Korean War also required that Beijing arrange for imports of arms and military equipment from abroad. It is quite natural that, in this situation, foreign economic relations were viewed in the PRC as an important tool for ensuring the combat capability of the army and solving various national economic problems. In connection with the introduction of severe restrictions and sometimes bans on trade with the PRC by some countries led by the United States, which fought on the side of South Korea under the UN flag, socialist countries, primarily the Soviet Union, became the main trading partners of the young people's republic. In the 1950s, it accounted for up to half of China's foreign trade turnover, which grew rapidly in the period of the country's industrialization and exceeded \$4.3 billion in 1959 (Table 1). Deliveries of complete equipment, oil and petroleum products, and metals were especially important for China. Agricultural products and consumer goods dominated in Chinese exports.

The transition to the policy of “economic regulation” after the collapse of the “Great Leap Forward” was accompanied by a sharp drop in demand in China for machinery and equipment. At the same time, there emerged a need for large-scale imports of food, primarily grain and sugar. Starting from the early 1960s, China's foreign trade was reoriented from the socialist countries to the world market, in which the deterioration of Sino-Soviet relations also played a role. The total volume of China's foreign trade practically did not grow for a decade, which is explained not only by the problems in the country's economy but also by the influence of the official course of “self-reliance.”

Starting from the early 1970s, China, at Zhou Enlai's insistence, abandoned extreme forms of autarky and resumed selective purchases of complete equipment, for example, petrochemical equipment from Italy. As a result, over five years (from 1971 through 1975), the volume of foreign trade turnover tripled—from \$4.85 billion to \$14.75 billion. After the death of Mao Zedong, Hua Guofeng, who took over the leadership of China, put forward an ambitious development program for the country until 1985, relying on large-scale imports of complete equipment from capitalist countries such as Japan and Germany. However, the scale of orders exceeded the country's real financial capabilities, which led to the abandonment of a number of purchases and a decrease in Chinese imports in some years of the initial stage of the

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Table 1. Foreign trade of China in 1950–1977, billion dollars

Year	Foreign trade	Year	Foreign trade
1950	1.13	1964	3.47
1951	1.96	1965	4.25
1952	1.94	1966	4.62
1953	2.37	1967	4.16
1954	2.44	1968	4.05
1955	3.14	1969	4.03
1956	3.21	1970	4.59
1957	3.10	1971	4.85
1958	3.87	1972	6.30
1959	4.38	1973	10.98
1960	3.81	1974	14.57
1961	2.94	1975	14.75
1962	2.66	1976	13.44
1963	2.92	1977	14.80

Source: *Chinese Statistical Yearbook 1993* (Beijing, 1993), p. 633, Table 15-1.

reform (in particular, in 1982, as part of the economic course of “healthy and sober settlement”).

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During the postreform period, China’s foreign trade turnover decreased several times: in 1998 (by 0.4%), the decrease was associated with the Asian financial crisis; in 2009, with the global financial crisis; and in 2015–2016, with a significant decline in world oil prices. In general, in the period 1978–2018, the PRC’s foreign trade grew very dynamically and rather steadily (Table 2). In 2018, its volume amounted to a record \$4.62304 trillion, including China’s exports of \$2.4874 trillion and imports of \$2.15364 trillion. The volume of the country’s foreign trade (in dollar terms) increased by about 230 times compared with the prereform 1978, including China’s exports, which increased by 250 times, and its imports (by 210 times). Since 2013, China has become the world leader in merchandise trade (excluding 2016) and exports, ranking second in the world in imports. China’s share in world exports increased from 0.9% in 1980 to 12.8% in 2018 and in world imports, from 0.98 to 10.8% (data and calculation based on [1, p. 913; 2]).

At the same time, since the share of imported components in China’s exports is high (especially in electronics and telecommunications equipment), it is sometimes argued that China exports not so much the

Table 2. China’s foreign trade turnover in 1978–2018, billion dollars

Year	Turnover	Exports	Imports
1978	20.64	9.75	10.89
1980	38.14	18.12	20.02
1981	44.03	22.01	22.02
1982	41.61	22.32	19.29
1985	69.60	27.35	42.25
1990	115.44	62.09	53.35
1995	280.86	148.78	132.08
1997	325.16	182.79	142.37
1998	323.95	183.71	140.24
2000	474.29	249.20	225.09
2001	509.65	266.10	243.55
2002	620.77	325.60	295.17
2005	1421.91	761.95	659.95
2008	2563.26	1430.69	1132.57
2009	2207.54	1201.61	1005.92
2012	3867.12	2048.71	1818.41
2013	4158.99	2209.00	1949.99
2014	4301.53	2342.29	1959.23
2015	3953.63	2273.47	1679.56
2016	3685.57	2098.15	1587.42
2017	4104.50	2263.52	1840.98
2018	4623.04	2487.40	2135.64

Sources: *Brief Statistics of China 2017* (Beijing, 2017), p. 94; Customs Statistics, Beijing, No. 12 (2018), Table 2.

goods themselves as value added. Strictly speaking, the actual situation is well understood by Beijing, which sets the task of transforming the country from a “big” trading power into a “strong” one, primarily through the mass development of manufacture and exports of products based on independently developed technologies and innovations. China’s achievements in the field of big data and the development of 5G communication systems, artificial intelligence, the exploration of space and deep sea trenches, and the construction of high-speed railways indicate that the country is capable of fulfilling the tasks posed, even despite the obstacles to the technical development of the PRC set by Washington.

The cheapness of labor is the main long-term comparative advantage of the country in the international

division of labor; the provision of broad benefits to foreign capital and the gradual reduction of tariff duties and the mitigation of nontariff barriers for goods from the PRC on the world market after its accession to the World Trade Organization on December 11, 2001 [3], are the main factors that contributed to the gradual emergence of China to the position of the “world factory.”

A special role was played by the rapid increase in the number of agents of foreign economic relations in China following the country’s transition to a policy of reforms and foreign economic openness. The era of monopoly of state export–import companies is over. The dual (state and collective) forms of ownership of the prereform economy was replaced by a multistructure economy with dynamically growing (quantitatively and qualitatively) groups of enterprises of individual, private, share, and joint-stock forms of ownership. The growth in the number of enterprises with participation of foreign investments was also distinguished by high dynamics.

In general, the share of state-owned enterprises in China’s foreign trade turnover fell from 42.5% in 2001 to 16.3% in 2017, while the share of enterprises with foreign capital and enterprises in nonstate economic sectors increased over the same period from 57.5% to 73.7% [3]. In 2017, ordinary trade accounted for 56.35% of China’s foreign trade turnover, including 54.3% of exports and 58.8% of imports. The rest was provided by trade based on processing, transactions with goods crossing duty-free zones, leasing, small-scale border trade, etc. The share of enterprises with foreign investment amounted to 44.8% in trade turnover, 43.2% in exports, and 46.8% in imports (calculated according to [4, pp. 12, 129, 154]).

In China’s exports during the reform years, the share of products from primary industries (mainly agricultural and mining products) progressively decreased, and, on the contrary, the share of finished industrial products grew. In 1980 they were roughly equal. In 1996 the ratio dropped to 1 : 3, and in 2000, to 1 : 10. At a minimum in 2015, the share of primary industries accounted for only 4.8% of Chinese exports.

In 2017, China exported 1.2948 billion phones, mainly mobile and wireless; 201.8 million electronic computing devices (mainly various computers); 52 million air conditioners; 49.5 million fridges; 23 million washing machines; 81.5 million color TVs; over 1 million cars; and over 8000 ships. At the same time, the trade balance of integrated circuits remains unfavorable for China: their exports amounted to \$45.2 billion and imports, to \$175.9 billion [4, pp. 54, 55, 64].

In China’s imports, the share of products from primary industries is noticeably higher, and in some intervals, it even grew instead of falling. Thus, this share decreased from 34.7% in 1980 to a minimum of 13.7% in 1993 but returned to the level of one-third in

the first years of the current decade. The main commodity behind these perturbations is oil. Since 2000, its imports have grown at an unprecedented rate and reached 419.5 million tons in 2017 (for \$162 billion). The other large items of China’s imports of primary industries are iron ore (1.074 billion tons for \$76.2 billion) and soybeans (95.5 million tons for \$39.6 billion) [4, pp. 167, 168].

Features of the commodity structure of China’s foreign trade largely predetermine its *geography* as well. During the reform period, the leading trade partners of the PRC remained the European Union (with Germany as the leader); the United States; and China’s Asian neighbors—Japan, the Republic of Korea, and Taiwan and Hong Kong, which are included in statistics as foreign trade partners. A more complete picture of the geographical distribution of China’s foreign trade in recent years is given in Table 3.

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After China’s accession to the WTO, Beijing took on serious obligations to open trade in services to the outside world. The country’s central government abolished 2300 regulations and departmental rules that did not meet WTO standards. At the same time, a series of regulations were adopted on the access of foreign service providers to the banking, insurance, construction, and transport industries. China stepped up international cooperation and improved its competitiveness in telecommunications and the Internet.

The result was a sharp increase in trade in services, in terms of which China moved from 12th place in the world to 2nd. From 2001 through 2017, China’s imports of services increased from \$39.3 billion to \$467.6 billion with an average annual growth of 16.7%. The country’s share in world imports of services approached 10%. The volume of exports of services by China increased over the same period from \$31 billion to \$228.2 billion with an average annual growth of 13.3%. Undoubtedly, the overall development of the service sector in China played a role. In particular, outbound tourism has become large scale. Thus, in 2017, 130 million Chinese citizens traveled abroad for tourism purposes, spending over \$115 billion on travel [3].

In terms of traditional services, China still has a large negative balance in trade in transport and tourism services and a positive balance in construction services.

In trade in new types of services, China has the strongest positions in telecommunications, computer, and information services. On the contrary, the country has a significant negative balance in the exchange of insurance services and especially in the payment for the use of intellectual property rights (Table 4). However, China regards this circumstance as evidence of a rapid increase in the technical level of the country’s enterprises.

Table 3. Geographical structure of China's foreign trade in 2016–2017, billion dollars

Region, country	2016			2017		
	Turnover	Exports	Imports	Turnover	Exports	Imports
Total	3685.57	2098.15	1587.42	4104.50	2263.52	1840.98
Asia,	1948.11	1042.27	905.84	2125.72	1096.35	1029.37
including India	70.15	58.59	11.76	84.40	68.06	16.34
Japan	274.78	129.26	145.52	302.97	137.32	165.65
ASEAN countries	452.20	255.98	196.22	514.81	279.12	235.69
Republic of Korea	252.57	93.70	158.87	280.26	102.75	177.51
Taiwan	179.59	40.37	139.22	199.37	43.99	155.38
Hong Kong	304.57	287.72	16.85	286.66	279.34	7.32
Europe,	677.36	389.66	287.70	755.88	429.06	326.82
including Russia	68.56	37.33	32.23	84.09	42.90	41.19
European Union	547.02	339.-5	207.97	616.91	377.04	244.87
Africa,	149.11	92.21	56.90	170.00	94.74	75.26
including South Africa	35.34	12.85	22.49	39.17	1482	24.35
Latin America,	216.56	113.86	102.70	257.85	130.83	127.02
including Brazil	67.71	21.97	45.74	87.54	28.96	58.58
North America,	565.43	412.62	152.81	635.71	461.27	174.44
including the United States	519.48	385.08	134.40	583.69	429.75	153.94
Oceania,	127.89	47.51	80.38	158.93	51.28	107.67
including Australia	107.95	37.29	70.66	136.26	41.44	94.82

Source: Customs Statistics, Beijing, No. 12 (2016), pp. 114–121; No. 12 (2017), pp. 114–121.

At the end of 2017, trade in services accounted for 14.5% of the country's total foreign trade in goods and services. Chinese experts believe this level is insufficient because in international trade as a whole, this figure is about 20%. In particular, in 2014 it was 28.3% in the United States; 21.8% in Germany; 23% in Japan; and 35.4% in India, which specializes in outsourcing [5].

China pays serious attention to improving trade in services and increasing its scale, viewing this as an important condition for the country's transformation from a "big" trading power into a "strong" one.

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One of the main directions of China's foreign economic activity during the reform period was the *attraction of foreign capital*. At first, loans and credits from international financial organizations (China joined the International Monetary Fund and the World Bank in 1980) and foreign governments prevailed. The vol-

ume of such loans over the period of 1979–2000 amounted to \$147.14 billion, including \$15.56 billion in 1979–1985, \$30.13 billion in 1986–1990, \$45.58 billion in 1991–1995, and \$55.9 billion in 1996–2000 [6, p. 104]. There are no statistical data on government loans and credits received by China after 2000.

At the same time, already in the first postreform years, Beijing actively began to attract direct foreign investment, primarily into the creation of joint ventures (a law on them was adopted by the country's parliament in the summer of 1979). In the mid-1980s, along with joint ventures, it was also allowed to create cooperative enterprises and enterprises based entirely on foreign capital. The latter form became the most successful: for example, in 2016, out of the total volume of the practically used foreign investments of \$126 billion, joint ventures accounted for \$30.2 billion (about 24%), cooperative enterprises, for \$0.83 billion (0.65%), and foreign ones, for \$86.13 billion (68.35%). Another \$8.84 billion (7%) was used by mutual enter-

Table 4. China's trade in services in 2017, billion dollars

Types of services	Trade volume	Exports	Imports	Balance
Services, total	695.98	228.19	467.79	-239.60
Transport	130.10	37.12	92.98	-55.86
Tourism	293.71	38.82	254.89	-216.07
Construction	32.50	23.93	8.57	15.36
Insurance	14.46	4.05	10.41	-6.36
Financial services	5.31	3.70	1.61	2.09
Telecommunication, computer, information services	46.96	27.78	19.18	8.60
Payment for using intellectual property rights	33.35	4.76	28.59	-23.83
Individual, leisure, and cultural services	3.51	0.76	2.75	-1.99
Repair services	8.20	5.93	2.27	3.66
Processing services	18.25	18.07	0.18	17.89
Other commercial services	104.43	61.56	42.87	18.69
Governmental services	5.16	1.70	3.46	-1.76

Compiled and calculated according to *China in Trade in Services*, Attachment 4 to the Report on the Situation in China's Foreign Trade, Spring 2018. images.mofcom.gov.cn/zhs/201805/20186507090736271.pdf.

prises with the participation of foreign capital [7, Tables 11–15].

According to our estimates, over the reform period, i.e., 1979–2018, China used in aggregate about \$2.0 trillion in foreign direct investment, becoming one of the world leaders in this indicator.

Yet the world expert community somehow disbelieves the Chinese data on attracting foreign direct investment, which is explained by the very high share of Hong Kong in their total volume (usually 60–70%) and the significant contribution of offshore companies, especially from the Virgin and Cayman islands. Through island offshores, Chinese entrepreneurs are presumably manipulating their own capital to obtain preferences intended for foreign investment. Among other countries and regions, the leaders in terms of investment in China are Japan, Singapore, the Republic of Korea, and the United States.

The sectoral structure of attracted foreign investments changed following adjustments in the country's development priorities and shifts in the structure of the national economy. Of the 505 000 enterprises with foreign capital registered in China at the end of 2016, 154 000 operated in the processing industries, 121 500 in wholesale and retail trade, 56 400 in business services, and 43 200 in informatics [7, Tables 11–16].

China is gaining wide popularity not only as a recipient of foreign investment but also as a major international investor. The first *Chinese investments abroad* date back to the mid-1980s, but they acquired a more or less significant scale in the early 2000s, fol-

lowing the proclamation of the Go Out policy (*zou chuqi*).

In the second decade of the 21st century, the scale of investments has grown sharply, and their geography and forms have begun to change noticeably. Whereas earlier China primarily invested in the extractive industries in developing countries and, traditionally, in Hong Kong, since 2010, its investments in assets in the United States and Europe through mergers and acquisitions have been intensifying. This makes it easier for Chinese business to enter the markets of developed countries and gain a foothold there.

An additional incentive was Xi Jinping's initiative to develop infrastructure and economic cooperation on the routes of the modern land and sea "silk roads," which involves dozens of states. An important direction for the implementation of this initiative is the transfer of excess production capacity from China to countries along the "belt and road," which entails investments from China in the form of equipment, construction services, etc. For example, Chinese steelmaking enterprises (one of the main "surplus products" in China) operate in Malaysia (3.5 million tons), Indonesia (3 million tons), and Serbia (2.2 million tons); are being built in Indonesia (for 6 million tons) and India (2 million tons); and are planned in Brazil (2 million tons) [8]. Agreements on the transfer of production facilities have been concluded with Kazakhstan and Kyrgyzstan.

Chinese investment abroad peaked in 2016, which was partly due to the active withdrawal of capital from

Table 5. Chinese investment abroad in 2017, million dollars

Region, country	Investment		Accrued as of the end 2017
	2016	2017	
Total	196149	158288	1809036
Asia	130267	110040	1139323
Hong Kong	114232	91152	981265
Singapore	3171	6320	44568
Africa	2398	410	43296
Europe	10693	18463	110854
Britain	1480	2066	20318
Germany	2380	2715	12163
France	1499	952	5702
Russia	1293	1548	13871
Latin America	27227	14076	386892
Cayman Islands	13522	-6606	249682
Virgin Islands	12288	19301	122060
North America	20351	6498	86906
United States	16980	6425	67381
Australia	4186	4242	36175

Source: *Chinese Statistical Yearbook 2018* (Beijing, 2018). Table 11-19.

the country under the tough anticorruption campaign initiated by Xi Jinping. In 2017, it decreased slightly (Table 5).

The unconditional leadership of Hong Kong is noteworthy: it accounts for over 57% of investments from China in 2017 and 54% in their cumulative total. The volume of the withdrawal of funds to offshores—to the Cayman and Virgin Islands—is also significant. Nevertheless, China has managed to achieve a lot in terms of investment in the ASEAN countries and in Australia. The significant economic mutual dependence of China and the United States is also obvious, as is evidenced by the high volume of accumulated mutual investments: at the end of 2018, the investments of Chinese enterprises in the United States reached \$73.17 billion, and American companies in China, \$85.19 billion [9]. Chinese investments in Europe are designed to secure a foothold of companies from China in the European market and increase the return flow of goods to China on the route of the overland Silk Road.

Recently, however, there has been a more cautious attitude to Chinese investment in developed coun-

tries, especially in the United States and Europe. Beijing is also faced with cases of refusal by some developing countries after the change of government to build facilities with Chinese capital. Sometimes it ends with a revision of the terms of investment agreements for better terms for China's partners (Sri Lanka, Malaysia).

On March 15, 2019, the second session of the National People's Congress adopted the Law On Foreign Investment, which entered into force on January 1, 2020. The law summarizes the main points of the three laws previously in force in China—on mutual joint ventures of Chinese and foreign capital, enterprises based entirely on foreign capital, and on contractual joint ventures. The new law strengthens the legal protection of foreign capital and foreign enterprises receiving national investment status in China. A special place is given to the protection of intellectual property rights of foreign investors [10].

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One of the important distinctive features of China's foreign economic policy in the postreform period was the testing of various formats of *territorial openness*. Among them are special economic zones, open seaside cities and regions, areas of technical and economic development, high-tech development zones, duty-free trade zones, etc. As a rule, initially, the main advantage of these entities was a preferential tax rate: 24%, 15%, and even 10% compared to the income tax level of 33% for ordinary national enterprises.

According to the UNCTAD World Investment Report 2019, China has a total of 2543 special economic zones, i.e., about half of such entities worldwide [11]. The most famous both in China itself and in the world are special economic zones (SEZ) of the first wave—Shenzhen, Zhuhai, Shantou, and Xiamen, created in 1980. In 1988, Hainan Island also gained the status of a special economic zone. Special economic zones have played a truly unique role in the modernization of the country and the development of China's foreign economic relations, becoming not only a window to the world, a docking hub with the world market, but also an experimental platform for testing a wide range of reform innovations—from wage reform and the deregulation of food prices to creation of centers of foreign exchange trade and stock exchanges.

The achievements in the development of the SEZs themselves are also obvious. In 1979, the total gross regional product (GRP) of Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan did not even reach 4 billion yuan, and its share in the country's GDP was less than 1%, while in 2017 these indicators reached 3617 billion yuan and 4.4%, respectively, and the average per capita GRP of the five territories was \$16372—twice as

Table 6. Foreign trade of Chinese special economic zones in 2018

Special economic zones	Turnover		Exports		Imports	
	billion dollars	growth, %	billion dollars	growth, %	billion dollars	growth, %
SEZ in general	615.14	9.2	335.90	1.4	279.24	20.3
Xiamen	91.04	6.1	50.58	5.4	40.46	7.0
Shenzhen	453.58	9.5	245.97	0.7	207.61	22.3
Zhuhai	49.33	11.4	28.65	2.7	20.68	26.1
Shantou	8.43	-4.3	6.20	-7.7	2.23	6.5
Hainan	12.74	22.9	4.49	2.8	8.25	37.4

Source: www.customs.gov.cn/customs/302249/302274/302276/2279018.index.html (accessed June 11, 2019).

high as the average Chinese one. The volume of foreign trade of the five SEZs increased from \$0.2 billion to \$550 billion, and their share in China's foreign trade turnover increased from 0.4% to 13.5% [12] (Table 6).

The undisputed leader here is Shenzhen, which has become the most successful Chinese SEZ. In terms of the annual volume of foreign trade, since the early 2000s, it has been competing for first place with Shanghai, in most cases ahead of it. The results of attracting foreign investments by Shenzhen are also impressive. Over 1979–2017, in total, foreign direct investment was used in the amount of about \$90 billion, which is 4.7% of the total Chinese indicator (the share of Shenzhen's GRP in China's GDP is about 2.5%).

Note that rather high parameters of Shenzhen's use of foreign investments remained after the income tax rate in 2008–2012 had been gradually increased to the national level of 25% (introduced in 2007). The attractiveness of both Shenzhen and China in general for foreign investors is increasingly determined by the capacity of the Chinese market and not by tax incentives.

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In recent years, experimental *free-trade zones* (FTZs) have been promoted to the role of the leading territorial form of China's foreign economic openness. The first of them was established in Shanghai in September 2013; the next group, consisting of the Tianjin, Fujian, and Guangdong zones, at the very end of 2014. They were designed to ensure the development by China in a short time of the most advanced world norms and rules for conducting trade and investment activities. The benchmark was the regulations of the Trans-Pacific Partnership (TPP), the full-fledged creation of which at that time seemed inevitable, and Beijing also counted on joining it in the future. After D. Trump had refused to sign an agreement on the US

joining the TPP, China's experimental FTZs began to focus more on strengthening the position of the country's coastal regions in the world markets for goods and services, on increasing the role of internal regions in China's foreign trade, and on actively promoting all zones for implementing the Belt and Road Initiative. These goals are explicitly stated in the comprehensive development plans for the following seven zones, established in August 2016—the Liaoning, Zhejiang, Shaanxi, Henan, Hubei, Chongqing, and Sichuan zones. In April 2018, Hainan Island was declared an experimental FTZ at the initiative of Xi Jinping. Finally, in the summer of 2019, six new experimental free-trade zones were established in Heilongjiang, Shandong, Jiangsu, Hebei, and Yunnan provinces and in the Guangxi Zhuang Autonomous Region.

Despite the short period of existence of experimental FTZs in China, one can state their confident exit from the “embryonic” state. Practical work is underway to attract Chinese and foreign business to the areas, including spheres previously closed to foreigners such as education, healthcare, and culture. The procedure for registration of trade transactions is simplified.

For a number of years, the Shanghai FTZ has been practicing the application of the “negative list” principle—a transparent and yearly decreasing list of zones closed to foreign capital. This experience was recognized as successful and in 2018 extended to the whole of China. During a visit to the Shanghai FTZ in April 2019, it turned out that, along with the initial section of Waigaoqiao (transport and trade) and the later joined sections of Jinqiao (processing industry), Zhanjiang (R&D and high technology), and Lujiazui (“financial city”), it also includes the site of the former Shanghai World EXPO, which stretches for 9.5 km along the banks of the Huangpu River. The site specializes in services, including monetary and transportation ones.

At the end of 2018, 53 000 new market entities were registered in the Tianjin FTZ. Occupying 1% of the city's area, the FTZ produces 10% of its GRP, providing a quarter of used foreign direct investment, a third of the volume of foreign trade, and 60% of the city's investments abroad [13].

The Guangdong FTZ in 2015–2017 registered about 210 000 new enterprises, including over 9 600 with the participation of foreign capital. In fact, \$12.85 billion of foreign investments were used [14, p. 60]. The Fujian FTZ specializes in deepening economic cooperation with Taiwan. By the end of 2017, 522 enterprises with Taiwanese investments were registered on the Pingtan section and 1 113 enterprises, on the Xiamen section [14, pp. 123, 128].

The Zhejiang FTZ is focused on creating the largest fueling base for sea vessels in the East Asian sector of the Asia–Pacific region in the Zhoushan archipelago. Here oil product storage facilities with a capacity of 40 million tons should be created, and the duty-free refueling capacity has increased to 5 million tons [14, pp. 136, 137].

The Liaoning FTZ is designed to help accelerate the development of the now depressed Northeast of China and strengthen the country's position in world economic exchanges in Northeast Asia. Liaoning also counts on attracting Russian investments and intensifying trade and economic ties with Russia as a whole. Indicative in this regard is the publication of a booklet on the Yingkou FTZ Liaoning section in Russian and Chinese.

At the beginning of 2018, 13 055 new enterprises appeared in the Chongqing FTZ (9.5% of those registered in Chongqing as a whole), of which 240 are with foreign participation (23.3% of the city indicator) [14, p. 171].

At the end of 2017, 204 enterprises with foreign capital were created in the Sichuan FTZ, which is 26.1% of the indicator for the province as a whole. The Qingbaijiang section is the only section in China's FTZs that has been built around a railway junction. In 2017, it supported the passage of 1 012 trains on the China–Europe route with a cost of goods transported of about \$4.7 billion [15].

The Hubei FTZ accounts for about a third of the province's foreign trade turnover. As of October 2018, 19 657 new enterprises were registered with the Hubei FTZ, including 151 enterprises with foreign capital [16].

More than 27 000 new enterprises were established in the Shaanxi FTZ, the foreign trade turnover in 2018 amounting to about 265 billion yuan—75% of the province's foreign trade [17].

In the Henan FTZ, the Zhengzhou section is the most dynamically developing. As of March 2018, 22 197 new enterprises had been established there, of which 126 were with foreign participation. In the Kai-

feng section, 2 500 enterprises were established, and in the Luoyang section, 2 189 [14, pp. 229–240].

Overall, experimental free-trade zones in 2019 accounted for 13.1% of China's foreign trade and 15% of attracted foreign investment [18].

On November 23, 2018, the PRC State Council Resolution On Some New Measures to Support the Deepening of Reforms and Innovation in Experimental Free-Trade Zones was promulgated. As it progresses, one can expect a further intensification of the activity of the areas themselves and an increase in their contribution to the implementation of the tasks of the current stage of the PRC's foreign economic openness policy.

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In 2018, Russian–Chinese trade crossed the long-awaited milestone of \$100 billion. According to Chinese customs statistics, bilateral trade grew by 27.1% (the highest growth rate among China's leading trade partners) and amounted to \$107 057 million, including an increase in China's exports to Russia by 12% to \$47 975 million, while China's imports from Russia increased by 42.7% to \$59 082 billion. The share of Russia in the foreign trade of China was 2.31%, including 1.93% in exports and 2.76% in imports. Russia ranked 11th among China's trading partners, following the United States, Japan, the Republic of Korea, Hong Kong, Taiwan, Germany, Australia, Vietnam, Brazil, and Malaysia.

According to Russian customs statistics, the volume of bilateral trade in 2018 reached \$108 283.5 million (an increase of 24.5%), including Russian exports to China of \$56 065.5 million (an increase of 44.1%) and Russian imports from China of \$52 218 million (an increase of 8.7%). With some discrepancy in the specific data of the customs authorities of the two countries, the volume of trade and the vectors of changes in its parameters coincide. According to official Russian statistics, the share of China, which is the largest foreign trade partner of our country, amounted to 12.5% in exports and 21.9% in imports of the Russian Federation. In Russia's foreign trade as a whole, this indicator is 16.36%. One can state the growing and already very high “China-dependence” of Russia in its foreign trade. The main commodity of Russian exports to China is still oil, the volume of its supplies in 2018 amounting to 70.5 million tons. This means that Russia already supplies to China more than a quarter of all oil sold abroad (260 million tons in 2018).

The scale of deliveries of Russian agricultural products to China is increasing, and their range is expanding. At the same time, sales of Russian engineering products (except for military-technical) remain modest, while Chinese engineering exports to Russia are steadily increasing in volume and range. According to

the data on the structure of bilateral trade in the report of a group of experts from Russia and China, Russian–Chinese Dialogue: Model 2019, in 2018 the share of machinery and equipment in Russia’s imports from China exceeded 46%, while in exports it amounted to only 1%.

Investment cooperation between Russia and China has somewhat revived in connection with holding the Years of Interregional Exchanges and Cooperation in 2018–2019. According to the Chinese statistical yearbook, as of the end of 2017, China’s accumulated direct investment in Russia reached \$13.87 billion (0.76% of China’s total investment abroad), and directly in 2017, the volume amounted to \$1.55 billion, or 1% of China’s total foreign investment.

The unfavorable situation in the world economy, associated with the threat of trade wars, primarily between the United States and China; Washington’s sanctions pressure on Russia and Iran; and high volatility in oil prices in 2019 had a certain inhibitory effect on the dynamics of foreign trade between Russia and China as a whole and on their bilateral trade. At the end of the year, its volume increased by only 3.4% and reached, according to Chinese data, \$110.75 billion. Because of the impact of the COVID-19 coronavirus epidemic, the volume of Russian–Chinese trade in the first half of 2020 decreased by 5.6% and amounted to \$49.15 billion.

Nevertheless, a number of factors make it possible to assess with a certain optimism the prospects for Russian–Chinese trade in the short and medium term.

First, the transport infrastructure linking the two countries has been replenished with important elements. The construction of two bridges across the Amur has been completed.

Second, the key sphere of Russian–Chinese economic interaction—fuel and energy—has become more active. With the commissioning of the second branch of the Eastern Siberia–Pacific Ocean oil pipeline, the possibility of further increasing oil supplies from Russia to China has appeared. At the end of 2019, the construction of the eastern branch of the gas pipeline from Siberia to China was completed. Chinese oil companies purchased from NOVATEK a 20% share in the Arctic LNG-2 gas liquefaction project with a capacity of 19.8 million tons [19]. An agreement was reached on the construction of new power units by Russia at nuclear power plants in China.

Third, the threat of a ban on the use of American technologies in the products of the Chinese company Huawei, one of the largest smartphone manufacturers in the world, is stimulating China and Russia to closer cooperation in the field of high technologies.

The significant potential of bilateral trade and economic cooperation was demonstrated by the signing of two dozen documents on cooperation between Russia and China in concrete areas during the visit of Chinese President Xi Jinping to Russia on June 5–6, 2019.

At the same time, we should see weaknesses and even new obstacles on the path towards scaling up and deepening bilateral Russian–Chinese trade and economic cooperation. Thus, in 2018–2019, there were previously absent difficulties in payment through Chinese banks by Russian companies for goods purchased from China. Note that the Chinese side sometimes simply ignores the complaints and claims of Russian businesspersons, evading a conceptual solution to the problem.

To overcome these and any other obstacles to expanding Russian–Chinese business ties, it is necessary to work consistently and persistently. One should not expect any miracles, multiple growth, etc., in the sphere of Russian–Chinese trade and economic interaction. A fundamental breakthrough here is possible only in the event of a radical shift in the structure of the Russian economy in favor of processing industries and the production of high-tech products. This may take decades.

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