

## Research on the Development of Trade with Russia in the Border Areas of Heilongjiang Province

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### Abstract

Heilongjiang Province, as a large province along the border of China, plays an important role in Sino-Russian trade, its annual import and export volume accounts for about a quarter of the country's total import and export volume to Russia. However, in the past two years, Russia's domestic economy was drooping, economic growth has stagnated, and Sino-Russian trade industry structure is single, and the level of trade product structure is not obvious, which has greatly hindered the further development of Sino-Russian trade. Support of national policies and financial policies is an effective way to change the current status quo. There are many ports with small scale and homogenization in the border between Heilongjiang Province and Russia, scattered investment, disorderly competition, insufficient development aftereffect and difficulty in achieving scale effect appear in the development of ports. By analyzing the characteristics of the ports along the border in Heilongjiang Province to Russia, the principles of the function classification of the ports along the border in Heilongjiang Province to Russia are proposed. On the basis of comparing the traffic advantages, geographical location and hinterland condition of each port, it is proposed to focus on the development of Suifenhe Port, Heihe Port and Tongjiang Port, in order to form a good investment, standardized competition, orderly development and good interaction in the borders of Heilongjiang Province to Russia, and then better serve the economic development of China and Russia.

### Keywords

Heilongjiang Province; border trade, development.

### 1. Introduction

At present, China's economy has shifted from a high-speed growth stage to a high-quality development stage; it is in the process of transforming the development mode, optimizing the economic structure, and transforming the growth momentum, Building a modern economic system is a strategic goal for China's development, including the implementation of regional coordinated development strategies, and the promotion of the formation of a comprehensive new open plan and other six major tasks. Based on the overall layout, Heilongjiang Province has accelerated the reform and the revitalization of old industrial bases of the Northeast, promoted foreign trade and economic cooperation to a broader field, deeper and higher level, laid out new regional industrial structures, and strengthened the construction of cities along the border ports, based on this understanding, this paper puts forward opinions and suggestions on the future development of border ports in Heilongjiang Province.

### 2. Heilongjiang Province Plays an Important Role in Sino-Russian Border Trade to Russia

Heilongjiang Province is separated from Russia by only one river and has a border line of 1,500 kilometers with the Russian Far East, which has 25 open ports and three established trade

zones. The Heihe Bridge, the Luohe Bridge, and the railways running through the northeastern region of China and the railways in the Russian Far East form an important trade port for Heilongjiang Province to the hinterland of the Russian Far East. Heilongjiang Province has a unique geographical relationship in Sino-Russian trade development.

### 3. Problems in Ports along the Border of Heilongjiang to Russia

1. The number of ports is large and the scale is small, it is difficult to achieve scale effect.

Heilongjiang Province and Russia have a border of 3,038 kilometers, which accounts for 74% of the total number of Sino-Russian borders. The long border provides a geographical advantage for the opening of the port. With the construction of the Middle East Railway, a large number of Russians flocked to Heilongjiang, which promoted the integration of East and West economic culture in Heilongjiang, and Heilongjiang had a long-term gene for economic and cultural exchanges with Russia. After the reform and opening up, Heilongjiang Province adhered to the policy of opening to the outside world, all border areas played their geographical advantages over Russia and actively sought to open their ports, they hoped that the opening of the port would boost local economic growth and get rid of the economic backwardness of the border areas as soon as possible. The combination of the three factors has formed the situation of "flower everywhere" on the border of Russia along the Heilongjiang River. At present, Heilongjiang Province has 15 open ports along the Sino-Russian border, and it has become a province with a large number of foreign ports.

Heilongjiang Province has a large number of Russian ports, but it is generally small. Except for a few ports such as Heihe and Suifenhe, which have a certain amount of transit cargo and passengers, the scale of passengers and cargo at most other ports is small, and it is difficult to form the scale effect of the ports. Due to the lack of overall planning and clear positioning of port planning, the port service function is homogenized. Many ports with the same service function serve the same object, which forms a vicious competition for competing against each other, competing for the hinterland, and competing for supply of goods, resulting in a decline in the overall efficiency of the province's ports.

The border areas of Heilongjiang Province is located in border to the Russian. Due to historical reasons, the border area is basically not a national key investment area, and most of the economy is underdeveloped. Therefore, most of the goods that transit through the port are not processed and produced in the town where the port is located, and it is necessary to seek supply from the province and other developed regions in China. Most of the ports only play the role of customs and transportation services, therefore, the role of port development is not obvious to the economic development of the towns, the location advantage of the ports has not been transformed into regional economic development advantages.

2. The economic interaction between the port and the town where it is located is limited

In order to win the opening of the port, the local government has invested in the construction of passenger and cargo transfer sites, cargo inspection sites, allocate equipment such as shipping and unloading equipment, inspection halls and affiliated office buildings, and invested a lot of manpower, material resources and financial resources. If the port has a limited effect on the local economy after opening, it will cause the port equipment and facilities to be difficult to generate income, and dampen the enthusiasm of the local government to invest in the port, the funds for equipment maintenance and facility renewal in the future will also be difficult to sustain.

3. The influence of Russia on China's economic and trade policies

There has always been a "hot politics and cold economics" between China and Russia. The main reason lies in the historical influence of the two countries. Russia has inherited the superiority

of the former Soviet Union's socialist bosses, and China's comprehensive national strength has not been the same over the past 30 years of reform and opening up, and some Russians are full of doubts about China's rise. Russia needs to export its resource products in exchange for Chinese products, and it is worried that Russia's export resources will suffer losses and help China to be stronger, and Russia will be threatened in the future. For example, Russia develops the Far East region, which is in urgent need of China's labor output, but it is also worried that Chinese people gathering in the Far East will bring disputes between China and Russia in the Far East. It has an impact on Russian society and territorial security. Therefore, the Russian local government and the central government have introduced many contradictory and pendulum trade policies, which have brought a lot of trouble to Sino-Russian trade. A direct example is the Sino-Russian Tongjiang Railway Bridge, from February 2014, the Chinese side started construction according to the agreement, it completed all the construction tasks of the Chinese side In 2016,. However, there are no signs of construction in Russia so far; China-Russia Heihe-Blagoveshchensk Highway Bridge signed the construction agreement in 1996 and has not yet completed construction; the four ports of Mohe, Huma, Sun Wu and Jiayin have not been opened due to the negative attitude of the Russian side.

#### **4. The Optimization and Development of the Port along the Border of Heilongjiang to Russia**

The ports of Heilongjiang Province should consider the factors of port traffic conditions, geographical location, economic hinterland, and Russian counterpart port conditions, distinguish the functional positioning of ports, determine key construction ports, and concentrate on building key ports to achieve optimization and development of ports.

##### **1. Optimization of the layout of the ports along the Heilongjiang to Russia**

By comparing the current and future traffic conditions of the ports along the Heilongjiang River to the Russian, the geographical location of the ports, the economic hinterland, and the corresponding port conditions of the Russian side, combined with the large number of Heilongjiang ports, small scale, wide distribution, and lack of linkage development, it is suggested that Heilongjiang Province focus on the development of cross-border ports of Heihe, Tongjiang and Fuyuan, Suifenhe and Dongning. Construct Qiqihar, Jiamusi and Mudanjiang as secondary hinterland cities, and take Harbin as the central city of the hinterland to the economic development zone of Russian cross-border ports. In the future, the industrial corridors along Harbin, Daqing and Qiqihar will be extended to Heihe (also including Manchuria, but not discussed in this paper). The Harbin, Jiamusi Sanjiang Plain agricultural corridor extends to Tongjiang and Fuyuan, along Harbin, and the Mudanjiang Trade Corridor extends to Suifenhe. Dongning, the economic development axis of the three radial ports, developed on the basis of points and along the axis, and form the province's open port economic belt to Russia. This optimization of the layout can well solve the problem of decentralized and homogeneous competition at the port, it can also concentrate on the development of key ports with limited funds and realize the economies of scale effect as early as possible.

##### **2. Integration and optimization of the of the port with the town and its economic hinterland**

At present, the port and the towns have weak economic support. In order to strengthen the connection between the port and the town and its economic hinterland, the preferential policies for land and taxation in the towns where the port is located can be used, the method of setting up product processing zones and production zones at the port is adopted, and gradually establish economic links between ports and hinterland cities. Processing and production gradually settled in the towns where the ports are located, on the one hand, it can reduce the transport and circulation costs of trade with Russia, evade Russia's export restrictions on primary resource products, save time and reduce costs; on the other hand, it can closely link

with market demand dynamics, take full advantage of port information to grasp business opportunities. The port processing zone and production zone can promote the economic development of the towns where the ports are located, and strengthen the economic connection between the ports and the towns where they are located, so that the development of the ports can benefit the areas and truly transform the location advantages of the ports into the regional economic development advantages of the ports. At present, some ports have jointly set up industrial cooperation parks, agricultural demonstration zones, and commercial circulation parks, and these are better ways to integrate ports.

### 3. Optimization of functional classification of ports along the border to Russia

The function classification of ports is to give play to the advantages of different ports, avoid vicious competition among ports, encourage the professional development of ports, and form the scale effect of port operations.

#### 3.1. Suifenhe and Dongning Port

Suifenhe is located in the transportation center of Northeast Asia, and the advantage of its geographical position is obvious, the function of port is positioned at the comprehensive trade port with Russia in the future. Suifenhe, Mudanjiang and Harbin are currently connected by expressway and Sui-man Railway. In the future, there will be a passenger line connecting Harbin, Mudanjiang and Suifenhe, and form the second fast channel among the three places.

Suifenhe is currently the only railway and highway double-pass port in Heilongjiang Province. After the transit goods of the port enter Russia, they can easily reach the important ports of Russia's Far East, Vladivostok and Nakhodka, and transport to the rest of the world, the south can pass through the Russian Siberian railway to the European countries. In 2010, the first bonded trade zone on the Sino-Russian border, Suifenhe Comprehensive Bonded Zone was constructed and put into operation, in 2013, the State Council approved the ruble to be used in Suifenhe, on August 24, 2014, Suifenhe officially opened Guangzhou-Suifenhe-European cross-border railway transportation. At present, Suifenhe City is carrying out the port reconstruction and expansion project, after completion, the annual capacity of the port railway will be increased from the current 12 million tons to 33 million tons, the annual transport capacity of the road will be increased from the current 1 million tons to 5.5 million tons, The passenger transit capacity will be increased from half million to 6 million per year, the Suifenhe Port became the first port of Heilongjiang by then.

The future of Dongning Port should be positioned at the auxiliary port of Suifenhe. In the future, it will focus on the development of high-value-added products such as jewellery and jade, fresh fruits and vegetables, clothing and shoes, and dry-constructed building materials.

#### 2. Heihe Port

Heihe City is the largest city on the Sino-Russian border in Heilongjiang Province, there are 1.75 million population, there are highways and railways connected to Qiqihar and Harbin. The Heihe Port corresponds to the important transportation hub of the Russian Far East, Blagoveshchensk. The Blagoveshchensk is the capital of Russia's Amur region, face the city of Heihe across the river, it is only 750 meters away, so the Heihe port is the 4374 km border between China and Russia, the only one corresponding to the main capital of the Russian Federation.

The Heihe Port carried out water passenger and cargo transit transportation in the summer during the floating ice period, the hovercraft was used for passenger transit transport business, while in the winter, the floating tank solid ice channel was used for ice passenger and cargo transportation. The characteristic of the Heihe Port is that the port has a large pulling effect on the urban economy, which is reflected in the cooperation and construction of various industrial parks carried out by the corresponding Sino-Russian ports. For example, Heihe has established a half million ton cement grinding station in Russia, a comprehensive market for building

materials in Blagoveshchensk, the petrochemical building materials processing park in Amur, the Sino-Russian industrial demonstration park in golden harvest, and the Sino-Russian science and technology industrial city. The Heihe Port is currently the port with the strongest passenger capacity on the Sino-Russian border, therefore, the function of the Heihe Port will be positioned in the service industry port of Sino-Russian economic cooperation, cultural exchange and tourism service industry.

### 3. Tongjiang and Fuyuan Port

Tongjiang City is located in the Sanjiang Plain, the main grain producing area of China, there are Tongsan Expressway and Suijia Railway connecting with Jiamusi and Harbin, the express railway passenger line of Harbin to Jiamusi is currently under construction. Tongjiang Port is the largest water transport port of Heilongjiang to Russia, the annual throughput of the port is 4.6 million tons, and the number of passengers inspected is 2,000 per day. At present, cross-border transportation is carried out by means of summer water transportation customs and winter floating tank solid ice transportation. At present, the first cross-border railway bridge between China and Russia is under construction, after the bridge is opened to traffic, Tongjiang will become another all-weather channel for Heilongjiang Province's cross-border transportation to Russia, the annual railway capacity is expected to reach 21 million tons. The main functions of Tongjiang port in the future are located at the customs ports for bulk cargo such as grain and timber.

## 5. Conclusion

Through the optimization of the ports along the Heilongjiang border to Russia, it is possible to give full play to the respective advantages of the ports, save investment in port construction, and form an operational scale effect as soon as possible. In the future, in order to realize the coordinated development and good interaction to the Russian ports, Heilongjiang Province needs to establish a strong and effective port management mechanism.

## Acknowledgements

Project Fund: Applied Technology Research and Development Plan Project of Heilongjiang Provincial Science and Technology Department: Research on development countermeasure of "Longjiang Silk Road Economic Belt Construction" based on the development perspective of Heilongjiang waterway (Project No.: GC16D106).

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