

Analysis of the current situation of Heihe port's trade with Russia

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Abstract: Heihe port with the Russian port of Blagoveshchensk on the Sino-Russian border is the largest, closest, highest function corresponds city, known as the "twin cities in China and Russia". The amount of trade with Russia in Heihe accounts for more than 90 percent of Heilongjiang's foreign trade, and bilateral trade is almost entirely through the port of Heihe and the port of Blagoveshchensk. This paper analyzes the development history, development foundation and border trade of the port of Heihe.

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Key Words: Heihe port; Trade with Russian; Development status

Introduction

According to the strategic deployment and top-level design of the country "The Belt and Road", Heihe is the key port of the two important projects of "Longjiang Silk Belt" and "China-Mongolia-Russia Economic Corridor". This article will study the Heihe port border trade with Russia. Through promoting the development of relevant enterprises, speeding up the construction of the border port cities, further closer bilateral trade, effectively promoting the development of the seek improvement in stability stability of the economic and social development, making the border trade has the effect of promoting the regionalization and internationalization of RMB, and it has important practical significance and reference significance for the construction of revitalizing border areas and enrich resident, good-neighbourliness and appeasing-country, and the other ports.

1 The history of Heihe port for trade with Russia

In March 1992, Heihe was approved by the first batch of countries to further open up the city, to establish the border economic cooperation zone, and then to build the Big Heihe Island and China-Russia border trade zone. Nearly 30 years of development of border trade can be divided into four stages. The 11-year period of 1983-1993 was the beginning and high-speed development of stage of Heihe port, from 1984 General Secretary Hu Yaobang in Heihe proposed "south of Shenzhen and north of Heihe, take off together" of idea, makes Heihe of border trade activities from scattered and spontaneous folk behavior to government behavior, to 1993 single years trade reached 407 million dollars, Heihe became Heilongjiang province on Russian trade a big main, accounted for whole province on Russian trade of 1/3 and Heihe port became more and more prosperous. The four years of 1994-1997 are the adjustment period,

caused by the rapid decline in the trade volume of its border. The trade volume of the four years is less than that of 1993, which is only \$401 million. At the same time, the border trade also began to regulate, and through the system transformation, border trade sought a new operating rule. In the 16 years since 1998-2013, the period of development has been restored, with the total value of imports and exports amounted to 24.873 billion dollars. The bilateral economic and trade development has become more and more standardized and consumable, and economic and trade exchanges have gradually warmed up. Especially in recent years, Sino-Russian bilateral political and economic relations more friendly intimacy, for both sides of the border trade, investment, economic and trade cooperation has established a solid and sound foundation.

Among them, the Heihe city foreign trade set records in 2013, import and export amounted to \$4.19 billion, and steel, chemical raw materials, timber, scrap steel, copper, agricultural and sideline products, machinery and electronic products, clothing, footwear and other import and export commodities overall maintained a sustained and steady growth. The three years from 2014 to 2016 are a short period of low ebb. The direct cause of the significant decline in bilateral trade between China and Russia is due to the cyclical effects of the world economy. However, the underlying causes are the imbalance of the trade structure between the two countries. Both sides are making strong adjustments to this point. Therefore, China-Russia border trade still has a bright future. In general, Heihe effective choice for the development of border trade in the development of the specification, specification and expansion method.

2 The foundation of Heihe port for trade with Russia

Located in the northeast of Heilongjiang province, Heihe port is positioned as the core area of northeast Asia economic circle, as the port of national first class, with Russian Amurskaya Oblast's capital, Blagoveshchensk port on the other side of the Amur River. It is an important window for "The Belt and Road" project to open to the Russian far east, the important hub connecting this area and the bridgehead of cooperation with Russia. At present, the Heihe port consists of the port of travel and cargo terminals. It is more than 3,000 miles apart from the cargo terminal of Blagoveshchensk and less than a kilometre from the passenger terminal of Blagoveshchensk. Heihe port with the Russian port of Blagoveshchensk on the Sino-Russian border is the largest, closest, highest function corresponds city, known as the "twin cities in China and Russia". The amount of trade with Russia in Heihe accounts for more than 90 percent of Heilongjiang's foreign trade, and bilateral trade is almost entirely through the port of Heihe and the port of Blagoveshchensk. Since 1991, the Big Heihe Island has been the first to open a trade in the border between China and Russia, and after over 20 years of development, the area of the trade zone is expanding, already from the original in the Big Heihe Island of 0.87 square kilometers covered the whole city. In 2015, for example, the total import and export value of the port of Heihe was 4.43 billion yuan, and the transit passengers exceeded more than one million for seven consecutive years, while there were 205 foreign trade enterprises with the right of operation. In 2016, the GDP of Heihe was 44.78 billion yuan, while the three industries accounted for 48.3%, 15.2% and 36.5% of GDP respectively.

The Russian Amurskaya Oblast's proven mineral deposits worth about \$400 billion. It mainly includes iron, titanium, rare metals, gold and more precious stones, decorative stone and stone materials for building materials. The state stores large quantities of lignite and stone coal. So far, Amurskaya Oblast has found more than 90 stone coal deposits, with total reserves of more than 300 million tons, and the average content of iron in ore is 37.1%. Amurskaya Oblast is one of the largest forest reserves in Russia, with a total forest area of 31.671 million hectares and a timber reserve of 1.914 billion cubic meters, which can be harvested at 788 million cubic meters. The industry of Amurskaya Oblast is dominant in economic development, mainly including electricity, non-ferrous metal smelting, food processing and metal processing, forest cutting and processing, gold mining and so on. Among them, its gold mining volume is Russia's third. In 2013, the Russian government issued the outline of *social and economic development in the far east and the Baikal region*, which will expand the export of energy to China and other countries in the far

east. With investment growth of 3.8 times and industrial production up 70%, the far east will become Russia's energy base, processing base and export base by 2025.

With the upgrading of China-Russia trade and economic and technological cooperation, a series of new cooperation projects between Heihe and Amurskaya Oblast in Russia are developing, such as Amurskaya Oblast - Heihe oil storage and transportation and refining complex project, Sakhalin State - Russia Oriental pearl coal mine development project, etc. China's location advantages and solid economic base and the resource advantages of the Russian far east have laid a solid material foundation for further cooperation between China and Russia on trade and economic technology.

3 The current situation of Heihe port for border trade with Russia

3.1 Summary of import and export trade during the 12th five-year plan period

Between 2011-2015, Heihe cumulative to the Russian direct investment reached \$930 million. During the construction of the Sino-Russian east line natural gas pipeline project, Heihe also initiated the exploration and development of oil fields and the oil storage and transportation of oil products. Heihe's trade with Russia is 1.5 times that of the previous five-year plan, totaling \$7.25 billion and its existing enterprises in the foreign trade activities are mainly established during this period. Heihe has increased imports of coal, soybeans, corn and other commodities from Russia, to diversify the kinds of imported goods. The economic and technological cooperation between Heihe and Russia has also been transformed from a low level and narrow field to a deep and wide field of cooperation. The cooperation contents are expanded from the initial labor cooperation, project contracting, deforestation to energy purchase and mineral exploitation, especially through the successful development of some key projects of cooperation with Russia, which can enhance the confidence of cooperation between the two sides, so that the cooperation between the two sides will not only be limited to Heihe and Blagoveshchensk, but also provide strong impetus to our cooperation in the hinterland of the Russian far east.

In this article, by combing found that although the "twelfth five-year" period, Heihe's trade with Russia is overall bright, but in the year of 2014 and 2015 of the total amount of imports and exports and the import and export have appeared a negative growth, because of the Russian economic depression, the rubles devaluation, Heihe's import and export product type structure is too simple and so on. (See Table 1).

Table 1 Foreign trade of Heihe during the 12th five-year plan period (Unit: billion dollars,%)

	2011		2012		2013		2014		2015	
	Absolute Amount	Growth Rate	Absolute Amount	Growth Rate	Absolute Amount	Growth Rate	Absolute Amount	Growth Rate	Absolute Amount	Growth Rate
Import and Export	3.28	15	3.81	15.9	4.19	10.1	1.78	-57.5	0.79	-55.5
Import	0.83	250	1.28	54.1	1.05	-17.8	0.24	-77.5	0.33	39.8
Export	2.45	-6.4	2.52	3	3.14	24.4	1.54	-50.8	0.46	-70.1

(Data sources: Heilongjiang provincial bureau of statistics)

3.2 The situation of trade between Russia and Heihe port in 2016

In 2016, in Heihe city foreign trade import and export amounted to \$610 million, down 23.16% year-on-year, means that this year's situation is not optimistic, including: imports fell 3.2% year-on-year with basic stability; exports fell 37.57% year-on-year with more volatility.

In mode of trade, the volume of the frontier petty trade increased by 28.61% year-on-year, indicating the development of enterprises with the frontier petty trade; the general trade volume fell 81.3% year-on-year, indicating a strong impact on such trade; other trade fell 21.81% year-on-year. Heihe has completed \$580 million in trade with Russia, accounting for 95% of the total trade volume, and its trade with Russia is still rising.

From the perspective of export structure, due to the decline of the Russian real economy and the sharp

depreciation of the ruble, the export volume of the black river in 2016 has generally declined, and the overall export trade situation has been sluggish. Among them, exports of key commodities such as mechanical and electrical machinery and clothing were down, and clothing exports were down 26% year-on-year; exports of mechanical and electrical products fell 36% year-on-year; agricultural and sideline products were down 23% year-on-year; exports of textile products declined 58% year-on-year; car exports were down 14% year-on-year; steel exports fell 41% year-on-year; the export of high-tech products fell by 72% year-on-year, which was the most decreasing category. But at the same time, the export of cable increased significantly, with exports of \$23.85 million, up 2127% year-on-year; rubber tires exported \$26.8 million, up 130% year-on-year; plastic woven bags exported \$5.65 million, up 27% year-on-year (See Table 2).

Table 2 The top ten export commodities of Heihe in 2016 (Unit: million dollars,%)

Ranking	Product Name	Total Amount	YoY	Ratio
1	Clothing	159.66	-26	55
2	Electromechanical Product	81.53	-36	28
3	Agricultural and Sideline Product	26.25	-23	9
4	Cable	23.85	2127	8
5	Textile Product	6.68	-58	2
6	Automobile	6.24	-14	2
7	Plastic Woven Bag	5.65	27	2
8	Steel	4.18	-41	1
9	Rubber Tire	2.68	130	1
10	New High-tech Product	2.15	-72	1

(Data sources: The official website of Heihe municipal government)

As can be seen from the structure of imported products, the varieties and quantities of imported products in Heihe in 2016 are unstable and volatile. But looking at the import trend in recent years, Heihe's import products are still dominated by resource products. In the import commodities, Heihe mainly imports electric power products, and imports 3.342 billion kilowatt-hours of \$155.83 million, accounting for 48% of the imports. Although it is down 11% from 2015, it is still the largest import commodity. The import of agricultural and sideline products was

\$92.92 million, which was the second largest category of imported goods in Russia, accounting for 29%. The import of timber rose sharply, with imports of timber of 360,000 cubic meters of \$44.98 million, a year-on-year increase of 12111% and 12459% respectively. Food imports were \$84.24 million, down 6% year-on-year. Edible vegetable oil imports were \$4.32 million, down 36% year-on-year. Iron ore has been imported for the first time in the middle of 2015, but only imported us \$2.82 million in 2016, a year-on-year decline of 82%. In addition, pulp

imported \$3.23 million in 2016 and was not imported in 2015(See Table 3).

Table 3 The seven main import commodities of Heihe in 2016 (Unit: million dollars,%)

Ranking	Product Name	Total Amount	YoY	Ratio
1	Electricity Product	155.83	-11	48
2	Agricultural and Sideline Products	92.92	-7	29
3	Grain	84.24	-6	6
4	Timber	44.98	12459	14
5	Edible Vegetable Oil	4.32	-36	1
6	Pulp	3.28		1
7	Iron Ore	2.63	-82	1

(Data sources: The official website of Heihe municipal government)

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