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## China in Northeast Asia – geopolitical expertise of cross-border cooperation

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### Abstract

This article analyzes the formation of China's geopolitical status in the cross-border region of North-East Asia. It considers the economic and geographic factors that shape the geopolitical status of China's northeastern provinces. Cross-border cooperation between China and Russia is studied. Predictions for geopolitical interactions between the US-China-Russia are presented.

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### 1. Main text

Like Russia, China is giant country, the third largest country by size in the world after the Russian Federation and Canada. A state's size defines features of its economic, social, political and geopolitical processes and also influences the character of a country's domestic and foreign policy. Vast space is at the root of processes of territorial differentiation, which is the main reason for the formation and development of all types of regions (territorially isolated political and economic formations of a state). Differentiation, based on the natural distinctions of territories' climatic conditions, geographic location, endowment of natural resources and comfort of habitation,

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determines and then intensifies regional distinctions. Its lasting impact on an area's development is the initiation of economic specialization, involving regions in various kinds of labor differentiation from the inter-regional (within the country) to international, which in turn increases the level of differentiation.

The People's Republic of China has four administrative areas that are part of the North-East Asia cross-border region of Asia. These are the provinces of Heilongjiang, Jilin, Liaoning and the Inner Mongolia Autonomous Region. Together, they form the Dongbei economic region, which is an integral, internally-soldered, economic organism. The region covers one eighth of the country's territory (nearly 2 millions square kilometers). It is rich with natural resources (oil, coal, shale oil, ferrous and alloy metals, hydropower, timber, seafood), and has a favorable international economic and geographical location, specifically for development. All of these factors contributed to the consolidation of the North-East as a strategic region for the country. And even if the economics and politics of other Chinese territories are oriented to the South and Southwest, the economic and political interests of North-East China, implemented through Manchuria (historical name of North-Eastern China), are directed to North-East Asia.

China's north-eastern provinces have an enormous influence on modern economic, territorial and political developments within North-East Asia. Relying on its economic and military potential, China is the initiator and a participant in most of the region's economic projects and political initiatives. In this context, it's interesting to evaluate the country's geopolitical status within cross-border cooperation in order to identify the prospects of promoting China's national interests in the region. The most appropriate instrument to achieve this goal is geopolitical expertise targeted at the formation of an objective point of view regarding territorial status and a prediction of its future development [1; 2].

The basis of North-Eastern China's status is its demographic potential. The average population of the region is about 69 people per 1 square kilometer. The absolute population index of Tungpei greatly exceeds all of its neighbors in the cross-border region. According to the 2010 population census, there are more than 136 million people living within the territory of the four provinces, which is significantly more than not only the Russian Far East population (6.3 million), both also the Koreans (74.5 million) and Japan (126.2 million). Difference between the demographic potential of the individual sectors of the cross-border region creates conditions for the emergence of cross-border migration [3].

North Dongbei has a long land border with the Russian Federation, which provides it with direct access to five Russian entities: the Trans-Baikal, Amur, Jewish Autonomous, Khabarovskiy and Primorskiy regions. The eastern contact line is defined by the borders of North and South Korea. North Dongbei also borders Mongolia in the West. The favorable nature of the cross-border cooperation in the Chinese sector of the North-East Asia cross-border region is determined by the large number of neighboring countries. The majority of foreign cross-border regions are significantly inferior to China on a number of social and economic indicators. This also applies to the economic development of the cross-border territories and their population potential. Today, proximity provides China with virtually free access to the relatively cheap and scarce resources of the Russian Far East and Mongolia: ores of ferrous and non-ferrous metals, oil, gas, electricity, lumber, etc. The sustainable flow of natural resources and raw materials from Russia has changed the spatial pattern of the Chinese Northeast provinces' production capacity organization.

Another positive factor of the Chinese Northeast's economic and geographic location is its proximity to powerful industrial and scientific centers of China (Beijing, Tianjin, Shanghai), which form its geographic southern border. The transport infrastructure development of roads and railways provides the Northeast with solid connectivity to other Chinese economic regions, expanding its resource base and increasing sales opportunity for regional business. Moreover, aside from the development of the national railway network, the region has an international railway within its transport structure – the Chinese Eastern Railway (CER), which crosses the entire Northeast in laterally and provides Chinese companies with access to Russian and European markets. The region is notable for its relatively dense railway network. The total length of railway in region is more than 26 thousand kilometers – almost 1/3 the length of roads within the country. The bulk of the region's freight traffic is carried by railway transport [4].

While assessing the level of transport development in the region, access to the Yellow Sea should be noted. A multi-specialized port facilities network, created for the entire coast, allows for the realization of economic and geopolitical interests with the Korean peninsula and Japan. Moreover, a good combination of being land-locked and having many cheap laborers attracts significant foreign direct investments into the region's economy, as well as the introduction of new technologies. The natural resources and industrial potential of the region is mainly based on its

natural basis. Large deposits of tungsten, molybdenum and copper are being developed in the Chinese North-East. Different areas have reserves of vein and stream gold. Huge reserves of fossil fuels and non-metallic minerals should also be mentioned. The region produces 80% of Chinese oil. The largest deposits are in Daqing (north of Harbin) and Shanley (near the Gulf of Leychzhouvan).

The Chinese northeast is one of the country's most industrialized areas, which accounts for 20% of the state's total industrial production. This territory is also the biggest producer of ferrous and non-ferrous metals, machinery, electricity, coal, petrochemical products and chemicals, cement and timber. Average per capita gross regional product in 2009 was 19.3 thousand Yuan per head [5].

Generally, the natural resource base of Tungpei is valued to be high enough. However, the negative results of long-term resource development in the region are appearing more frequently, which significantly increases the level of environmental stress. There are a lot of problems in almost all natural environments: pollution of rivers and lakes by industrial and municipal waste waters, chemical pollution and salinization of soil, deforestation, atmosphere pollution with gas emissions from the mining and chemical industry [6].

The current status of international economic relations is defined by China's transition from "planned commodity economy" to "socialist market economy" with the implementation of an export-oriented economy strategy [7]. The 2000s initiated a new stage of industrialization, based on increasing export potential. Through the implementation of a strategy for an open international economy, Chinese Northeast regional imports and exports are growing rapidly. Trade relations and technological and economic cooperation are maintained with about 159 countries and world regions [8].

The foreign policy of northeastern China's regions is focused on the following long-term development objectives:

Concentration of foreign investment in high-tech industries – aerospace, instrument engineering, modern agricultural machinery, services, infrastructure, environmental protection, etc.;

Development of foreign trade. Increase the export of high-value-added high-tech products, labor-intensive goods and agricultural products. Restrict the export of energy-intensive goods and raw materials;

Intensification of cross-border trade, strengthening of relations with countries of North-East Asia, development of South-East Asian, European and American markets;

Expansion of international economic and technological cooperation;

Transport infrastructure development, securing access to international transit corridors.

In implementation of the Chinese northeast development strategy, Liaoning province, according to its geographical position, is focused on Japan and South Korea; Jilin province, including the administrative structure of the Yanbian Korean Autonomous territory, is focused on South Korea and Russia; Heilongjiang province is the main mediator between China's provinces and CIS countries.

Russian-Chinese economic cooperation within the cross-border region of North-East Asia has reached a level of strategic partnership. Regional programs of development (of the Russian Far East and Chinese North-East) were coordinated by the governments of both countries. The policy of efforts consolidation was declared as strategic priority of social and economic development within Far Eastern territories of both countries so as to achieve the main goal: the modernization of economic potential and quality of life improvement.

Since the early 1990s, the principle of an "open border zone" has been operating in China's outlying regions; for about two decades the Chinese authorities have been stimulating the development of cross-border trade with Russia, Kazakhstan, North Korea, Mongolia, Myanmar, and Vietnam, stressing that this leads to prosperity in the border area. The "open door" policy in China's border regions was initiated to create favorable conditions for living and commerce. In 1992 the State Council of China assigned the status of "open border city" to more than 13 cities, district centers and villages such as Heihe and Suifenhe (Heilongjiang province), Manzhouli and Erenhot (Autonomous Region of Inner Mongolia), Hunchun (Jilin province), and Dandong (Liaoning province). There were also cross-border economic cooperation zones established within designated areas in the majority of these settlements. The most successful foreign trader became Heilongjiang province (increase more than 33 times greater than previously), Jilin province (19 times greater) and Liaoning (11 times greater) [9; 10].

The Russian-Chinese strategic partnership is essential for China. Russia and China have a strong legal base for economic ties development. First, there are intergovernmental trade agreements, the promotion of reciprocal protection of investment agreements, scientific and technical cooperation agreements, avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income, agreements on cooperation and mutual assistance

in customs matters, agreements on cooperation in the sphere of intellectual property, etc., as well as dozens of interagency agreements. In particular, the Agreement on good-neighbor relations, friendship and cooperation between Russia and China signed July 16, 2001 should be noted. This official document defines the long-term prospects of Russian-Chinese strategic cooperation [11].

A comparative analysis of Russia and China's geopolitical potential in the sectors of the cross-border North-East Asia region, show China's superiority, which is determined by the system character and flexibility of China's strategy to penetrate into the Russian Far East's economy. The following main areas are described in the strategy: trade of energy and forest resources, building a network of service stations in China and a network of petroleum refineries in the Russian Far East, and increasing Chinese exports to the Far Eastern markets [12].

China's economic interests are reflected in its "Economic recovery plan of the Chinese North-East," which was prepared under the aegis of the State Committee for Reform and Development and released in August 2007. The main macroeconomic indicators identified are: an increase of GDP per capita from 15.3 thousand Yuan in 2005 to 21.8 thousand Yuan in 2012, and an increase of research and development financing up to 2% of GRP.

Chinese authorities' policy is directed at the restoration and reconstruction of industrial centers in Northeastern territories. Pragmatic China intends to attract all available Siberian and Far Eastern resources to implement the regional, industrial revival program. Along with this, an existence program of active propaganda is being coordinated with Russia's plans for Far East development. The benefits for the three northeastern provinces (especially Heilongjiang) due to their proximity to Russia are obvious, with comparable production structures, and strongly economically compatible [13].

Recent years have seen important changes in the global geopolitical situation. To a large extent, they are related to the growing role of China, as both a regional power (North-East Asia and the Asia Pacific) and as a world power balancer. This phenomenon can be attributed to the long-term economic crisis, which has negatively influenced the economic status of the world's key countries. In the race for global leadership, Beijing plans to rely not only on the industrial potential of its North Eastern provinces, but also use a wide experience of cross-border cooperation with the Russian Far East. Currently, China is rapidly developing and positioning itself as a strong world power. Beijing is looking for balanced cooperation with the international community in maintaining global and regional stability. However, the growing economic and military power of China raises its prestige and expands its global political influence. China is a rising "center of power," which has independent foreign policy. And if Beijing hasn't been especially active within global policy yet, then at least China is positioning itself as the Asia Pacific's leader, who is able to take responsibility for the preservation of sustainable development, peace and stability.

This shift of the economic power center from the Atlantic to the Pacific revives a popular 20th century model of the "triangle of power" (the USA – China – Russia). It seems that the current balance of power within the "geopolitical trio," as forty years ago, will have a decisive influence on the situation not only in the Asia Pacific region, but around the world again. Despite all the obvious and hidden problems, the USA and China are the most powerful world economies. In turn, Russia is poised to recover its lost status of global geopolitical player.

Considering the prospects for cooperation between the three powers within the "triangle" it's possible to examine possibilities of the situation via four scenarios:

The First scenario is possible with a successful "reset" of Russian-US relations, which involves the resolution of basic contradictions in security, export of democracy, and human rights issues. In order to curb the growth of China's influence in the Asia Pacific region and entire world, Russia is working toward political and economic integration with European Union, and to join or create a joint NATO security system "from Lisbon to Vladivostok." In the described scenario, China's strategic position will worsen. China will fall under pressure by land and by sea: north / north-west – Russia and NATO; east / north-east – Russia, Japan, South Korea, the USA; south-east – Taiwan, the USA; south / southwest – Vietnam and India. In this case, China's choice of response will be limited to two steps. The first step will be to build trade, economic, military and political relations with Iran, which will be unlikely to improve Beijing's position, but will increase the antagonism with the USA. The second step is improving relations with the USA and NATO, rejecting independent foreign policy, compromising and making concessions on national matters and geopolitical interests. In this scenario, China is no longer an independent center of power, and the world political system will become unipolar again.

According to the second scenario, the "reset" of relations between Russia and the USA won't result in an alliance against rising China. On the one hand, Moscow will try to improve its image in Europe. Getting economically closer

to the European Union, Russia will cooperate with NATO. On the other hand – Russia will maintain friendly relations with China to save room for political maneuvering, and receiving geopolitical, economic and trade benefits. In this situation, there is a high likelihood that the bipolar world will remain for a considerable time.

According to the third scenario, Putin's idea to create a common Eurasian economic and political union within the former Soviet space will become a reality. Integration processes with CIS countries can significantly accelerate the recovery of Russia's lost geopolitical position. The economic, demographic and military capabilities of the new Eurasian Union will significantly increase Moscow's geopolitical status, which will also increase tensions with the West. Russia will interpret NATO's eastward expansion, missile defense system, and export of "color" revolutions as a very serious strategic threat. As such, Russia will rely on Chinese power and continue its strategic partnership with Beijing to confront the West. Moreover, despite the efforts of Russian and Chinese strategic interests to resist the USA, neither state will seriously aggravate the conflict with the West. To retain the policy space, the strategic partners will avoid formal treaty obligations to each other.

The Fourth scenario includes the joining of Chinese and Russian forces against the global hegemony of the USA. The creation of Russian-Chinese military and political union will "split" the world into two hostile camps and plunge existing security systems into a new "cold war".

Analyzing the current balance of power in the world and within the North-East Asia region, it's possible to declare that there are no preconditions for first and fourth scenarios to manifest, and the current Russian-Chinese relations trend to the second and the third scenarios. If "Eurasianism" wins, the situation will go according to the third scenario, and if the "European" scenario wins – the situation will turn to the second scenario. Of course, the boundaries between these scenarios are rather vague and fuzzy.

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