

SWOT Analysis and Recommendations for Enhancing Sino-Russian Agricultural Trade Cooperation

Huilan Fang*

College of Economics and Management, China Agricultural University, Beijing 100083, China

*Corresponding author: Huilan Fang, fh10720lhf@163.com

Copyright: © 2024 Author(s). This is an open-access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0), permitting distribution and reproduction in any medium, provided the original work is cited.

Abstract: With the outbreak of the Russian–Ukraine conflict, the changes in agricultural trade between China and Russia are receiving more and more attention. This study analyzes the current status of Sino-Russian agricultural trade and employs a SWOT analysis to explore the strengths, weaknesses, opportunities, and threats within their agricultural trading activities. The findings suggest there are opportunities for further optimization and enhancement in the Sino-Russian agricultural trade. Based on this, suggestions proposed include accelerating the development of transportation hubs, facilitating agricultural trade, refining legal frameworks for agricultural exports, and expediting the establishment of economic cooperation zones.

Keywords: Trade scale; Trade structure; SWOT analysis; Countermeasures and suggestions

Online publication: April 29, 2024

1. Introduction

In recent years, the intensification of cooperation in the agricultural sector and the vitality of agricultural trade have diversified the modalities and contents of Sino-Russian agricultural trade cooperation. To navigate the volatile international market, both nations have emphasized the growth of their bilateral trade. Hence, deepening agricultural trade cooperation, based on the enduring legacy of their trade relations, is critically important ^[1].

2. The status quo of China’s agricultural trade with Russia

2.1. Scale of agricultural trade with Russia

In 2008, the trade volume of agricultural products between Russia and China amounted to United States Dollar (USD) 2.647 billion, which then expanded rapidly. By 2021, the total trade volume of agricultural products between the two countries had escalated to USD 5.95 billion, more than double the size of 2008 ^[2]. The agricultural trade between China and Russia has demonstrated clear signs of significant acceleration in growth since 2015. Russia has emerged as China’s 12th largest trading partner in agricultural products. In 2022, the

trade volume reached USD 7.034 billion, marking a 41.8% increase from 2021. Agricultural products have become a significant growth factor in bilateral trade. As the trade mechanisms continue to improve and trade channels expand, the volume of agricultural product imports and exports between China and Russia is expected to further increase, potentially setting new records in total trade volume ^[2].

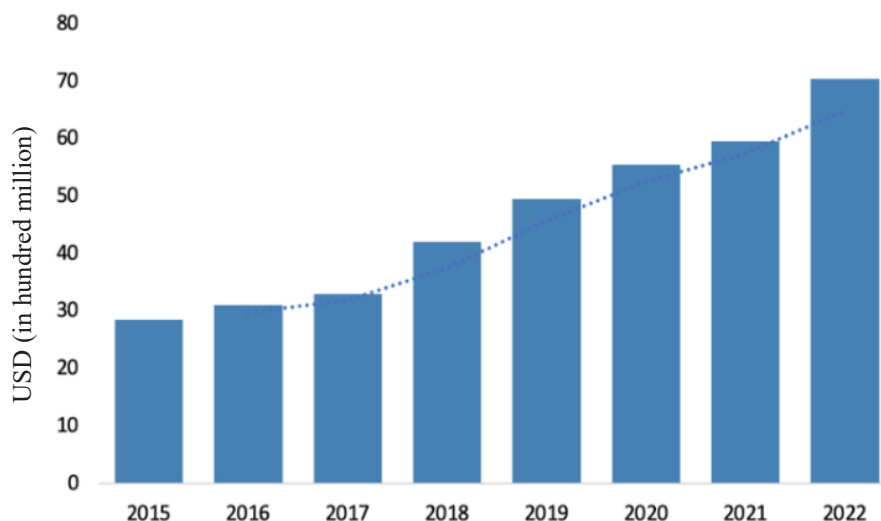


Figure 1. Total trade volume and moving average trend of agricultural products between China and Russia from 2015 to 2022

2.2. Structure of agricultural trade with Russia

China's imports from Russia primarily consist of cod, rapeseed oil, crabs, chicken and chicken products, and soybeans, with import values of USD 1.37 billion, USD 840 million, USD 770 million, USD 380 million, and USD 380 million, respectively. These imports experienced year-on-year growth rates of 61.9%, 107.5%, 15%, 48%, and 64%, respectively, together constituting 61.5% of China's total imports of agricultural products from Russia. China's exports to Russia are mainly processed mushrooms, fresh and frozen fish, cuttlefish and squid, processed tomatoes, and citrus, with values of USD 130 million, USD 93.294 million, USD 77.572 million, USD 76.678 million, and USD 72.305 million, respectively. Among these, processed mushrooms, cuttlefish and squid, processed tomatoes, and citrus recorded year-on-year increases of 10.2%, 21.7%, 88.4%, and 645.7%, respectively, while exports of fresh and frozen fish saw a decrease of 31.3% (**Table 1**). Considering the overall landscape, Russia does not hold a particularly significant share in China's agricultural exports.

Table 1. Key trade products between China and Russia in 2022 [USD (in hundred million), %]

Import products	Import value	Year-on-year growth	Share of imports from Russia	Export products	Export value	Year-on-year growth	Share of exports to Russia
Cod	13.7	61.9	22.5	Processed mushrooms	1.3	10.2	5.4
Rapeseed oil	8.4	107.5	13.8	Fresh and frozen fish	0.9	-31.3	3.9
Crabs	7.7	15.0	12.6	Cuttlefish and squid	0.8	21.7	3.2
Chicken and chicken products	3.8	48.0	6.3	Processed tomatoes	0.8	88.4	3.2
Soybeans	3.8	64.0	6.3	Citrus	0.7	645.67	3.0

*Data source: China Customs

3. SWOT analysis of China's agricultural trade with Russia

SWOT analysis is based on the internal and external competitive environment and competitive conditions, enabling organizations to scientifically identify current opportunities and threats, thereby formulating targeted strategic plans. This method is widely used in many fields, and the following SWOT analysis is applied to analyze the trade of agricultural products between China and Russia.

3.1. Strengths

3.1.1. Geographic advantage

Russia is the world's largest country in terms of land area, spanning two continents, Europe and Asia, and its eastern region borders China's northeast and northwest, which is an inherent advantage for the development of trade between China and Russia. The introduction of Russia's Eastern Development Strategy is expected to improve the trade corridors between China and Eastern Russia. The geographic proximity lays a robust foundation for agricultural trade, reducing potential losses from perishability during transport and ensuring the efficiency of bilateral agricultural trade ^[3]. The border between Russia and China is primarily divided into eastern and western segments, with the western segment bordering Xinjiang and the eastern segment adjoining the Inner Mongolia Autonomous Region, Heilongjiang Province, and Jilin Province. The total length of the border is 4,370 kilometers. Among these, the Manzhouli Port in Inner Mongolia stands as the largest land port for trade between China and Russia and serves as a crucial nodal city on the Eurasian Land Bridge, handling the majority of trade with Russia.

3.1.2. Complementary benefits

Russia's extensive territory and agricultural wealth position it as a leading global grain exporter. In recent years, the Russian government has implemented policies to promote the development of its agriculture, making the export of agricultural products a highlight of economic growth. Exports of meat, wheat, and dairy products rank among the top in the world. Parallel to this, China's large market size and its continuously upgrading consumption structure have led to an increasing demand for high-quality agricultural products from abroad. China's imports of agricultural products from Russia mainly include land-intensive agricultural products such as seafood and oilseed crops, while its exports to Russia are mainly labor- and capital-intensive agricultural products such as vegetables, fruits, fish, and fish products, so it is clear that trade cooperation between China and Russia is highly complementary ^[4]. Despite China's status as a major global grain producer and consumer, its demographic challenges, limited arable land, and water scarcity necessitate grain imports from nations such as the USA, Brazil, and Argentina, suggesting that future Sino-Russian grain collaboration could offer a dependable grain supply for China.

3.2. Weaknesses

3.2.1. Limited capacity for agricultural product transportation

The trade of agricultural products between China and Russia is characterized by the wide geographical dispersion of Chinese exports, including seafood primarily from the Yangtze River basin and coastal regions. Russia's economic hubs are predominantly in its European territory, leading to longer transit time to its key cities. The perishable nature of agricultural products, especially fruits and vegetables, poses significant challenges for long-distance transport ^[5]. In terms of road transport, although Northeast China, having started border cooperation earlier, has somewhat better infrastructure than Russia's Far East, it still falls short of the need for regional cooperation between the two nations. Maritime transportation is hampered by geographical limitations, with many routes only operational during certain seasons, hindering consistent year-round transport.

3.2.2. Substandard quality of products

While Chinese agricultural output has advantages in volume, there is an imbalance between this volume and the quality and quantity of brands. It can be said that quality issues represent the greatest challenge for Chinese agricultural products entering the Russian market. Due to various reasons, unqualified pesticides, ripening agents, and additives are excessively used by some Chinese farmers in vegetable and fruit cultivation, leading to substandard quality that fails to meet Russian import criteria. Meat products account for a large share of Russia's agricultural imports, which is mainly related to the huge consumption of meat in the Russian market. From 2016 to 2021, meat ranked at the forefront of the top ten agricultural product categories exported to Russia, significantly higher than other products, indicating Russia's strong demand for meat. Due to low-quality standards, Chinese meat products face restrictions and bans from the Russian market, leading to a sharp decrease in exports.

3.3. Opportunities

3.3.1. A positive political climate

The political relationship between China and Russia has continuously improved since China's reform and opening up, evolving into a strategic partnership characterized by coordination and friendly neighborliness. Under the strategic direction set by the leaders of both countries, the comprehensive strategic partnership of coordination between China and Russia has evolved from a "new stage" into a "new era" since 2012. The signing of a joint statement in May 2014 marked a significant milestone, propelling the Sino-Russian relationship into a new phase of their comprehensive strategic partnership of coordination. This advancement brought the partnership to unprecedented levels and introduced it into new realms. In June 2019, the leaders of China and Russia decided to upgrade their bilateral relationship to a "Comprehensive Strategic Partnership of Coordination for a New Era," signifying that the Sino-Russian relationship has entered a new era characterized by higher levels of cooperation and greater development. In March 2023, China and Russia issued the "Joint Statement on Deepening the Comprehensive Strategic Partnership of Coordination for a New Era between the People's Republic of China and the Russian Federation," signifying that the comprehensive strategic partnership of coordination between China and Russia in the new era has reached the highest level in history. This milestone has created a favorable political climate for economic and trade cooperation between the two nations.

3.3.2. Substantial potential for economic and trade cooperation

The economic and trade relationship between China and Russia has tightened significantly in recent years, especially with the "Belt and Road" initiative facilitating notable advancements. The variety and value of agricultural products China exports to Russia have seen growth. However, when compared to major export destinations such as Japan, South Korea, ASEAN, the United States, and other major exporting countries, there remains a significant disparity. Taking a broader view, the volume of China's agricultural exports to Russia is still relatively low. Since the crisis in Ukraine, Western countries have intensified sanctions against Russia. The European Union, a crucial market for Russian agricultural exports, has imposed restrictions. Consequently, Russian agricultural products urgently require alternative markets. Given China's amicable relations and broad prospects for market cooperation, it emerges as the ideal partner for Russia. Therefore, there is considerable potential for expanding bilateral agricultural trade. Moreover, if the trade volume of agricultural products between China and Russia can sustain rapid growth, it could alter the current situation where China's agricultural exports are overly dependent on markets in ASEAN, and countries like the United States, Japan, and South Korea.

3.4. Threats

3.4.1. Non-tariff barriers

After Russia acceded to the WTO in August 2012 as its 156th member, the Russian government gradually reduced import tariffs on agricultural products. However, it also set up a lot of green trade barriers for imported agricultural products. Russia has consistently applied stringent standards to aquatic products exported from China, with its policies and regulations not yet aligned with international norms. The transparency of its import policies, regulations, and testing procedures is low, and various technical barriers have restricted China's exports of aquatic products to Russia ^[6]. The Russian Federal Service for Veterinary and Phytosanitary Surveillance has established legal provisions for imported goods. These stringent inspection and quarantine systems significantly differ from China's standards, often leading to contradictions in their implementation. Additionally, the Russian government has implemented strict regulatory measures for agricultural products. For instance, a series of controls on pork imports, including requirements for import licenses and food safety certifications, have been introduced. These restrictive measures have raised the barrier for Chinese agricultural products entering the Russian market, resulting in increased trade costs and complexity.

3.4.2. Lack of a long-term mechanism

China and Russia have not yet reached an agreement on free trade in agricultural products, lacking a long-term mechanism to support the growth of agricultural trade between the two countries. Currently, as neighboring countries, the growth momentum in agricultural trade between China and Russia may primarily stem from the complementarity of their agricultural products. This means that policy-level support for agricultural trade between the two nations is relatively weak, especially in comparison to ASEAN. The absence of a reciprocal policy mechanism for agricultural trade under a free trade agreement framework and the high cost of trade could be significant barriers to bilateral agricultural trade between China and Russia ^[7].

4. Countermeasures for expanding China's agricultural trade with Russia

4.1. Accelerate the construction of transportation hubs to complement trade advantages

Infrastructure development is a vital safeguard for bilateral cooperation between China and Russia. Actively advancing the construction of trans-border highway bridges, railway bridges, and airports between China and Russia, accelerating the transformation and upgrading of ports and channels such as Heilongjiang Port, and establishing ports that support imports can enhance the customs clearance, turnover, and storage capabilities comprehensively. It is essential to establish new transportation hubs for direct connections with the Far East agricultural regions. This initiative should be complemented by upgrading transportation models in major Sino-Russian agricultural trade provinces like Heilongjiang and Jilin, expanding the transportation network, enhancing communication infrastructure, and boosting the quality and efficiency of transport services. Leveraging the significant complementary and synergistic roles of agricultural trade between the two countries, and strengthening communication and coordination in key areas of agricultural trade, are crucial for ensuring the stability and promoting the growth of agricultural trade. Enhancing economic cooperation and mutual trust between China and Russia, promoting cooperation in complementary agricultural products like seafood, vegetable oil, vegetables, and fruits, especially intensifying cooperation in wheat, soybeans, and other agricultural products, can diversify China's agricultural supply, reduce reliance on single imports, and ensure the stable and safe supply of grain and crucial agricultural products.

4.2. Promote the facilitation of agricultural trade and enhance product quality

Establishing a comprehensive modern agricultural foreign trade logistics system can reduce logistics costs and improve efficiency, thereby enhancing the competitiveness of China's agricultural products in the Russian market. By leveraging the advantages of policy funds from initiatives like the "Belt and Road" and the Asian Infrastructure Investment Bank (AIIB), China and Russia can collaborate to jointly optimize their logistics systems. This includes establishing green channels tailored to the unique characteristics of agricultural products, streamlining customs procedures, and reducing customs clearance time, thereby enhancing the ease of agricultural trade and boosting the efficiency of agricultural trade between both nations. It is essential to improve the logistics network from China's Northeast to the Far East region, establish related logistics facilities, improve storage conditions for agricultural products, establish standardized storage bases, and reduce transportation costs for both parties. Strengthening agricultural science and technology research and development, promoting green agricultural technology, and creating a fully traceable and interconnected platform for the quality and safety of exported agricultural products, will elevate China's agricultural productivity and advance its technology standards. In terms of agricultural production, improving the conditions for the growth, cultivation, and breeding of our agricultural products, coupled with the implementation of requisite pre-production inspections, guarantees the safety of these products. Throughout the stages of processing, packaging, meeting hygiene standards, and transportation, rigorous inspections are carried out to ensure the eco-friendliness and safety of agricultural products, thereby boosting their competitiveness in exports ^[8].

4.3. Improving agricultural product export laws and regulations to enhance comprehensive competitiveness

Strengthen legislation related to international trade and environmental protection, enhance top-level design for agricultural economic cooperation between the two countries, and refine the agricultural investment laws and policies between China and Russia. The legislative bodies of both nations should formulate laws regarding agricultural investment cooperation, using legal frameworks to solidify and improve the atmosphere of cooperation in the agricultural economic sector between the two countries ^[9]. Additionally, aligning with the characteristics of agricultural products exported to Russia, establish technical regulations and standards compatible with Russia, gradually narrowing the gap in testing standards between the two countries to reduce trade disputes. Raise the technical, sanitary, and health standards of China's agricultural exports, create strict laws and regulations concerning agricultural product standards, and enhance oversight at all stages of agricultural product production, processing, and transportation. Guide export enterprises to focus not only on the economic benefits of products but also on their environmental benefits, ensuring that exported agricultural products meet both national regulations and the consumption demands of international and domestic markets. Strengthen the brand awareness of China's agricultural export enterprises, support companies in promoting their products through international agricultural product fairs, online marketing, project promotion, and market advertising, and establish high-quality agricultural product brands in the Russian market.

4.4. Accelerating the construction of economic cooperation zones to achieve mutual benefits and a win-win situation for both countries

Strengthen the top-level design of Sino-Russian agricultural cooperation, formulate long-term development plans for Sino-Russian agriculture, steadily expand mutual access to agricultural products on a secure basis, and expand investment cooperation in the agricultural sector ^[10]. Leverage the geographical advantages and economic trade development needs of both countries to accelerate the establishment of a Sino-Russian free trade zone, address non-tariff trade barriers through bilateral trade mechanisms, and continuously improve the

trade efficiency of agricultural products between the two countries. Rely on the China (Heilongjiang) Pilot Free Trade Zone to enhance the level of Sino-Russian agricultural cooperation, innovate trade facilitation within the zone, and extensively expand the agricultural product trade market with Russia. Support the establishment of cross-border economic cooperation zones between China and Russia, and develop agricultural industrial parks tailored for trade with Russia. Actively work on establishing overseas agricultural cooperation pilot zones and experimental zones. Center these efforts on strategic industrial planning with cooperation in the agricultural sector as the foundational approach. Start from the principles of ecological protection and institutional innovation, seeking greater autonomy for reforms from the national government. Facilitate the early adoption and testing of policies related to the agricultural industry aiming at overcoming the challenges faced in agricultural cooperation with Russia, fostering the integration of agricultural industry chains between China and Russia, enhancing the efficiency of these chains, and transforming these cooperation parks into new benchmarks of high-level openness in the new era.

Disclosure statement

The author declares no conflict of interest.

References

- [1] Li X, Zhang Y, 2020, Trends and Countermeasure Suggestions for Sino-Russian Agricultural Product Trade under the Belt and Road Initiative. *World Agriculture*, 2020(10): 91–96 + 113.
- [2] Department of International Cooperation, Ministry of Agriculture and Rural Affairs, Agricultural Trade Promotion Center of the Ministry of Agriculture and Rural Affairs, 2023, 2023 China Agricultural Products Trade Report. China Agriculture Press, Beijing.
- [3] Cao Y, 2019, Sino-Russian Agricultural Product Logistics and Trade Development – A Study Based on the Belt and Road Initiative. Economy & Management Publishing House, Beijing.
- [4] Zhang H, 2022, Study on the Influencing Factors and Potential of China–Russia Agricultural Product Trade, thesis, Inner Mongolia University of Finance and Economics.
- [5] Su Y, 2023, The Current Situation and Problems of China’s Agricultural Product Trade with Russia. *Journal of Social Sciences of Harbin Normal University*, 14(3): 89–93.
- [6] Zhu C, 2021, The Current Situation, Causes, and Strategies of China’s Agricultural Products Export to Russia Facing Green Trade Barriers. *Foreign Economic & Trade Practice*, 2021(3): 39–42.
- [7] Wen F, 2021, Agriculture of the Great Powers – Study on the Development of Sino-Russian Agricultural Product Trade. Peking University Press, Beijing.
- [8] Zheng X, Guo H, 2023, An Empirical Study on the Impact of Green Trade Barriers on China’s Agricultural Product Exports. *Contemporary Economy*, 40(9): 69–75.
- [9] Pletnev I, 2023, Study on the Restraining Factors and Countermeasures of Sino-Russian Agricultural Economic Cooperation, thesis, Shenyang Ligong University.
- [10] Liu H, 2023, Jointly Building the Belt and Road Initiative to Promote High-Quality Development of Sino-Russian Economic and Trade Cooperation. *China Ocean Shipping*, 2023(8): 10–11 + 58–59.

Publisher’s note

Bio-Byword Scientific Publishing remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.