Analysis of the Heilongjiang Province and Russia Financial Cooperation under the Construction of China-Mongolia, Mongolia-Russia Economic Corridor

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Abstract. Under the background of the China-Mongolia-Russia Economic Corridor, despite the degree of Heilongjiang Province and Russia regional financial cooperation has intensified, the scale and level of bilateral cooperation between the banks has significantly improved. But there still have some problems, such as the financial settlement tool is rare; the relatively small number of bilateral currency settlement and so on. This paper is in close connection with the actual economic development of Heilongjiang, put forward the countermeasures of Heilongjiang Province and Russia should make efforts to improve the financial environment; increase the types of financial settlement and to improve the proportion of the RMB and the ruble settlement.

Introduction

On September 11, 2014, when attending the meeting of the heads of state of China, Mongolia and Russia, Chinese President Xi Jinping proposed for the first time the initiative to link the “Silk Road Economic Belt” to the Mongolian steppe, the “Russia, and the Trans-Eurasia Railway” initiative. Common Build the China-Mongolia-Russia economic cooperation corridor. On July 9, 2015, President Xi together with Russian President Vladimir Putin and Mongolian President Elbegdorj Kyrgyzstan jointly organized the third meeting of the heads of state of the three countries. The meeting made it clearer that the overall framework of the economic corridor planning outline. On September 13, 2016, China's National Development and Reform Commission formally announced the 'Outline for the Construction of China-Mongolia-Russia Economic Corridor', which marked the beginning of the first multilateral cooperation plan under the concept of the “One Belt and One Road” initiative. At present, China-Mongolia-Russia Economic Corridor construction has begun to enter implementation phase.

In the 21st century, China-Russia regional financial cooperation has paid more attention to pragmatism and efficiency. With the common foundation of strategic cooperation, since Putin took office, the economic exchanges between China and Russia have continued to expand, among which regional energy and financial cooperation have been particularly significant. The currency exchange business between China and Russia is the main topic of financial cooperation between the two countries. It has achieved remarkable results under the joint efforts of commercial banks of China and Russia. The specific performance is to increase the currency exchange rate of the renminbi’s renminbi currency so as to expand the exchange rate of the currencies of the two countries and increase the service quality of the financial industry of the two countries so as to make it show a stable, standardized, and sustainable development trend. At present, the study on Sino-Russian regional financial cooperation lacks the research from the perspective of Heilongjiang Province, especially in the context of Heilongjiang Province's implementation of the "13th Five-Year Plan" and Russia's accession to the WTO. There is a lack of research on financial cooperation between the two countries at the strategic level.
The Status of Heilongjiang Province's Regional Financial Cooperation with Russia

Due to geographical factors, Heilongjiang Province’s main trade partner is Russia. With the further deepening of bilateral relations between the two countries, under the premise of rapid development of trade between the two countries, China and Russia also seek further cooperation in the financial sector. In particular, the governments of China and Russia in recent years have attached great importance to cooperation in the economic field and promoted the rapid development of China and Russia in the field of financial cooperation. Specifically embodied in the following aspects:

The Fruitful Financial Cooperation between Heilongjiang Province and Russia

As of 2013, a total of 886 million U.S. dollars in Chinese and Russian banks handled RMB ruble settlement, which rose by 15.2% over the same period. Among them, RMB 517 million was applied for RMB settlement business, up 6% over the same period. The settlement of ruble settlement business was 469 million U.S. dollars, up 27.3% over the same period. At the same time, a total of 117 proxy accounts were established through Chinese and Russian banks, namely, 42 US dollar accounts, 43 RMB accounts, and 32 Ruble accounts. At the end of 2013, since the start of the Ruble Currency Exchange business, the areas that handle currency exchange transactions for rubles have radiated to places such as Harbin, Heihe and Suifenhe, which has led to an increase in the scale of cross-border transport of rubles. In May 2014, Harbin became a border port for cross-border transport of foreign currency bills, which was beneficial to Heilongjiang Province to open up railroads and maritime multi-channels for transporting cash in cross-border rubles, and it can reach the Far East region of Russia.

Financial Cooperation between Heilongjiang Province and Russia Has Developed Steadily

China and Russia have made great progress in establishing a financial service platform. In January 2013, in the vicinity of the Vladivostok region of Heilongjiang Province, the Bank of China (Russia) Binhai Branch officially operated. This is the first overseas agent bank of the Bank of China in Russia's Primorsky Territory, and it is also the second branch established in the Russian Far East. Therefore, the Russian and Heilongjiang governments and their financial groups attach great importance to this. In 2013, a total of three banks in Heilongjiang Province launched the settlement and sales of Russian currency bills, namely Harbin Bank, Bank of China and Longjiang Bank. Handle 7,547 transactions between Renminbi and ruble, with a total capital of 9.14 billion rubles. Among them, there were 2,939 rubles for sale, amounting to 3.187 billion rubles, and 4,608 foreign exchange settlements for RMB and ruble banknotes amounted to 5.956 billion rubles. The cooperation between China and Russia in the financial sector has developed in a vertical and in-depth direction. Russia has become a key target of Heilongjiang's direct foreign investment. According to data from the Statistical Yearbook of Heilongjiang Province, in 2013, the amount of FDI in the Heilongjiang Province to Russia region was 138 million U.S. dollars. At the same time, in order to promote the steady development of regional financial cooperation between Heilongjiang Province and Russia, Harbin Economic and Technological Development Zone together with Harbin Bank established the first Sino-Russian cross-border financial service center in 2013 to build a one-stop cross-border financial services between China and Russia platform.

The Future of Heilongjiang Province's Financial Cooperation with Russia is Bright

On May 20, 2014, China and Russia held talks in Shanghai and put forward the "Joint Statement of China and Russia on the New Stage of Comprehensive Strategic Collaboration Partnership." The statement proposes to increase the settlement ratio between the Chinese and Russian renminbi and the ruble, with emphasis on the investment and trade fields between China and Russia, and provide guarantees for China and Russia on financial cooperation. The China-Russia cross-border financial service center opened in June 2013 has a significant role. It can handle cross-border financial services for the renminbi and the ruble for multinational companies, artisanal processing industries, and tourism agencies. The China-Russia Cross-border Financial Service Center is a medium for providing
Heilongjiang Province's regional financial resources sharing with Russia. It facilitates the integration and return of financial resources to Russia and is also a platform for demonstrating the financial industry and outlets of Heilongjiang Province to Russia. At the same time, the China-Russia Cross-border Financial Service Center will focus on improving the cross-border financial services and improving the efficiency of China-Russia cross-border transactions. It will promote the development of the trade level between Russia and Russia and reduce the financial settlement of multinational enterprises. The risk and the upgrading and upgrading of the financial industry in Heilongjiang Province are of great significance.

With the increase of Sino-Russian cooperative investment enterprises, Sino-Russian joint venture investment projects have increased their demand for financing from China and Russia. In order to obtain financing locally, investors will use their overseas assets such as machinery, equipment, factories, etc., to pledge to cross-border financial institutions. In general, China uses 10% of Russia’s cross-border enterprise’s stock of Russia’s assets as collateral. It is expected that in 2016, the financing demand for investment projects of Russian cross-border enterprises in Russia will reach US$ 4.6 billion or more. The market size will reach more than 37 billion US dollars. Therefore, the rapid operation of the financing business of overseas financial investment institutions has promoted the growth of overseas financial institutions. The development of the bilateral economic and trade cooperation between China and Russia has prompted the rapid growth of bilateral trade volume. It is expected that in 2015 China-Russia trade volume will reach 100 billion U.S. dollars, and by 2020 it will increase to 200 billion U.S. dollars. At the same time, with the increase in the volume of trade, the settlement of RMB and rubles by bilateral banks of China and Russia will continue to expand. Based on this analysis, Heilongjiang Province has broad prospects for regional financial cooperation with Russia.

Problems in Heilongjiang Province's Regional Financial Cooperation with Russia

Although Heilongjiang's trade contacts with Russia have gradually deepened and bilateral regional financial cooperation has achieved certain results, there are still certain problems in Heilongjiang's regional financial cooperation with Russia.

The Environment of Heilongjiang Province's Financial Cooperation with Russia is Poor

The financial cooperation environment refers to the integration of the social and natural environment with the existence and operation of the financial industry, including political, economic, and cultural factors. A sound and healthy financial external environment is the basis for the operation of finance. The financial cooperation between China and Russia in the early 1990s still has 20 years of financial business contacts. However, the financial industry in Heilongjiang Province started relatively late. Due to the lagging economic development in Heilongjiang Province, the development of Heilongjiang Province's regional financial cooperation with Russia is slow and the scale is relatively small. The degree of trust between banks in China and Russia is low, and the transmission of financial information is not smooth. Without the support of sound financial policies and the protection of financial risk prevention systems, Heilongjiang Province has a greater risk of regional financial cooperation with Russia and the overall financial investment environment needs to be improved.

Single Settlement Instruments for Heilongjiang Province's Regional Financial Cooperation with Russia

Heilongjiang Province has achieved certain development in its regional financial cooperation with Russia, but there are still problems in the Sino-Russian trade settlement instruments. The single trade settlement tool will make the trade settlement time longer and the settlement efficiency low. As a result, Sino-Russian companies have increased their transaction costs and reduced profitability. The Sino-Russian remittance business is dominated by Sino-Russian cross-border settlements. Most of these were indirect settlements through third-party bank transfers, which accounted for 62.5% of the remittance settlements in the same period. Indirect settlement time is 1 to 2 days, due to time
difference and other factors more than double the impact of direct settlement, while the need to pay a third-country bank fees of 15 to 20 US dollars, increasing the company's transaction costs. In addition, Heilongjiang Province and the Russian Bank handled less of the L/C business, and most of the transactions were based on third-country banks handling L/C settlement.

The Number of Settlements of Heilongjiang Province against Russia’s Bilateral Currency is Less

Since China’s cross-border RMB settlement business only lasted for five years, at present, only RMB principal accounts have been opened between a few areas in Heilongjiang Province and Russian banks. The use of bilateral local currency settlements can reduce corporate exchange risk and transaction costs, but the relevant policies for bilateral foreign exchange management have not been fully utilized in China and Russia. Moreover, judging from the current situation, most of the trade between China and Russia uses the ruble and the U.S. dollar as settlement instruments, and most of the renminbi’s overseas circulation process takes place in cash. The limit on the RMB's exit from the customs is 20,000 yuan, which is far from meeting the fast-growing trade needs of Heilongjiang and Russia. As a result, underground banks and underground exchange services have emerged in large numbers. This kind of “black market” transaction has given the two governments and banks a The supervision of RMB circulation has brought great difficulties.

Countermeasures

Efforts to Improve the Environment for Heilongjiang Province's Regional Financial Cooperation with Russia

The development of Sino-Russian financial cooperation requires a good credit environment. The establishment of a good credit environment is a long-term project and requires the joint efforts of various governments and banks. In terms of the governments of the two countries, it is necessary to strengthen institutional development and conduct bilateral friendly financial cooperation negotiations in order to promote common development. In the financial industry, closely cooperate with the government in the construction of credit, and provide incentives and incentives for companies with good reputation, such as lower corporate loan interest rates, setting up overseas VIP customers, and creating a favorable investment and cooperation environment for regional financial cooperation between Heilongjiang Province and Russia. We will strengthen cooperation between China and Russia in the fields of trade and investment, further develop mutual trust between banks of the two countries and improve the overall financial environment. In order to promote and promote the in-depth development of Sino-Russian financial cooperation, commercial banks of both sides should further strengthen cooperation and exchanges, actively promote bilateral exchanges on financial products and financial businesses, adjust relevant policies that are not conducive to cooperation, and sign specific cooperation agreements with Russia. It provides institutional guarantees for bank cooperation, from the institutional perspective to solving problems such as the single settlement channel, the risk of financial cooperation, and the unfavorable ecological environment for financial cooperation. The process of Heilongjiang Province's regional financial cooperation with Russia has been substantially promoted so that it can sustainably and healthily develop.

Diversification of Financial Settlement Instruments in Heilongjiang Province and Russia

The bilateral banks of China and Russia should increase the types of financial cooperation businesses and implement the diversification of Heilongjiang Province's regional financial cooperation settlement instruments with Russia. In order to promote the further in-depth development of Sino-Russian financial cooperation, bilateral banks of China and Russia should implement the diversification of bilateral regional financial cooperation settlement instruments from multiple channels and in various fields. Specifically, the following methods can be used: First, bilateral banks establish a comprehensive business agency relationship and increase the coverage of the agency and
account banks. All areas and areas with trade relations are allowed to carry out and carry out account agency agency relations, thereby increasing direct settlement. The proportion of. Second, to further increase the ratio of direct letter of credit operations between banks in the border regions of China and Russia, increase new settlement services such as letters of credit, letters of guarantee, and collection, change the single situation of China-Russia trade settlement instruments, and reduce the number of countries that pass through third countries. The proportion of settlement. Provide more convenient and comprehensive financial services for bilateral trade between China and Russia and create a diversified financial service platform.

Increasing the Proportion of RMB and Ruble Cross-border Transactions

On the basis of the original minority bank's principal account, Heilongjiang Province and Russia should set up clearing centers for rubles and renminbi, so as to ensure the smooth circulation of the renminbi and the ruble between the two countries, and to reduce the risk of money laundering while also reducing the risk of money laundering. Exchange business costs. At the same time, it cooperates with customs and tax authorities to simplify the handling of relevant immigration procedures and facilitate the import and export settlement of Sino-Russian cross-border trade and investment companies. Grasping the current new situation in international trade, the Chinese and Russian governments should keep pace with the times in formulating policies and further strengthen the mechanisms for RMB declaration, RMB settlement, RMB rebate, and RMB write-off in foreign trade. The instability of Russia’s financial and securities markets led to restrictions on the amount of foreign direct investment from Russia to Heilongjiang Province, which hindered Heilongjiang Province’s settlement of Russian renminbi and ruble settlement. Therefore, from the perspective of security factors, banks in China and Russia should sign relevant currency exchange agreements between Renminbi and the ruble, thus providing institutional guarantees for the use of Renminbi and ruble for trade between China and Russia. So far, with the strength of Harbin Bank, the current renminbi and ruble settlement lacks an endogenous driving mechanism, which will hinder the scale of bilateral economic and trade cooperation. Therefore, the Chinese and Russian governments and banks should work together to ensure the safety of the two countries' trade transactions with the direct settlement of the renminbi and the ruble, thereby increasing the proportion of cross-border transactions between the renminbi and the ruble.

Establishing a Risk Prevention System for Financial Cooperation between China and Russia in Heilongjiang Province

In view of the high interest rates of Russian bank loans, the slow development of the securities market, and the high risk of regional financial cooperation, Heilongjiang Province should establish a risk prevention system for Russia's regional financial cooperation in light of Russia’s specific financial environment. First, efforts should be made to promote the settlement of Sino-Russian trade using Renminbi and Rouble local currency, thereby reducing the risk of trade exchanges arising from the use of third country currencies. At the same time, direct currency transactions between the two countries will also promote the growth of Sino-Russian trade volume. Second, analyze the financial risks of the Russian market on a regular basis. Based on the relevant survey data and the use of a series of risk assessment indicators, predict the possible risks in the Russian financial market and propose relevant risk prevention measures.

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