The Influencing Factors of Oil Trade between China and Russia

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Abstract. Through the size and proportion of oil exported to Russia and imported from China, we use those to highlight Russia's position in China's oil trade. Then, we analyze the current situation of the China-Russian oil trade development, which reflects the existing problems between China and Russia. Then we will influence the development of the China-Russian oil trade. This paper puts forward countermeasures and suggestions to stabilize and promote the China-Russian oil trade. This paper puts forward China's countermeasures and Suggestions to stabilize and promote China-Russian oil trade. The purpose is to guarantee China's strategic position in oil import.

1. Introduction
China-Russia oil trade and cooperation began in 1992, and developed substantially from 1999, accounted for only 7% of the total amount of imports that time. In twenty-first century, China and Russia have developed an important relationship in politics, economy and trade, energy and military cooperation, energy trade etc. In 2014, Russia has become the third major source of oil exporting to China. Therefore, China-Russia oil trade will not only help ease China's oil import costs, but also help to realize the diversification strategy of oil trade. Which ensure the safety of China's oil imports and promote steady economic growth. So, it is very important to study the influence of oil trade between China and Russia.

2. The current situation of sino-russian oil trade

2.1. The steadily growing of China oil imports from Russia
China imported less oil from Russia in the 1990s, with annual crude imports accounting for less than 1.6% of total imports and about 9% of refined products. The international oil prices have risen in the 21st century, which boost China's proportion of Russian oil imports from 4.4% in 2002 to 10.1% in 2015. The relationship between China and Russia entered a new chapter in 2015. The economic and trade development between the two countries has been growing steadily. China's imports form Russian oil continue to be stable, and the imports of crude oil is reaching 10.1%. We can see the table 1 of the China crude oil imports proportion from Russia in 2002-2015, and the figure 1 about imports proportion in 2002-2015.
Table 1. The China crude oil importing proportion from Russia in 2002-2015
Unit: 10,000 tons

| Countries | Russia | Countries | Russia |
|-----------|--------|-----------|--------|
| year      | imports| proportion % | year | imports | proportion % |
| 2002      | 303    | 4.4       | 2009 | 1530    | 7.5         |
| 2003      | 525    | 5.8       | 2010 | 1525    | 6.4         |
| 2004      | 1077   | 8.8       | 2011 | 1849    | 7.3         |
| 2005      | 1278   | 10.1      | 2012 | 2433    | 9           |
| 2006      | 1597   | 11        | 2013 | 2445    | 8.7         |
| 2007      | 1453   | 8.9       | 2014 | 2531    | 9.2         |
| 2008      | 1164   | 6.5       | 2015 | 2721    | 10.1        |

Figure 1. The China crude oil imports proportion from Russia in 2002-2015

2.2. The steadily growing of Russia oil exports to China

Russia is located in Eurasia, and the political and economic center is mainly concentrated in Europe, so it has a close relationship with European countries. The Russian pipeline is mainly concentrated in Europe, so Russia accounts for crude oil exports is more than half to the European market. Russia's proportion of China's oil exports has risen steadily in recent years, which from 2.3% in 2003 to 9.65% in 2015. With more than half of Russia's exports to China in the Asia-Pacific region, China's position in Russia's energy exports is more and more important. We can see the table 2 of the Russian crude oil exporting proportion to China in 2004-2015, and the figure 2 about exports proportion a in 2004-2015.

Table 2. The Russian crude oil exporting proportion to China
Unit: 10,000 tons

| Year | Exports | Proportion % | Year | Exports | Proportion % |
|------|---------|--------------|------|---------|--------------|
| 2015 | 28211.4 | 9.65         | 2009 | 24309.8 | 6.29         |
| 2014 | 24321.2 | 10.4         | 2008 | 25857.9 | 4.5          |
| 2013 | 23671.6 | 10.33        | 2007 | 24844.5 | 5.85         |
| 2012 | 24449   | 9.95         | 2006 | 25258.7 | 6.32         |
| 2011 | 24326   | 7.6          | 2005 | 25762.4 | 4.96         |
| 2010 | 24889.9 | 6.13         | 2004 | 22785.6 | 4.73         |
2.3. Crude oil has become the main import oil in China-Russian oil trade
China-Russia oil trade is growing rapidly, and China's imports of crude oil from Russia have taken the place of refined petroleum products since 2009. In recent years, the supply of refined petroleum products in China has become more and more prominent. And there has been a comprehensive net export of gasoline and kerosene. In oil products, China has traditionally imported large quantities of refined oil and fuel oil from Russia, but has gradually declined in recent years. It can be seen from table 3 and table 4 that crude oil has become the main oil imported from Russia.

Table 3. The proportion of light diesel oil imports from Russia

| Year | Imports | Proportion% |
|------|---------|-------------|
| 2010 | 34.92   | 19.41       |
| 2011 | 56.31   | 23.07       |
| 2012 | 29.38   | 31.02       |
| 2013 | 3.6     | 13.49       |
| 2014 | 3       | 10.25       |
| 2015 | 2.5     | 8.2         |

Table 4. The proportion of fuel oil imports from Russia

| Year | Imports | Proportion% |
|------|---------|-------------|
| 2010 | 34.92   | 19.41       |
| 2011 | 56.31   | 23.07       |
| 2012 | 29.38   | 31.02       |
| 2013 | 3.6     | 13.49       |
| 2014 | 3       | 10.25       |
| 2015 | 2.5     | 8.2         |

3. The problems in China-Russian oil trade

3.1. Chinese domestic constraints
There are two main constraints. First, China's oil companies started relatively late in international business and investment. So, in the international oil market, there is less experience and real force of oil competition comparing with Japan and the European Union. Which greatly affect Chinese exploration,
development and investment in Russian oil resources, and restrict the cooperation in China-Russia oil trade. Second, in a period of time, China is not aware of the China-Russia oil trade importance and the fierce competition in the international oil market. At that time, China's dependence on oil was not very high, and the oil gap was not very large. So, China is not aware of the importance of oil cooperation and is less aware of the fierce competition in the international oil market in the future.

3.2. Russian domestic constraints
There are two main constraints. First, the Russian government prefers the commonwealth of independent states and the European market. And "Russia 2020 energy strategy" said that the Russia's future energy development strategy is to "fight for the Caspian sea, stabilize Western Europe, break North America, expand east and challenge Opec". But because of Russia's consideration of statehood, economic development and the establishment of an "energy superpower". It is more likely to stabilize its original oil export zone, the independent states and European countries. Second, the "China threat theory" has caused resistance to China-Russian oil trade cooperation. Russia believes that China's rapid economic development will pose a major threat to Russia, and fear that China's growth will hit Russia's big country. These concerns raised by the "China threat theory" have caused great resistance to China-Russian oil trade cooperation.

4. The countermeasures for strengthening China-Russia oil cooperation

4.1. Consolidate and strengthen China-Russia strategic partnership
China and Russia are friendly neighbors, and the two countries also trust each other in the political field. Under the guidance of ‘the good-neighborliness and friendship treaty between China and Russia’, China-Russia relations have reached a new height after more than 10 years development. In today's economic globalization, China and Russia have many common interests. The two countries should continue to consolidate and strengthen the strategic partnership. We will fully mobilize all beneficial factors to serve the economic and trade cooperation between the two sides, and promote the oil trade cooperation between the two countries.

4.2. Building political mutual trust and people exchanges
In today's world of rapid economic development, oil security has become a global problem that cannot be ignored. The oil cooperation between China and Russia has not only been a cooperation in economic and trade fields, but also related to the political relations and national status of two countries. We should strengthen exchanges in both countries, so that the people of the two countries can keep close contact with each other. We should understand each other's history, culture and policies for creating a favorable cultural environment in China-Russia oil trade cooperation.

5. Conclusion
The establishment of strategic partnership laid a foundation for the China-Russia oil trade cooperation. The development of china-russia oil cooperation is not only conducive to the development of Russia's oil industry, but also to safeguard China's oil security. The China-Russia oil trade cooperation conforms to the reality needs and the energy development strategy of the two countries. We should also be aware that there are many barriers about oil cooperation between the two countries. The two countries should actively deal with the disordered factors from the strategic height, and we should promote the new development of China-Russia oil trade cooperation.

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