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Comparative analysis of China's trade agreements with Russia and Kenya

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Abstract

This paper conducts a comparative analysis of China's trade agreements with Russia and Kenya, focusing on the evolution of bilateral economic cooperation. The study examines the historical context, the strategic motivations behind these agreements, and the key outcomes achieved over time. For Russia, the analysis highlights how strategic partnerships, particularly within the framework of the Shanghai Cooperation Organization (SCO), have shaped the bilateral trade dynamics. In Kenya's case, the paper explores how China's economic engagement has evolved from diplomatic relations to significant investments in infrastructure and development projects. The study concludes that China's trade agreements with both countries are underpinned by mutual economic interests, which have led to sustained and growing partnerships. Future research is needed to fully assess the long-term implications of these agreements and the shifting dynamics in global economic cooperation.

Keywords: Russia, Kenya, China, trade agreements, bilateral economic cooperation, strategic partnerships, infrastructure development, economic diplomacy

Introduction

The aim of this paper is to analyze the trend of bilateral economic cooperation between China and two particular countries: Russia and Kenya. The focus of this study is primarily on the trade agreements signed between China and the aforementioned countries, exploring how these agreements have shaped the economic ties and strategic partnerships over time. Understanding the evolution of these relationships requires a comprehensive examination of the historical context, the geopolitical dynamics, and the economic interests that have driven both China and its partners toward closer cooperation.

Given China's global economic ambitions, these agreements are not merely isolated incidents but part of a broader strategy of expanding influence through trade, investment, and strategic partnerships. For Russia, the partnership with China offers an alternative to Western economic alliances, while for Kenya, it represents a critical opportunity for infrastructure development and economic growth. By analyzing these agreements, this paper seeks to uncover the motivations behind them and their implications for future cooperation.

In addition to exploring the historical trajectories and current status of these bilateral relations, this study will also consider the broader implications for regional and global economic trends. At the end of this paper, a set of concluding notes will be provided, summarizing the key findings and offering insights into the future of these economic partnerships.

China's trade agreements with Russia

The study of trade and economic cooperation between Russia and China is becoming increasingly relevant and practically significant for both countries. China and Russia are now in a close relationship, and this is not surprising, since they are directly involved in the process of globalization, first of all, in trade activities. This is greatly facilitated by their geographic location. China is the optimal partner for Russia country to a large extent, because of the complementarity of economies of both states. Russia has quite a lot of heavy industry, energy resources and mining, and China has a well-developed light industry, with a sufficiently large volume of foreign currency and there is a large amount of labor force.

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Legal basis of bilateral economic cooperation was laid by Agreement between the Government of the Russian Federation and the Government of the PRC on trade and economic relations between Russia and China of March 5, 1992. In accordance with this document, the governments of Russia and China annually signed a protocol on trade and economic cooperation for the following year. From 1992 to 1999 at least one hundred intergovernmental and interdepartmental documents were signed, which regulated various aspects of economic interaction between the two countries.

Since 1992, the development of trade and economic relations has been intensifying but it has become spontaneous, primarily due to the absence of a system of state regulation of foreign and trade relations in Russia. It is only in the second half of the 1990s that one can say about the beginning of a constructive ordering of trade and economic ties. Significant in this respect was the 1996 bilateral summit in Beijing, which laid the foundations for the subsequent strategic partnership between Russia and China.

A new stage in the development of Russian-Chinese trade and economic relations begins in 2001. This is when the conditions for the realization of the integration potential of the strategic partnership between the countries are created in the Russian Federation. Common interests in the formation of a multipolar world, understanding of their own interests and common threats to development leads to the emergence of the Shanghai Cooperation Organization (SCO), which also included Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. The next day after the signing of agreements to create the SCO, on July 16, 2001, Russia and China adopted a bilateral document, the implementation of the provisions of which now allows us to state about the strategic cooperation between the countries.

Further development of trade and economic relations between the countries have started to go on in all directions. In 2004, the two countries signed an agreement on a topic that for many years has prevented Russia and China to develop trade and economic relations, namely border issues. Many times, the countries in turn conducted the events devoted to development of economic, social and humanitarian communications-"2006 the Year of Russia in China", "2007 the Year of China in Russia"; "2009 the Year of Russian language in China", "2010 Year of the Chinese language in Russia"; "2012 Year of Russian tourism in China", "2013 Year of Chinese tourism in Russia". Interregional cooperation programs were being developed. Joint investment projects were realized.

2014 was an important year in the development of bilateral relations. Amid growing pressure on Russia's economy from the U.S. and a number of western countries, dozens of strategic agreements on the implementation of joint projects between Russia and China in the fields of industrial production and infrastructure, finance and trade were signed. Of particular importance were the agreements on the transition to national currencies in mutual payments. Between 2014 and 2018, despite growing economic and political pressure from the U.S. and its allies, trade and economic cooperation between Russia and China has been growing stronger. Earlier projects were being implemented and new ones were being initiated. The strategic and long-term nature of trade, economic, political and social ties was becoming evident.

The reviewed experience in the development of cooperation between Russia and China allows us to draw some conclusions and generalizations. Periods of socio-economic development and political stability coincide with an increase in interaction between the states in integration processes. Russia and China have come a long way in the development of trade and economic relations, and of interest is the system of strategic priorities of these countries in global and regional integration processes that has been formed to date. In recent years, bilateral trade and economic ties have been on the rise, which is reflected in high growth rates of trade turnover, expansion of investment cooperation, intensification of interregional and cross-border ties, a marked increase in the interest of Russian and Chinese business circles in mutual cooperation.

China's trade agreements with Kenya

Diplomatic relations between China and Kenya were established on December 14, 1963, two days after the Republic of Kenya gained independence from Great Britain. However, bilateral interaction was very limited until the late 1970s due to ideological differences. During the tenure of President Daniel Arap Moi (1978-2002), steps were taken to establish trade and economic cooperation with China in order to secure new sources of financing and increase access to foreign markets. During that period the bilateral economy and trade agreements were signed between China and Kenya. They are: "Agreement on Economic and Technological Cooperation between the People's Republic of China and the Republic of Kenya", "Agreement on Trade between the People's Republic of China and the Republic of Kenya" (1978) and so on.

When President Mwai Kibaki came to power in December 2002, trade and economic cooperation with China reached a new level. The new government has developed a package of structural economic and governance reforms aimed at improving the business climate in the country. The Economic Recovery Strategy for 2003-2007 and the subsequent economic "Vision 2030" for 2008-2030 attached great importance to the construction and modernization of transport, energy and telecommunications infrastructure.

Kenya's need for external resources to realize its goals, on the one hand, and the financial and diplomatic support of Chinese businesses as part of the government's "going out" strategy, on the other hand, have created favorable conditions for the expansion of Chinese presence in the Kenyan market. During the official visits of the two heads of state in 2005 and 2006, a number of agreements were signed in the fields of infrastructure construction, finance, tourism, mining, etc.

After Uhuru Kenyatta won the 2013 presidential election, Kenya's relations with the West deteriorated. Kenya continued to expand its cooperation with Eastern countries, especially China. In May 2017, the two heads of state decided to upgrade bilateral ties to a comprehensive strategic cooperation and partnership.

China is interested in implementing projects under Kenya's national program of four priorities, the so-called "Big 4 Agenda", adopted in December 2017. The program includes boosting productive activities, ensuring universal health coverage, improving food security, and building affordable housing.

Through systematic efforts, financial and diplomatic support for the goods and services of Chinese enterprises, and a

willingness to implement projects in line with Kenya's existing development strategies, China has significantly increased its presence in the country since the beginning of the 21st century. Three breakthrough areas of cooperation that are interconnected and clearly demonstrate China's growing influence are foreign trade, infrastructure construction and credit financing.

Chinese companies often face negative rumors and hostility from the local population, and are criticized by pro-Western media. This is partly due to stereotypes and preconceptions about Chinese companies and products in Africa, a lack of reliable and up-to-date information, cultural differences and misunderstandings. The non-transparent terms of transactions with Chinese banks and companies also play a role, leading to suspicions of corruption among decision-makers in local administrations and doubts about their ability to build relationships with external partners based on national interests.

The prospects for the development of mutually beneficial cooperation between China and Kenya largely depend on the success in resolving the problems accumulated in bilateral relations, on the willingness of both sides to use new tools and mechanisms of interaction and gradually change the priorities of cooperation, shifting from credit financing of projects to the format of public-private partnership, from contracting projects in infrastructure to direct investment in the sphere of production.

Conclusion

As stated in the introduction, the goal of this study was to analyze the trend of bilateral economic cooperation between China and two specific countries: Russia and Kenya. By examining the trade agreements between China and these nations, it becomes clear that these agreements reflect a mutual willingness to strengthen economic partnerships. Both Russia and Kenya hold significant strategic and economic interest for China, and this interest is reciprocated, as all parties stand to benefit from these agreements.

The analysis suggests that the trend of bilateral relations and economic partnerships among these countries is likely to continue on an upward trajectory, as no significant obstacles appear imminent. However, further research is necessary to fully understand the long-term implications of these trade agreements and their impact on bilateral relations. Additionally, it would be valuable to monitor the patterns of future trade deals and their implementation to gain a more comprehensive perspective.

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