

RUSSIA-CHINA INVESTMENT FUND AND IT'S MAJOR PROJECTS

Bogomazova M.A. (Russian Federation)

Email: Bogomazova515@scientifictext.ru

*Bogomazova Margarita Alexandrovna – Development Manager,
DIRECTION: ATTRACTION AND DEVELOPMENT OF SMALL AND
MEDIUM-SIZED BUSINESSES,
SMALL AND MEDIUM-SIZED ENTERPRISES DEVELOPMENT
DEPARTMENT,
PUBLIC JOINT STOCK COMPANY
BANK «FINANCIAL CORPORATION «OTKRITIE»,
VLADIVOSTOK*

Abstract: *the article analyzes the impact of the Russia-China Investment Fund on the development of the economy of both countries. Established to promote cross-border economic cooperation, the Russia-China Investment Fund is ideally positioned to capitalize on the rapidly expanding bilateral economic relationship between Russia and China. According to the article, the main projects of the Fund are related to the Agriculture, Consumer and Retail, Transportation and Logistics, Advanced Manufacturing, Mining and Resources, and Financial Services.*

Keywords: *international, China, Russia, economics, investment.*

РОССИЙСКО-КИТАЙСКИЙ ИНВЕСТИЦИОННЫЙ ФОНД И ЕГО ОСНОВНЫЕ ПРОЕКТЫ

Богомазова М.А. (Российская Федерация)

*Богомазова Маргарита Александровна – руководитель направления,
направление: привлечение и развитие малого и среднего бизнеса,
департамент привлечения и развития клиентов малого и среднего
бизнеса,*

*Публичное акционерное общество
Банк «Финансовая корпорация «Открытие»,
г. Владивосток*

Аннотация: *в статье анализируется влияние российско-китайского инвестиционного фонда на развитие экономики обеих стран. Созданный для развития трансграничного экономического сотрудничества, Российско-китайский инвестиционный фонд идеально подходит для того, чтобы извлечь выгоду из быстро расширяющихся двусторонних экономических отношений между Россией и Китаем. Согласно статье, основные проекты фонда связаны с сельским хозяйством, потребительской и розничной торговлей, транспортом и логистикой,*

передовым производством, добычей полезных ископаемых и ресурсов, финансовыми услугами.

Ключевые слова: *международный, Китай, Россия, инвестиции, экономика.*

Russia-China Investment Fund (RCIF) is a private equity fund established jointly by RDIF and CIC in October 2011 to stimulate the bilateral investment and generate strong risk-adjusted return for investors, taking advantage of rapid development of economic cooperation, fast growing trade, and the increasing purchasing power of the middle class in Russia and China [1]. The fund received \$2 billion in commitments from RDIF and CIC in equal share, with up to \$2 billion expected to be raised from international institutional investors. In June 2012, CEOs of RDIF and CIC, in the presence of Russian and Chinese presidents, signed official documents to set up the Russia-China Investment Fund.[1]

Bilateral trade volumes between Russia and China have increased dramatically over the last decade. The growing populations and increasing purchasing power of the middle class in both Russia and China present significant investment opportunities in the consumer sectors. [1] Both Russia and China are investing in technological innovations across a variety of sectors. Both Russia and China are moving up the value chain in the manufacturing and processing of raw materials. Established to promote cross-border economic cooperation, the Russia-China Investment Fund is ideally positioned to capitalize on the rapidly expanding bilateral economic relationship between Russia and China. The development of trade has corresponded with increased cross-border investment, which is the cornerstone of our economic relationship. Investors in both countries are moving beyond traditional areas of cooperation and are cultivating new fields of mutual investment. [1]

Trade between Russia and China has grown rapidly as the leaders of both countries have committed to advancing bilateral economic cooperation. The two countries are reducing the use of the US dollar in bilateral trade in favor of their own currencies, calling attention to the importance of their economic relationship. Bilateral trade volume between the two countries, which amounted to \$15.8 billion in 2003 [1], has increased more than 6 times over the last 10 years, reaching \$95.3 billion in 2014. According to forecasts, bilateral commerce could grow up to \$100 billion in 2015 and if the two countries continue to nurture the right conditions for trade investment growth, it is likely to reach \$200 billion by 2020. The total trading value between China & Russia has grown 17.8% p.a. in the past 11 years. RDIF and CIC are the most prominent government-backed investment organizations in their respective countries [2].

The major projects of the RDIF nowadays are: [1]

1) Russia-China Investment Fund (RCIF) and other leading institutional coinvestors announced an investment to construct the first ever railway bridge

over the Amur river on the border between Russia and China. The new bridge will have a capacity of up to 21 million tonnes per year and will connect the Jewish Autonomous Region with the Chinese province of Heilongjiang. This project was successfully realized in 2019.

2) RDIF, Russia-China Investment Fund (RCIF), the joint fund of RDIF and China

Investment Corporation (CIC), and other leading institutional co-investors participated in equity offering of PJSC Magnit. Magnit is Russia's largest retailer.

3) RCIF invested in the Moscow Exchange as part of the placement of the Central Bank of Russia block alongside the Russian Direct Investment Fund and other leading international co-investors. The Moscow Exchange is the largest exchange in Russia, the CIS and Central and Eastern Europe.

4) Russia-China Investment Fund (RCIF) and Russian Direct Investment Fund (RDIF) were joined by their co-investors and partners from the Middle East and Europe alongside other investors to support growth and development of Lenta Ltd. in Russia. RCIF participated in the SPO of Lenta Ltd., one of the largest and most successful retail chains in Russia.

5) Russia-China Investment Fund (RCIF) invested in RFP Group (Russian Forest Products), Russia's second largest wood processing company.

RCIF seeks to invest in projects that advance bilateral economic cooperation between Russia and China. Within this context, the Fund has identified six key focus areas in which we see considerable potential for generating returns: Agriculture, Consumer and Retail, Transportation and Logistics, Advanced Manufacturing, Mining and Resources and Financial Services. [3]

A joint Russia-China investment body is considering 70 projects totaling \$112 billion, Russia's sovereign wealth fund has announced after an intergovernmental commission meeting in Beijing. At the same time Russia's sovereign wealth fund together with the RCIF and the investment fund for Guangdong province, Guangdong Utrust Investment Holdings, agreed on key terms to set up \$1 billion fund. The body, dubbed the Russian-Chinese Greater Bay Area Fund, is aimed at strengthening mutual trade and economic ties between companies from the two states. It will also promote Russian business in Guangdong, the Chinese province that accounts for the biggest share of the country's GDP, and encouraging local companies to enter the Russian market.[5] *"This fund creates great opportunities for Russian companies,"* Kirill Dmitriev, the head of Russia's sovereign wealth fund, said. *"Cooperation between RDIF, RCIF and Guangdong Utrust is developing steadily, and I am confident that we are moving in the right direction towards large-scale joint projects that will serve to further strengthen the partnership between Russia and China."*

China is Russia's largest trade partner, with the volume of trade exceeding \$100 billion in 2018 and expected to double in five years. In recent months,

Beijing and Moscow have also been working to boost mutual trade in their national currencies, the ruble and the yuan, as they move to lessen dependence on the US dollar [5].

References / Список литературы

1. Russia-China Investment Fund. [Electronic Resource]. URL: <http://rcif.com/> (date of access: 20.01.2020).
2. Russia-China Investment Fund. [Electronic Resource]. URL: https://en.wikipedia.org/wiki/Russia-China_Investment_Fund/ (date of access: 20.01.2020).
3. CIC pursuing investment opportunities in Russia. [Electronic Resource]. URL: http://www.chinadaily.com.cn/business/2012-06/01/content_15444746.htm/ (date of access: 20.01.2020).
4. Russia and China to form \$1 bln industrial investment fund. [Electronic Resource]. URL: <https://www.reuters.com/article/russia-china-rcif-chengtong/russia-and-china-to-form-1-bln-industrial-investment-fund-idUSR4N1T1058/> (date of access: 20.01.2020).
5. Russia & China mull dozens of joint investment projects worth \$112 billion [Electronic Resource]. URL: <https://www.rt.com/business/474353-russia-china-projects-112-billion/> (date of access: 20.01.2020).