

**The 6th Russian-Chinese Energy Business
Forum**

Theme: Deepening China-Russia Energy
Cooperation, Promoting Energy Security and High-
Quality Development

SPEECH by

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1. Introduction

Dear participants and guests of the Forum!

I would like to begin my speech by expressing my deep **gratitude** to the President of the Russian Federation, **Vladimir Vladimirovich Putin**, and the President of the People's Republic of China, **Xi Jinping**, for their support and constant personal attention to the development of bilateral energy cooperation. It was they who initiated a new format for the Russian-Chinese **energy dialogue**.

I would also like to extend a warm welcome to the participants in today's event:

- **Ding Xuexiang** — Vice Premier of the People's Republic of China;
- Alexander Valentinovich **Novak** – Deputy Prime Minister of the Russian Federation;
- **Oreshkin Maxim Stanislavovich** — Deputy Head of the Presidential Executive Office of the Russian Federation;
- **Sergey Evgenyevich Tsivilev** — Minister of Energy of the Russian Federation;
- **Zhang Jianhua** — Director of the National Energy Administration of the People's Republic of China;
- **Dai Houliang**– Chairman of the Board of Directors of CNPC;
- **Heads of Russian and Chinese authorities, companies** and representatives of the scientific community.

Our Forum brings together representatives of **more than 80** Russian and Chinese organisations from the energy, financial, technology and other sectors, which account for **up to 40% of the trade turnover** between Russia and China. I would like to point out that energy accounts for **over 70%** of Russian **exports** to China.

This year marks the **75th** anniversary of the founding of the People's Republic of China and the **establishment of diplomatic relations between Russia and China**. Over three quarters of a century, relations between our countries have gone through different phases, but as our leaders have repeatedly stressed, today they are at an **unprecedented high level**.

Slide. Dynamics of trade turnover between China and Russia over the last 5 years

Following the recent talks in China between Russian President Vladimir Vladimirovich Putin and Chinese President Xi Jinping, goals were set to strengthen the Russian-Chinese strategic partnership in the energy sector and develop it at a high level in the interests of ensuring the economic and energy security of both countries.¹

Agreements between the leaders of Russia and China on market-based cooperation in oil, natural gas, liquefied natural gas (LNG), coal and electricity are being successfully implemented.

Last year, trade between our countries grew by 26% to \$240 billion, far exceeding the target of \$200 billion. Of this amount, \$95 billion is accounted for by mineral fuel exports from Russia to China.

The scale of Russian-Chinese cooperation in the field of oil supplies is unparalleled in Eurasia. Last year Russia exported 107 mln tons of oil to China.

Last year China also imported 34 bln cubic meters of natural gas and over 100 mln tons of coal from Russia².

Slide. China and Russia outpace G7 in GDP growth

2. Priorities for the development of cooperation between China and Russia

¹ Joint Statement of the Russian Federation and the People's Republic of China on Enhancing the Comprehensive Partnership and Strategic Cooperation. (www.kremlin.ru)

² Data from General Administration of Customs of the People's Republic of China

I believe that the next stage in the development of our relations should be to **strengthen cooperation** with our Chinese counterparts along the entire **value chain in energy and** related areas, including the development of **advanced technologies, engineering, advanced shipbuilding, industrial equipment supply, alternative energy, emission reduction and joint participation in research and development.**

It should be stressed that our cooperation is developing under **unprecedented external pressure.** However, all efforts to slow down the growth of our countries lead to the opposite result — the **GDP growth rates of China (5.2% in 2023) and Russia (3.6% in 2023) are well ahead** of Western countries and the world average.

Slide. The West underestimated the growth potential of the Russian and Chinese economies

At the same time, I would like to note that the West **initially overestimated the effectiveness of its pressure on the powerful potential of the economies of our countries.** For example, last year the IMF **raised its forecast for Russia's GDP growth four times.** By the end of the year, Russia's GDP growth exceeded initial expectations³ by almost **6 percentage points.**

A similar situation was observed in China. Despite the «**inevitable**» slowdown of the Chinese economy that has been repeatedly predicted by Western observers, the IMF forecasts that **China's contribution** to global economic growth over the next five years will be **21%**, more than that of all the G7 countries **combined (20%).**⁴

Slide. China: New technologies are the main driver of economic growth

3. «New» industries become the main growth drivers of China's economy

At the recent **Third Plenum of the Central Committee of the Communist Party of China**, the country's leadership emphasised the importance of modernisation, innovation and technological sovereignty, as well as independent supply chains,

³ IMF Outlook October 2022

⁴ Bloomberg, China Outweighs G-7 as Leading Driver of Global Economic Growth, 18.04.2024

and reiterated the need to support «**new quality productive forces**» that will underpin the country's quality development.

Huge resources have been allocated to ensure that industries such as **electric vehicles, artificial intelligence, renewable energy, semiconductors and quantum computing** will drive the country's economy in the future.

Today, **China's new economy** is growing faster than ever before. The sector grew by 30% last year and contributed **40%** to GDP growth. Thus, the growth of the new economy has largely contributed to China's GDP growth target of over **5%**⁵.

Slide. China is a leader in the renewable energy value chain

China has also become the undisputed global **leader in renewable energy**. It is now home to over **70% of the world's capacity** for manufacturing equipment for **solar and wind power, batteries, hydrogen electrolysis** and the processing of critical metals such as **lithium, nickel and cobalt**⁶.

Slide. China overtakes the West in science

It should be noted that the **significant advances made by Chinese science** in recent years are driving economic progress in China. In 2022, for example, **China overtook the US and the EU in terms of the number of high-impact papers cited**⁷.

⁵ Source: Carbon Brief, article [Analysis: Clean energy was top driver of China's economic growth in 2023](#). The new economy includes renewable energy, electric vehicles, batteries and more.

⁶ Source: Bloomberg, article [China Extends Clean-Tech Dominance Over US Despite Biden's IRA Blueprint](#), 16.04.2024

⁷ Source: The Economist, article [China has become a scientific superpower](#), 12.06.2024

In fact, thanks to significant advances in science, China has already **moved from a ‘Made in China’ model to ‘Created in China’ and is now steadily moving towards ‘Invented in China’.**

The achievements of Chinese science and Russian scientists and engineers can form **the basis for the development** of mutually beneficial Russian-Chinese **cooperation in the field of scientific development.**

Slide. China’s central bank implements measured monetary policy

4. People’s Bank of China’s measured monetary policy supported the economy

China’s economic growth is being supported by the consistent **stance of the People’s Bank**, which is pursuing a **measured monetary policy** in contrast to Western regulators. The People’s Bank of China this week **cut its benchmark one-year lending rate** for prime borrowers by another **10 basis points** to 3.35% from 3.45%, signalling to markets its commitment to supporting economic growth. We are hoping for counter-measures from the Bank of Russia for Russian prime borrowers.

I am confident that **the new technological breakthrough**, combined with **prudent fiscal policies**, will increase **China’s resilience to external shocks and** allow it to enter a new qualitative stage of development.

Slide. Russia’s economy successfully copes with external challenges

5. Russia has successfully adapted to sanctions pressure

The Russian economy is also successfully coping with external challenges, demonstrating a **high degree of adaptability** in the face of **unprecedented sanctions pressure**. **GDP growth** in Q1 2024 was **5.4%** yoy and the industrial production index rose by 5.6%⁸. Undoubtedly, **the realignment of logistics routes** to APAC markets and **stable oil**

⁸ Data from the Ministry of Economic Development of the Russian Federation

exports have played an important role in ensuring the sustainability of the Russian economy.

Slide. Russia's share in China's foreign trade has grown significantly over the past two years

6. Trade turnover between Russia and China has grown significantly

China has been **Russia's largest trading partner** for more than a decade. In turn, **Russia ranked fourth** last year among China's main foreign trade partners⁹.

The West is closely following the successes of Russia and China and is trying in every possible way to slow down the development of our countries. The latest egregious example is **the sharp increase in tariffs by the US and the European Union on clean energy goods**, equipment and components from China. As the PRC Foreign Ministry rightly pointed out, according to US logic, the subsidies it provides are considered «**essential industrial investment**» and subsidies from other countries are considered «**disturbingly unfair competition**».

Slide. China is one of the world's biggest energy consumers

7. Russia-China energy cooperation continues to develop

China's continued economic growth means **a greater need for reliable and secure energy supply**. In particular, the IEA estimates that China's consumption of liquid hydrocarbons **will increase by 9% by 2030**¹⁰. Russian companies are ready to contribute to the issue of China's energy security and energy consumption.

Slide. Russia increases oil supplies to China

⁹ Excluding Hong Kong and Taiwan

¹⁰ Source: IEA, Oil Report 2024

Our cooperation in the energy sector is dictated by the geographical position of our countries and their place on the world energy map, with Russia producing **11%**¹¹ of the world's liquid hydrocarbons and China accounting for **16%**¹² of world consumption.

In the first six months of this year, Russia's energy exports to China totalled about **\$46 billion**, up 4% year-on-year. As a result, our country accounted for almost **20% of China's energy imports** by value. Let me remind you: In 2021, the figure was only 13%¹³.

Over the past two and a half years, Russia has significantly increased its oil exports to China, making it **the country's top oil supplier**, ahead of Saudi Arabia and a number of other countries. In the first half of this year alone, Russia's oil supplies to China grew by 5% to exceed 55 million tonnes¹⁴.

In turn, **China is the largest buyer of Russian oil**. We estimate that from January 2022 to June 2024, **the economic benefit to China** of importing Russian oil compared to buying from Middle Eastern suppliers is **between \$14 billion and \$18 billion**.

Today, various options are being considered **to increase Russian oil supplies to China**. One of them is the **Northern Sea Route**¹⁵.

Slide. Russian gas exports to China hit all-time high

Russian-Chinese cooperation in the gas sector is also developing. This year, **Russian gas exports to China will reach an all-time high of about 40 billion**

¹¹ Data from the U.S. Energy Information Administration

¹² Data from the U.S. Energy Information Administration

¹³ Data from General Administration of Customs of the People's Republic of China

¹⁴ Data from General Administration of Customs of the People's Republic of China

¹⁵ [Answers to journalists after the visit to China • President of Russia \(kremlin.ru\)](#) (17.05.2024)

cubic metres¹⁶, which should strengthen our country's position as **the largest gas supplier to China**, ahead of Turkmenistan and Australia. At the same time, Russia has every opportunity to increase gas supplies to **100 billion cubic metres per year** and more, given our powerful resource base in Western and Eastern Siberia, as well as in the Far East.

At the end of last year, China also became **the largest buyer of Russian coal**, with deliveries increasing by 60% to over 100 million tonnes¹⁷.

Slide. Cooperation in nuclear power

Cooperation in the **nuclear sector** is developing. The construction of new Russian-designed power units at **Tianwan NPP** and **Xudapu NPP** (two power units with a capacity of 1200 MW each) is well on schedule. A demonstration fast neutron nuclear reactor was built in China with Russia's participation.

8. Russia is the pillar of China's energy security

It is important to note the security of Russian oil and other energy supplies to the PRC amid the current events in the Middle East.

In the context of the events unfolding in the Middle East, it is important to mention the security of supplies of Russian oil and other energy resources to China. A lot of the Russian oil is supplied via the ESPO oil pipeline, which in the current situation is a more reliable outlet than the Strait of Hormuz or Suez Canal, due to the **increasing geopolitical instability** of these regions.

Slide. China is transforming into a capital exporter

Here I would like to note that **China's direct investments**

¹⁶ TASS, Experts say Russia may become the largest gas exporter to China in 2024, 30.12.2023

¹⁷ General Administration of Customs of China

in the Russian energy sector and related industries that currently offer attractive opportunities for our partners could help strengthen energy security and develop mutually beneficial cooperation between our countries.

Such investments could create a considerable **synergy**, because Russia is one of the few countries that consistently invests in traditional energy, and **China has turned from an importer into an exporter of capital over the past few years**. China's declared direct investments in new projects abroad last year rose to a new high of more than **\$160 billion**¹⁸. We hope to **boost Chinese direct investment in the Russian energy sector**, which is characterized by high investment returns for investors.

Slide. The NSR will strengthen Eurasia's energy security

One promising area of potential cooperation is the **development of Arctic resources**, where the **Northern Sea Route** project, the shortest route to deliver our energy resources to Asia, is developing dynamically. Navigating the NSR will require a powerful ice-class **tanker fleet**, which can be created in collaboration with **Chinese shipbuilders** and component suppliers.

Slide. Increasing use of national currencies in trade

9. Dedollarisation helps to strengthen sovereignty

The current changes in the world economy and politics are leading to a **decline in the role of the US dollar** in world trade. It is well illustrated by China's recent success in **using the yuan**. In September last year, for example, the **yuan surpassed the euro** in trade settlements via SWIFT for the first time. The yuan has also surpassed the US dollar in China's international settlements for the first time, with its share now reaching **53%**.

The dynamics of Russian-Chinese mutual settlements is also indicative. Significant mutual commodity flows, as well as commodity flows of third countries, allowed our states

¹⁸ Source: fDi Intelligence, article China shifts to capital exports, 03.06.2024

to promptly **switch to settlements in national currencies**, the share of which exceeded **90%** by the end of 2023¹⁹.

To further **expand the use of national currencies** both bilaterally and in settlements with third countries, **it is necessary to establish the appropriate infrastructure and instruments** for clearing operations and correspondent accounts, as well as the full range of systems for interbank messaging.

Slide. Atlas of **RUSSIAN-CHINESE Energy Cooperation Investments**

10. Conclusion

This year the **Russian** side, with the active participation of **Chinese** companies, updated the Russian part of **the Atlas of Russian-Chinese Energy Cooperation Investments**. The Atlas provides a detailed insight into the specifics of the Russian and Chinese fuel and energy sectors and is a **practical guide to implementing joint projects**.

Slide. Photo of Xi Jinping and Vladimir Vladimirovich Putin

In conclusion, **the potential of our collaboration is enormous** and we are only at the beginning of the journey to realise it.

«**Let all flowers bloom**», as the famous **Chinese proverb goes**. I would like to thank all the participants in our energy dialogue who are contributing to the prosperity and development of Russia and China and to the well-being of our peoples.

I would like to end my speech with a quote from the great Chinese philosopher Lao Tzu: «**Only those who have power can give it to others**».

Dear colleagues! I congratulate you on the launch of the 6th Russian-Chinese Energy Business Forum and wish you productive work.

Thank you for your attention!

¹⁹ Source: Vedomosti, Russia and China have completely abandoned the dollar in trade relations, 22.04.2024 г.