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# China Backs Putin's Idea of Developing Russia's Far East

By The Moscow Times

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President Vladimir Putin visits an oceanarium at Russky Island in the far eastern city of Vladivostok, Sept. 4.

VLADIVOSTOK — Chinese Vice Premier Wang Yang said on Saturday that Russia's push to revamp its run-down Far East region coincided with Beijing's strategy, backing President Vladimir Putin's drive for new sources of growth.

At the Eastern Economic Forum in the Pacific Port of Vladivostok on Friday, Putin promised favorable business conditions and state support to Asian and domestic investors willing to come to Russia's most remote land.

"The Far East development strategy coincides with China's strategy of northeast rebirth," Wang said. "[The] Russia-Chinese partnership will definitely bring generous fruits."

But for Putin's campaign to attract Asian funds to Russia, timing may be his worst enemy:

the slowdown in the Chinese economy poses risks.

Putin's turn to Asia comes at a time when relations with the West have hit their lowest since the Cold War, following Moscow's involvement in the Ukraine conflict.

Russia needs money badly — sanctions and falling oil prices have hit the economy hard, with gross domestic product expected to fall 3.3 percent this year after growing 0.6 percent in 2014. China's growth, meanwhile, is slowing and its stock market falling, forcing Beijing into rate cuts and a yuan devaluation to buttress the economy.

Ian Ivory, a partner at Golstblat BLP, said the Chinese slowdown will hardest affect emerging markets which are providers of raw materials.

"Russia is another classic example that will feel the pain, and China will be a further negative drag on the Russian economy," Ivory said in e-mailed comments.

Andrei Kuzyayev, a former head of overseas operations at LUKoil, Russia's No. 2 oil producer, played down the worries, saying the development of the Far East was not a temporary whim, but a long-term goal for the country.

"We need to make up time we have lost," he said. "Cycles in any economy are the norm, not deviation. There will be a slowdown but obviously there will be acceleration later."

The Chinese government's growth target is 7 percent this year, down from 7.4 percent in 2014 and the slowest in a quarter of a century.

Wang's address to the forum on Saturday was short and he left immediately afterward, in the middle of the session, followed by Chinese officials, including Wang Yilin, chairman of the board at China National Petroleum Corporation.

"This was unexpected but this was OK, we managed," said Boris Titov, chairman of the Russian part of the China-Russia Friendship Committee for Peace and Development.

"The first session was delayed and they [the Chinese delegation] already had a briefing scheduled."

A CNPC official who was accompanying Yilin but declined to give his name, said only: "The schedule has changed."

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