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## Stages of interaction of China and the Sverdlovsk region (Russia) under conditions of transformation in economic development models

**Abstract:** The authors of the article observe the evolution of the economic cooperation between the Sverdlovsk region in Russia and the People's Republic of China (PRC). In the research two major stages of the collaboration between two countries can be traced clearly: "the nomenclatura partnership" in the second half of the 20th century and "the market pragmatism" at the beginning of the 21st century. The aim of the paper is to investigate the ways of integration of the Sverdlovsk area as an old industrial region in the system of economic interaction with the People's Republic of China, and define the reasons and factors for the dominant position of PRC in the foreign trade and economy of the Sverdlovsk region and the Urals, in general. The novelty of the study is to identify the particularity of the economic relations between one of the regions of the Russian Federation and the PRC under different conditions of the planned and market economic models using the demonstration of the exact examples. The research problem is to identify the risks and the drivers of the intensification of economic relations between the Sverdlovsk region (including its capital city of Yekaterinburg) and the PRC. Current research is carried out on the basis of a concrete-historical approach to the study of the stages of economic interaction between the USSR and Russia with the PRC using systemic and logical methods of analysis of the problems considered in it.

**Keywords:** economic models; joint enterprises; industrial and territorial structure of economy; PRC; the Russian Federation; the Sverdlovsk region.

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## INTRODUCTION

Due to the turbulence of the world economy, global changes in the geopolitical and economic spheres can be observed. The aim of the current research is to analyse the changing

vector of economic development of the Sverdlovsk region and its re-orientation towards the strongest collaboration with China. The analysis of trends in economic relations between the PRC and the Sverdlovsk region (the subject of both the USSR and the Russian Federation) has shown that there are two distinct stages of economic relations, which are clearly observed in the process of formation and development of interaction between two countries. Indeed, during the 1950s and the collapse of the USSR, these relations were cyclical, mainly because of the political and economic environment and the existence of administrative-command systems with all their strengths and weaknesses in both countries at the time. It is obvious that plants and factories of the Sverdlovsk region actively participated in the formation of industry in China, which was quite evident through the construction of metallurgical and machinery plants there. As the experience of the 1950s has demonstrated, the USSR and the PRC finally managed to achieve an acceptable balance of their economic interests, which eventually allowed China to become one of the largest industrial countries in the world in a short span of time.

The second stage of economic relations between the regions of China and the Russian Federation dates back to the beginning of the 1990s, when Russia's economic model was changed from the administrative-command system to the market system. The economic cooperation of plants and factories of the Sverdlovsk region and the regions of the PRC became subject to the rules of the market economy, competitive advantages, labour costs, and specifics of the technological diversification in both countries.

The result of the research was the identification of the drivers of the intensification of economic relations between the Sverdlovsk region and the PRC. Moreover, potential risks were identified as well. Besides, the degree of competitiveness of the Sverdlovsk region in respect to the development of relations with the PRC has been determined. While analysing trends in Russian-Chinese economic relations, a high correlation was obtained not only between large metallurgical and machinery holding entities relations with Chinese partners, but also between small and medium-sized businesses that have their own specific relations with the PRC. In addition, works on establishing a direct relation for the increase in interest in China in the context of preferences related to federal trends, as well as in the context of the existing competition between the administrations of Yekaterinburg and the Sverdlovsk region, were completed. The economic analysis carried out under the project has shown that transnational corporations of the PRC will be able to compete with metallurgical and industrial enterprises of the Sverdlovsk region on international markets in the short term.

## THEORY AND METHODS

The theoretical basis of the study is within the main provisions of the modernization theory, which is understood as a historiosophical paradigm that indicates the existence of macro-processes of transition and transformation from a traditional, mainly agrarian society, to an industrial one, and then to a post-industrial, thoroughly organised, integrated society with a system of expanded production (W. Rostow, 1960).

Modernisation is a historically long process of developing innovations in the economy and culture towards the formation of a modern society. The process of modernisation is evolutionary, stadial, multi-factorial, historically invariant and reversible. It has regional and civilisational specificity and proceeds with different speed and intensity in

various social subsystems and at different stages of development. The authors proceed from the idea of the nonlinear and pluralistic nature of this process.

The concept of “path dependence” implies the dependence of the trajectory of political and socio-economic development of the country on the previous stages of development, and is presented in the works of R. Martin, G. Grabher, A. Azuan. Based on the main provisions of the theory of complexity, regional systems, like other complex systems, are in a state of permanent dynamics. The processes of interaction of structures inside and outside the system, non-linearity, the principle of feedback in their relations generate a non-equilibrium state of the entire system, lead it to metamorphoses and changes. Permanent change and evolution are internal characteristics of a complex system. The evolution of complex systems goes along certain trajectories, and its direction depends on many factors. The American economist T. Veblen at the end of the 19th century believed that the past plays the main role in institutional development and historical events that formed this institution and affect its modern development (Veblen, 1898). Although the evolution of the system is generally determined by its “accumulative past,” on the way of its development there are bifurcation points, attractor structures that change the direction of evolution. Bifurcation points are temporary points of branching of potential ways of the system development, the appearance of a “quantum spectrum of alternative virtual scenarios of evolution” in it (Scientific Philosophical Dictionary).

The evolution of the system can change qualitatively and go in a previously unpredictable direction. As noted by S.P. Kurdyumov and E.N. Knyazeva, “Whatever possible structures arise at the moment of this instability, is determined by chance, fluctuations, chaos at the micro level” (Kurdyumov, Knyazeva, 2002). A relatively stable state after passing the bifurcation point of the system is described by the term “attractor.” Attractor is a structure or function that specifies the steady state of the system (Scientific dictionary). This state seems to attract the entire set of “trajectories” of the system. Nonlinear, complex systems tend to follow the so-called strange or chaotic attractors, i.e. a state that was not previously manifested, was in a state of potency. With the choice of the evolution path with access to one of the attractor structures, all other evolutionary paths seem to be closed.

The openness of complex systems also leads to the fact that new things constantly penetrate into the system, affecting its structures, causing internal nonlinear dynamics, mechanisms of adaptation and resistance, leading to a new state of the entire system. Thus, complex systems are dynamic, follow certain development trajectories that depend on previous stages, but are also contingent and difficult to predict. These properties of systems are typical from the point of view of the theory of complexity and synergetics of physical, biological, chemical and social systems. The evolution of regional systems reflects the general properties of all autopoietic and complex systems.

The development of regional systems is a complex process of interaction and mutual influence. The regional system consists of many structures that have their own development trajectories. The level of development of the regional economy depends on the peculiarities of the technological structure, the economic regime, and the level of the development of other structures in the regional system. The regional economy is, at the same time, a complex system consisting of a huge number of heterogeneous components. It includes, for instance, production and service companies that have their own evolution trajectories and development strategies, which differ in their profile and specialization (Martin, 2012).

However, the trajectories of the evolution of enterprises, although individual, are not autonomous; they are in close connection and depend on each other, changing themselves they change others. Therefore, the co-evolution of the structures of the regional system arises (Martin, Sunley, 2017). The external openness of regional systems leads to intensive information, material and energy exchange with other regional systems. Resources coming from outside cause different reactions in heterogeneous structures within the system, and encourage different actions. This depends on the ability of actors to accept and integrate these resources into their structures and use them for their own development. The acceptance and processing of incoming information can have a huge impact on the development strategies of individual structures, change the cognitive processes in companies and decision-making patterns. But, as G. Grabher showed in his research, it cannot cause any significant reaction in the regional system, which leads to its cognitive lock in, slowing down the dynamics, obsolescence of the entire system (Grabher, 1993). The inability to update the regional system is one of the reasons for its "ossification," i.e. the inability to cross the bifurcation point of the development and choose a new trajectory of the development. The processes of permanent learning, experiment in the region, formed modern educational, scientific, innovative structures can only adequately perceive the impulses from the environment and respond accordingly, choosing a viable trajectory of evolution of the entire system.

Within the research methods, the combination of three main ones was implemented. The historic-geographic method was used to describe the territory of the studied regions, including the old industrial area of the Urals. The analysis of the statistical data was carried out to represent the number of imported and exported goods in diachronic aspect. The comparative analysis of economic trends between Russia and China is provided as well. Moreover, the visuals, including bar-charts and diagrams, support the research results.

Overall, the development and evolution of any regional system is a dynamic process of non-linear interaction of internal and external structures, the challenge (impact) of the external environment and the response (reaction) of internal structures, these are failures, hindrances, violations in the functioning of structures and processes within the regional systems. Foreign companies can contribute to the transition of the regional system to a new level of development. The import of new knowledge, skills and abilities coming from foreign firms contributes to increasing the intensity of regional training processes and, consequently, to upgrading the regional economic system. We can assume that Chinese companies also create positive innovation effects in the Sverdlovsk region, thereby helping to overcome the old industrial mode of the region.

## RESULTS AND DISCUSSION

### I. "Administrative Partnership" stage (the early 1950s – the early 1990s)

The founding of the People's Republic of China on October 1, 1949 symbolised the emergence of the first Asian country aimed to adopt the model of administrative-command economy adapted earlier by the Soviet Union. It is no secret that economic realities of the early 1950s forced the PRC to cooperate with the USSR. Chinese economy in the mid 20th century represented a model of transition from semi-feudal types of agricultural economy to industrial development.

It is known that in the first ten years (1949–1959) of this partnership there were more than 3,000 industrial enterprises and technical infrastructure facilities built in the PRC with the help of the Soviet Union and the countries of Eastern Europe. This has made it possible for China to create all the conditions necessary for the orderly and balanced development of their economy by the end of the 1950s.

Taking into consideration that each of the economic regions of the USSR had a “competitive advantage” in a specific sectoral and territorial makeup of the economy, the Central Urals became a “donor” of technological innovations for the Chinese economy. Metallurgical and machinery plants built in the PRC in the 1950s are considered to be “clones” of the Soviet enterprises built in the USSR in the 1930s. For instance, the first metallurgical plants in the PRC (Anshan Metallurgical Plant and Baotou Metallurgical Plant) were built in accordance with several engineering projects of specific metallurgical enterprises built in the Sverdlovsk Region (Nizhniy Tagil Metallurgical Plant, Serov Metallurgical Plant), while Harbin Instrument Plant was built in the image of the Sverdlovsk Instrument Plant. The need for rapid construction of industrial enterprises in eastern China pushed the Chinese leadership not only to resort to some “technological assistance” from the USSR and the Comecon Member Countries, but also to train their own specialists in engineering in different universities of the USSR and Eastern Europe. Indeed, more than 5,000 Chinese students obtained a higher education in Sverdlovsk in the period from 1949 to 1959.

To sum up, the first stage (1949–1959) of the Russian-Chinese economic relations is characterised as assistance from the Soviet Union to the PRC within the so-called administrative partnership framework. Economic relations with the USSR played a huge role for China in terms of creative formation of the economy, contributing to the dynamic development of the individual regions of China and the country as a whole. Russian-Chinese economic relations of this period were predominantly “ideological” in nature, which was dictated by the administrative-command economy of that time. All the industrial projects and “five-year plans” were coordinated by the government delegations of both countries at joint meetings. Engineering products were the main items of the USSR export, while China supplied commodities and light industry products to the USSR. At this stage, China played the role of a recipient of the Soviet investments, thus developing its economy. The USSR, in turn, used China to create a huge platform for political support for the Soviet regime. From an economic perspective, China was much more interested in the assistance from the USSR (Potapenko, 2011).

## **II. The stage of “market pragmatism” in the relations between the Sverdlovsk region and the PRC (early 1990s up to the present).**

The period of 1960s to 1980s was a failure in terms of economic interaction between the USSR and the PRC. The ongoing economic reforms in the early 1990s contributed to the resumption of economic contacts between the territories. The transition from a planning-administrative model to a market one and the removal of the “closed regime” of the Sverdlovsk region allowed the Central Urals to form and carry out horizontal economic projects that allowed the Sverdlovsk region to become one of the partners of large regions of the PRC, and the reforms carried out in China during the reign of Deng Xiaoping, led to impressive growth in the national economy. If the beginning of the 1990s and the first years of the 21st century were more reminiscent of the romantic phase of “reanimation”

of economic relations between the PRC and the Russian Federation, then since 2005 the PRC began to be viewed by the leadership of the Russian Federation as a priority strategic partner in the world economy in general and the Asia-Pacific region in particular.

The Sverdlovsk Region was actively preparing for the first Year of Russia in China. For example, under the regional administration patronage, an exposition was prepared at one of the largest trade and economic forums of the Asia-Pacific Basin in Guangzhou. Since January 2006, Russia with European and Asian countries began using the resource of gas to influence the adoption of interstate decisions in international relations. One of the important elements of this policy was the idea of building a gas and oil pipeline to China.

The Russian Federation planned to diversify its energy markets by entering the Asian energy market. It was necessary to build strings of gas and oil pipelines to China, and it meant thousands of kilometers of pipes and new equipment. Taking into account the huge industrial potential of the enterprises of the Sverdlovsk region and rather close location to the project implementation area, one could speak of great competitive advantages in the tender for the supply of the necessary materials and equipment. Machine-building (Uralmash) and pipe-rolling enterprises (Plants of the Pipe Metallurgical Company) of the Sverdlovsk Region took part in the construction of the Power of Siberia gas pipeline.

In terms of foreign trade volume (2005–2018), the PRC is one of the leading foreign trade partners of the Ural Federal District and is included in the top ten countries in the rating of the district trading partners. The share of China in the total volume of exports of the Ural region is 19.7%, and in the total volume of imports – 15.2% at the end of 2017. In the development of the Russian-Chinese economic relations, the border territories today set the tone, and, meanwhile, there is a colossal reserve for the intensification of cooperation between the People's Republic of China and the regions of the Urals and Western Siberia. Moreover, the potential of the Ural Federal District opens up significant opportunities for collaboration.

The shortest trade route and freight turnover between Europe and Asia, including the Trans-Siberian Railway, goes through the Urals. There is a developed network of roads, railways and waterways. In the future, the international transport corridor Berlin-Moscow-Yekaterinburg will pass through this district, the Ural enterprises in the field of logistics are considered to be promising in the “One Timezone – One Road” project. There are international airports, including Koltsovo airport in Yekaterinburg, which is being transformed into an international hub, becoming a point of intersection of many international airlines. Occupying less than 11% of the country's territory, the Ural Federal District, 8.5% of the country's population lives in the district, 16% of the gross product of the Russian Federation, and 20% of all industrial manufacturing are produced. The district accounts for one fifth of the Russian investments in fixed assets. Here 42% of taxes are collected in the federal budget of Russia. The growth of the gross regional product steadily exceeds 6%, industrial production is growing by 5% annually. The degree of concentration of industrial production in the Urals is four times higher than the average for Russia, here the country has the highest volume of industrial production and investment in production per capita. The natural resources of the district are extremely rich. The district has reserves of world importance, hydrocarbons, metallic and non-metallic minerals. This opens up mutually beneficial prospects for the development of cooperative ties with the PRC in the mining sector.

The Ural Federal District (UFD) is not only a powerful economic centre, but also a large capacious market with 20 million people living in the area. The production and

social infrastructure are being successfully formed. The development of the financial services sector is approaching the level of international standards. Hundreds of insurance companies and banks are successfully operating in the district, 20 of them are among the 200 largest banks in Russia. The district has branches of the Chamber of Commerce and Industry – a body that takes over part of the functions of supporting entrepreneurship. The market for office and commercial real estate, hotel services are developed. There are prospects for cooperation in almost every sector of the economy. The amount of potential investment is not limited. Nowadays, the regions of China and Russia are solving similar problems of modernising the economy and improving the quality of life of citizens. The extensive experience of the Federal District in international cooperation will facilitate the establishment of a dialogue.

An important role of the Sverdlovsk region in activating economic projects with the PRC was the SCO decision to hold their 2009 meeting in the centre of the federal district – Yekaterinburg. This event allowed Yekaterinburg to become a platform for future international forums, including the largest industrial exhibition of the Russian Federation “Innoprom” in the following years.

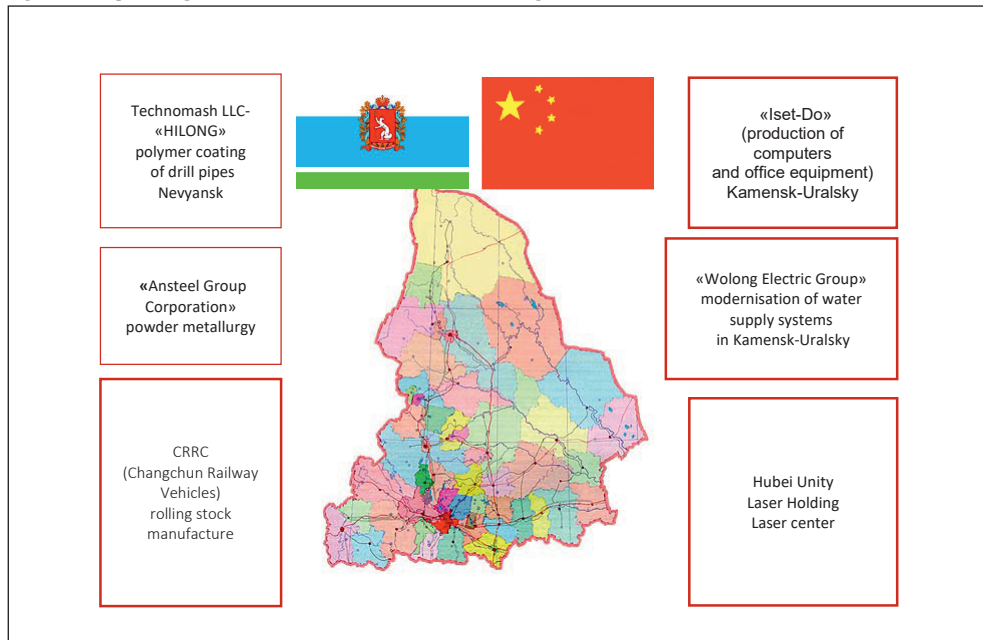
A vast territory of the Sverdlovsk region, a variety of natural and climatic conditions, a developed economy open up significant opportunities. The state’s efforts to create a favourable business and investment climate are being implemented. The purpose of these efforts is to create the conditions for the business presence of investors and entrepreneurs in the Ural Federal District as comfortable as possible, ensuring the operation of mechanisms for protecting property and guaranteeing investments at the level of world requirements. Nevertheless, the achieved level of economic interaction between the Ural Federal District and the PRC has not corresponded to the existing economic potential yet. The structure of international trade between the regions of the Ural Federal District and the PRC needs improvements.

#### COMPETITION BETWEEN THE SVERDLOVSK REGION AND THE CAPITAL OF THE CENTRAL URALS IN THE DEVELOPMENT OF RELATIONS WITH THE PRC

The PRC is on the second place among 100 countries with which the Sverdlovsk region maintains foreign trade, which is 11% of the region’s trade turnover. In 2017, more than 800 companies with investments from the PRC were registered in the Central Urals, 283 of them are located in Yekaterinburg. The trade turnover amounted to 1318 million dollars, with a positive trade balance (Figure 1).

The main export goods from the Sverdlovsk region are ferrous and non-ferrous metals (75%) and metal-intensive machine building products (16%). The Central Urals imports mainly textiles, footwear (15%) and high technology products (35%). Among the companies that have actively entered the Chinese market, the following should be mentioned: UMMC (refined copper, copper wire rod, copper sulfate), JSC Uralgidromash (pumps for pipelines), LLC Elmashstroy (construction materials), LLC Novolyalinsky pulp and paper mill (sawn timber, raw materials for paper production). Particularly noteworthy is the partnership of PJSC Ural Turbine Works (partnership in the manufacture of turbine parts with Harbin Turbine Works. To date, UTW has delivered 121 turbines to China, including four Ural-made turbines at the Huanggen station (Beijing). In addition, the following Ural enterprises are developing business relations with China: RUSAL

Figure 1. Imported goods from China to the Sverdlovsk Region in 2019 – 2020



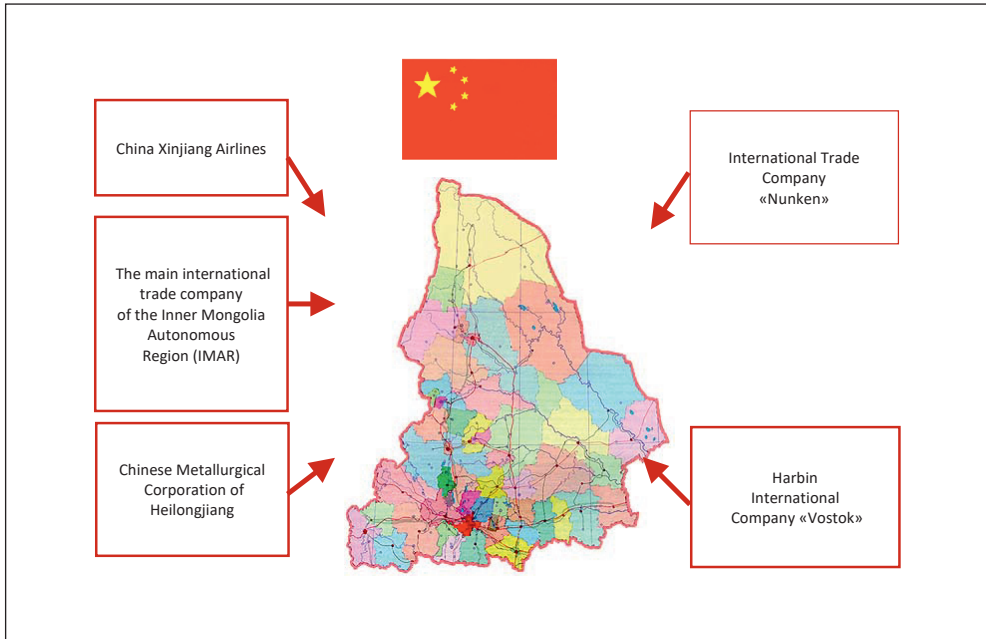
Source: Database of the Federal Customs Service of the Russian Federation 2018–2021 (analysis performed by the authors), <http://stat.customs.gov.ru/unload>

(alumina and aluminum production), Evrazholding (ferrous metallurgy products), Pipe Metallurgical Company (having its offices in Beijing and actively trading with China), FSUE Integrated Plant «Electrohimpribor», JSC Jewelers of the Urals, JSC Baranchinsky Electromechanical Plant, Federal State Unitary Enterprise Ural Electromechanical Plant, VSMPO-Avisma, JSC Uralchimplast (supplies technologies for the production of anisole and xlyenol), LLC Internet shop «Sima-land» (consumer goods).

The economic and geographical position, the specifics of the territorial production complex of the Sverdlovsk region determine the nature of cooperation with China. As part of the study, it is necessary to highlight the economic and political specifics of the relations between the Sverdlovsk region and the PRC. It is possible to distinguish a number of industries that traditionally hold leading positions in terms of export volume to the PRC (Figure 2). These, of course, include ferrous and non-ferrous metallurgy, the chemical industry, as well as mechanical engineering. Large holding structures (Evrazholding, RUSAL Russian aluminium, UMMC Ural Mining Metallurgical Company) that own metallurgical companies in the region are largely focused on the PRC market as China consumes metal in significant volumes. For the period from 2000 to 2017 the procurement of metal and metal products annually provided over 60% of the export of the Sverdlovsk region to the PRC. However, it should be taken into account that according to the statements of representatives of the PRC industry, the country should be transformed from a metal consumer into a major exporter by 2021. Thus, the orientation of the Ural metallurgical companies towards the Chinese market lays down certain risks of a recession and, as a consequence, social instability in the region caused by a deformation in the price environment, which will require diversification of the sales markets.



Figure 2. Exported goods from the Sverdlovsk Region to China in 2019 – 2020



Source: Database of the Federal Customs Service of the Russian Federation 2018–2021 (analysis performed by the authors), <http://stat.customs.gov.ru/unload>

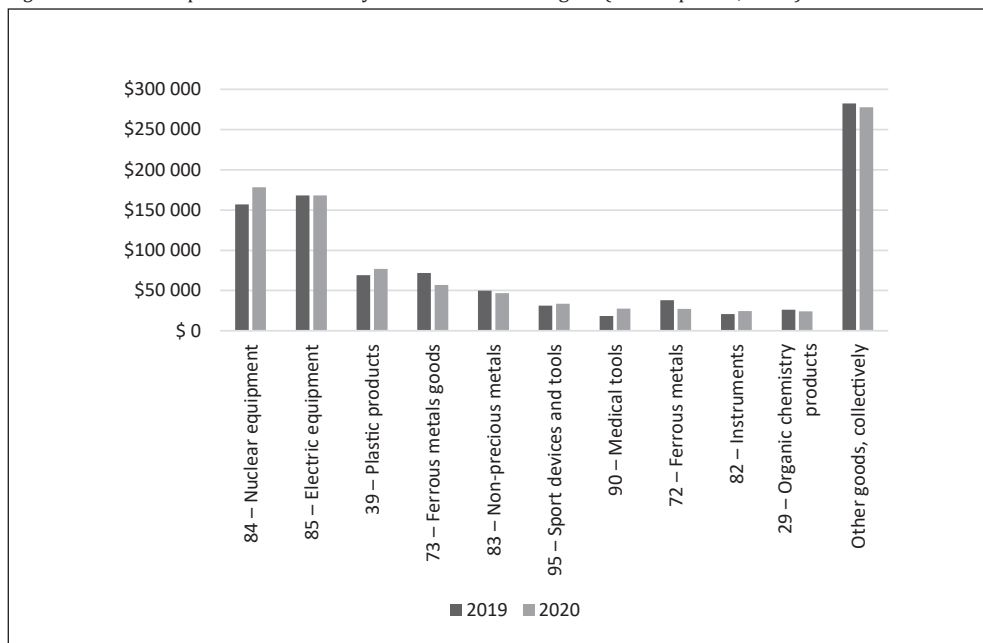
One of the priority tasks for the government of the Sverdlovsk region, as well as for the representatives of the business community of the Central Urals, is to increase the share of engineering products in the export structure. Despite the stereotypes about the low competitiveness of the Russian machine-building products, large enterprises such as the Ural Optical and Mechanical Plants, Ural Locomotives, Ural Turbine Plant, and Iset Production Association have been working with China since the end of the 1990s. Despite the difficulties of the Perestroika period, a number of companies in such industries as power engineering, oil and gas engineering, the production of optical and mechanical products managed to establish contacts with representatives of the Chinese business community. In most cases, enterprises in the Sverdlovsk region made efforts to sign agreements with Chinese intermediary structures that have the necessary amount of information and power to participate in tenders held by both the PRC authorities and private Chinese companies.

Often, within the framework of the aforementioned tenders, companies, representing the Sverdlovsk region, had to face competitors related to large MNCs. In such a situation, the key factor that influenced the party conducting the tender was the price offer of the Ural companies. What is more, some influence is exerted by the factor that a number of large industrial facilities on the territory of the PRC were once commissioned with the help of the USSR, and, at the same time, all equipment was supplied by large Soviet enterprises (in some industries, such as power engineering, all enterprises were located on the Russian territory). Consequently, the Chinese side has accumulated some experience in interaction with former Soviet, and now Russian, enterprises (Burnasov, 2013).

One of the factors that somehow complicates the interaction of the Sverdlovsk Region and counterparties from the PRC in the field of mechanical engineering is the desire, inherent of the Chinese side, to obtain design or technological documentation to launch the production of similar products in the PRC when concluding a contract. In the early 1990s, when “foreign currency” contracts with foreign partners were the only way for a company to receive “real” money, and, consequently, its survival, machine builders of the Sverdlovsk region were forced to agree with such requirements. However, at present, the entry of a number of engineering assets into large Russian holding structures made it possible to weaken dependence on the Chinese partners and to take a more restrained position in negotiations, taking into account the interests of both the Chinese and the Russian parties.

Considering the machine-building enterprises of the Sverdlovsk region, oriented towards cooperation with Chinese companies, it makes sense to touch upon the possibility of a number of enterprises participating in the preparation and implementation of large-scale projects for the supply of energy resources to the PRC market. Taking this into account, it is quite logical to take part in such projects (in terms of supplying the necessary equipment for construction and maintenance) of companies interacting with the Russian energy giant – PJSC Gazprom. As in the case with the pipe companies, machine builders of the Sverdlovsk Region are ready to implement projects announced by the federal authorities. Assessing the potential for the development of economic ties between the Sverdlovsk region and the PRC, it should be noted that the key indicator is not only the volume of exports in value terms, but also the volume of products with a high share of added value, which primarily includes engineering products.

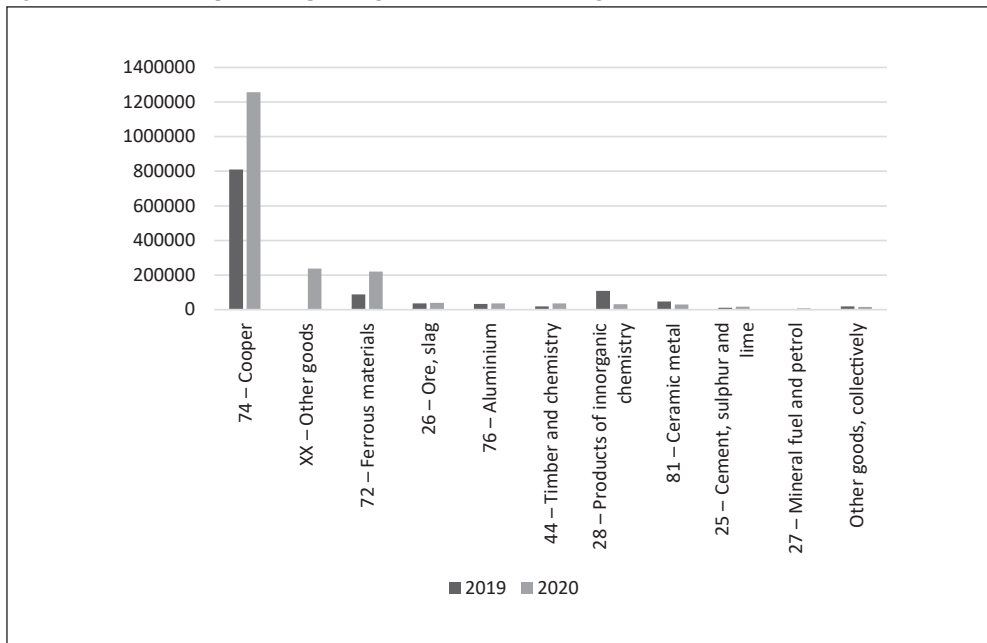
Figure 3. Chinese capital in the economy of the Sverdlovsk region (26 companies, 2020)



In turn, the Chinese capital is involved in the structure of the economy of the Sverdlovsk region (Figure 3).

Among the joint Russian-Chinese enterprises, the following can be noted: «TEVIKA» is involved in the production of the waste processing equipment (Yekaterinburg), «Flying Dragon» produces sports and other footwear (Yekaterinburg), «Kiros» works in the field of wood processing and timber industry complex (Pervouralsk), «Iset-Do» involves production of computers and office equipment (Kamensk-Uralsky), «Kofim» is catering for bars, restaurants (Yekaterinburg), «Harbin-Service» is in tourism sector (Yekaterinburg). Representatives of Chinese companies and organisations showed interest in the projects that were presented during the industrial exhibitions “Innoprom,” especially in the field of non-ferrous metallurgy (UMMC), infrastructure development (Koltsovo airport), telecommunications «Huawei» (federal Internet providers), mechanical engineering (Ural locomotives), design and construction of the Kazan-Yekaterinburg high-speed railway (Figure 4).

Figure 4. Chinese enterprises cooperating with the Sverdlovsk region



The Confederation of Chinese Enterprises actively participates in the preparation for industrial exhibitions “Innoprom” – China National Petroleum Corporation (CNPC), China Petrochemical International Co., China Minmetals Corporation, “Dongfeng Motor Corporation,” “Great Wall Motors”; banks – “China Development” and “Export-Import Bank of China.”

## CONCLUSION

The transition to the market model of the economy had the additional synergetic effect on the development of the regions in Russia which lack the favourable geographical position as the territory of the Urals and the Sverdlovsk area are remote from the potential trade routes in Europe and Asia. But, having established the profound industrial basis and

modern regional innovative systems with logistic models of transportation, this region got the impulse for neoindustrialisation by developing industrial ties with other countries.

China had become one of the economic partners of the Russian Federation since the last decade. Weakening of the cooperation with the USA and the European Union (EU) allowed PRC and new industrial countries from the South-Eastern Asia occupy the available niche for mutually profitable projects with Russia. In the 1990s Ural old industrial regions were involved in the entrepreneurship with the EU countries whereas in 2010–2020 there was a shift from the Western vector in the economic relations to the East. It has led to the transformations in the territorial market structure of the Sverdlovsk region and its integration into a new world economy.

Thus, the intensification of the Russian-Chinese economic cooperation at the beginning of the 21st century allowed the previously “closed” regions, such as the Sverdlovsk Region, to maximize their industrial potential in the context of globalization and regionalization of the world economy and intensively develop economic projects with the PRC. As a result, the factors of intensification of cooperation between China and Russia have been figured out. The analysis of the positions of the countries reflected in the national and regional statistics allows to determine the nature, directions and achievements of cooperation between the Sverdlovsk region and China, to assess the impact of various factors (external and internal) on the processes of foreign economic interaction. The main indicators of economic cooperation in the study are the volume of exports and imports, foreign trade turnover between China and the Sverdlovsk region in the period of 1990–2020. The main sources and conclusions of this paper are the static data services in Sverdlovsk region, RF, and research results of the foreign and local experts. The economic analysis has shown that transnational corporations of PRC will become competitive on the world market to the metallurgic and industrial enterprises of the Sverdlovsk region by implementing new facilities of the metallurgic companies in the year 2025. The process of re-orientation towards the Chinese market is very dynamic and has not finished yet. The switch from the European markets to Chinese is caused by the rejection of the European entrepreneurs to invest in Russia. In the perspective, more and more stakeholders interested in new markets will appear, which will place the current research on a new stage.

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