THE POSSIBILITY OF TRANSFORMATION OF RUSSIAN-CHINESE RELATIONS IN CONNECTION WITH THE CHANGE IN CHINA'S INVESTMENT POLICY IN THE CRIMEA UNDER THE INFLUENCE OF WESTERN SANCTIONS

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ABSTRACT
The reunification of Crimea with Russia in 2014 caused a mixed reaction in the world. The US and its allies took an openly hostile stance by imposing sanctions against Russia and stressing that they will not cancel them until Russia returns the Ukraine peninsula. However, it is clear that it is no longer possible to return to the past, and the geopolitical opposition of the West and Russia has entered a qualitatively new stage, especially in the Black Sea and the Sea of Azov. In this context, the position of other influential states in Crimean geopolitics, including the strategic interests and imperatives of the People's Republic of China, one of the key players in contemporary international relations, a country sharply opposed to the geopolitical hegemony of a state, in particular the United States. After all, despite the geographic remoteness of the Crimea from the PRC, the geopolitical transformations associated with it affect the vital interests of China, which is of no small importance in the conduct of Russia's foreign policy.

Keywords: PRC, Western economic sanctions, Russia, Crimea, investment policy

Introduction
The modern leadership of Russia seeks to identify ways to grow mutually beneficial cooperation in investing in the Crimea and to ensure the resumption of long-term full-scale projects in the Crimea, as the geostrategic potential of the Crimea is of great importance for maintaining the balance of power in the world's "oil" and military policies. Measures to improve investment policy and stimulate investment activity have not produced a significant effect to date [Basnukaev, Musostov 2016].

At the same time, Russia's international image greatly influences the regions' ability to attract investment. Western economic sanctions lead to risks of potential investors to lose their invested
funds, although the resource potential itself is high. That is why the issue of assessing the investment attractiveness of the country as a whole, and of each region separately, is topical.

Thus, the problem of creating a favorable investment climate for attracting investment in the Russian economy has become particularly acute in recent years. A decisive role for its solution is called upon to play an appropriate investment policy.

Since the mid-1980s, Beijing has been developing a theory of transforming the world balance of forces from a bipolar structure into a multipolar one, and one of the main elements of China's national defense policy has been the struggle against expansion. Meanwhile, the entry of the Azov-Black Sea region, the Caucasus and Central Asia into the sphere of influence of the West would be one of the main pillars of establishing and consolidating a unipolar world order under US leadership.

**Causes:**

1. Geopolitical transformations in the Crimea can rightly be considered one of the most significant shifts in world politics of the last time, which have echoes in other regions of the world. These transformations affect the vital strategic interests of key world and regional centers of power, including China, as Crimean geopolitics reflects its foreign policy and internal political situation.

2. China's investment policy in the Crimea had a progressive character in the development of this republic in the interests of the PRC. Prior to the reunification of the Crimea with Russia, China demonstrated a marked activity in various sectors of the economy of the peninsula. Analysts note a record number of preliminary agreements and memorandums between the Crimea and the PRC, which, however, were not brought to practical implementation. Thus, in the energy sector, the PRC planned to invest $ 700 million in the construction of a combined-cycle power plant in the Crimea. Further, for the extraction of hydrocarbons on the shelf, China was going to provide Ukraine with a drilling platform worth $ 200 million under a leasing agreement. China and Crimea also planned to cooperate in agriculture. According to the authorities of the autonomy, the land on which the projects will be implemented will be transferred to the Chinese side for lease, but will retain the status of the state lands of Ukraine.

Such projects have been signed several times since 2011 and before the transition of the Crimea to the Russian Federation. According to the analysis of the signed documents, China viewed the Crimea as a site for the production of agricultural products for the needs of its own population. According to Russia 24, China rented about 3 million hectares of agricultural land in Ukraine for 50 years, which is about 5% of the total area of Ukraine (on the territory of which about a third of the world's chernozem is concentrated). The main purpose of the lease is the production of agricultural crops and pig production [Leontief 2018].

This approach fully fits the new development strategy proclaimed at the last year's congress of the Communist Party of China, according to which the PRC will concentrate its efforts on the withdrawal of a significant part of industrial and agricultural production from its territory to the countries of the third world. Until recently, in this vein, the PRC has built relations with African countries, where harmful industries have been actively extracted, and where raw materials for the needs of the Celestial Empire have been extracted. As the African experience shows, Chinese partners do not particularly care about the territories where raw materials are produced and extracted.

This situation may be subject to further discussion of the interaction between Russia and China, with the subsequent conclusion of new agreements on a parity basis.

Solving the problems of overcoming the investment crisis in Russia should be carried out with a comprehensive study of the process of functioning of the regional economy in the period of its transformation [Shkvarya et al 2017]. Despite signs of growth, it continues and, moreover, the unevenness of regional development deepens, there are no effective regulators of concentration and distribution of investment resources.

3. The interaction of the PRC and the Ukrainian Crimea in the field of tourism, despite the signing of relevant memorandums in 2012, was also not realized due to the ill-conceived logistics, poor quality of service and high price policy on the part of the Ukrainian Crimea. In this direction, Crimea cooperated...
with different regions of the PRC (for example, with the province of Hannan). At the same time, some companies of the hotel business in China showed interest in the development of the recreational complex of autonomy.

We list the most vivid and large-scale examples of Western sanctions against Russia:

1. 12.03.14 The Organization for Economic Cooperation and Development suspended the process of Russia's acceptance into its membership.
2. 17.04.14 The European Parliament adopted a resolution calling for the renunciation of the construction of the South Stream gas pipeline on the territory of the EU.
3. On 25.04.14, Russia's participation in the G8 was suspended.
4. 31.07.14 The EU imposed sanctions against Sberbank of Russia, VTB Bank, Gazprombank, Vnesheconombank, and Rosselkhozbank. In addition, an embargo was imposed on the import and export of weapons and similar material to Russia.
5. 7.08.14 Anders Fogh Rasmussen NATO Secretary General during his visit to Kiev said that NATO completely ceases cooperation with the Russian Federation.
6. 12.09.14 The EU banned the organization of debt financing of three Russian fuel and energy companies: Rosneft, Transneft, Gazprom Neft.

Next, let's look at how sanctions have influenced the business connections of Western companies with Russia in the sectoral context.

Industry:
1. The American company Applied Materials refused to supply equipment for the MRAM memory manufacturing plant in Moscow.
2. By September 2014, the US oil company ExxonMobil, which is the largest private oil company in the world, stopped work on nine out of ten projects in Russia.
3. German concern Rheinmetall stopped supplying equipment to Russia.
4. The French company Renault Trucks Defense, owned by the Swedish concern Volvo, suspended the development of a joint with Russia project of an infantry fighting vehicle "Atom".
5. The French company EDF Trading refused from the Russian thermal coal.
6. The Italian company Finkantieri has suspended the joint project with the Central Design Bureau of the MT "Rubin" to develop a small non-nuclear submarine S-1000.
7. Italian oil refinery company Saras has postponed its plans to establish a joint venture with Rosneft to sell oil and oil products.
8. The Swiss-Dutch oil trader Vitol suspended negotiations on attracting about $ 2 billion from European banks and the US for the prepayment of Rosneft in return for subsequent oil supplies.
9. The Dutch-British oil and gas company Royal Dutch Shell stopped cooperation with the Russian oil company Gazprom Neft within the joint venture Khanty-Mansiysk Petroleum Union.

Financial and economic sphere:
1. On March 21, 2014, international payment systems Visa and MasterCard stopped servicing cards issued by Russian banks affiliated with persons on the US sanctions list.
2. On 16 April, the Bank of Cyprus terminated all its branches in the Crimea.

Tourism:
Cruise companies canceled calls of their liners to the Crimean ports. In particular, Costa Crociere, Azamara, officially announced such a decision. Oceania Cruises, Regent Seven Seas Cruises, Windstar Cruises, MSC Cruises, Chervona Ruta.

We recognize the value of Crimea as a resort and tourist zone of worldwide importance, so it is possible to resume negotiations in this direction with central supervision by the Kremlin. Russia traditionally still looks at the West and East at the same time because of its geopolitical position, while in this historical segment the western direction prevails. In the last year, a discussion has turned on the need to turn to the East in order to diversify the partners. The eastern direction is, firstly, a region geographically close to us, secondly, it is a dynamically developing market with high growth rates, and thirdly, it is a region open to cooperation. Now the share of East and South-East Asian countries in the trade balance is much lower than the EU, cooperation in the investment sphere is also weak.

Some facts speak about the priority of the eastern vector. This is the proclamation of the development of the Far East as a national priority, the revision of the current Energy Strategy in favor of intensifying cooperation with the APR countries, the trip of business leaders to Vietnam and Japan, the...
organization of the first Russian business mission to the ASEAN countries led by Deputy Minister of Economic Development Alexei Likhachev. Traditionally, the largest eastern partners for Russia were neighboring states - China, Japan and Korea.

Already, China accounts for 16.7% of total imports, that is, this eastern neighbor is the main supplier to Russia, outstripping Germany and even in aggregate trade with the CIS countries. Ideally, Russia should expand exports to China, and not turn into a consumer of Chinese goods. Now Russia buys high-tech products from China, while it itself sells fuel and energy resources (74%) [Vagina 2015]. Excessive Orientation, or rather, the Chinese market, can really put the country in dependence on China.

**Materials and methods**

Analysis of the investment sphere of the Russian economy over the years of market reforms shows that in fact there has been no improvement in the investment climate in the regions; There are no real prerequisites for updating their production potential; the effective system of management of investment processes by the regional governments has not been formed.

The research methods used in this area do not provide the necessary quality of the solution of the indicated problems and related problems. Regional authorities do not effectively influence this process; the system of mutual relations of power structures and participants of investment processes in the region is not adjusted. Of particular importance is the scientific-methodical and practical development of problems of effective and qualitative activity of regional government bodies in a number of key areas: the search, justification, implementation and monitoring of proposed investment decisions. The authors used open sources to analyze China's investment policy in the Crimea.

**RESULTS**

The reunion of Crimea with Russia affected the investment climate, including the volume and nature of investment by the PRC. Sanctions imposed by a number of countries have had a negative impact on the economy of the Crimea, significantly reducing the volume of foreign trade. From April to December 2014, the foreign trade turnover between the PRC and already the Russian Crimea amounted to $ 4.8 million, and China ranked 9th among the country's foreign trade partners in this indicator. In 2015, the volume of bilateral trade increased to 8.1 million dollars and China became the fourth largest foreign trade partner of the Crimea.

Of course, the volume of bilateral trade has significantly decreased, but given the geopolitical importance of the Crimea and the fact that the entry of this territory into the Russian Federation corresponds to the strategic interests of Beijing, it can be assumed that with time, the Sino-Crimean economic relations are once again becoming more active.

The penetration of the Chinese component involved the transport sector, represented by sea and air traffic. Here we should especially note the plans of the People's Republic of China to build a deep-sea port in the Crimea. This project was planned to be launched at the end of 2014. In the first phase, it was planned to invest $ 3 billion in the construction of a deepwater port in the vicinity of Evpatoria, the reconstruction of the port of Sevastopol and the creation of an economic development zone for high-tech industries.

The idea of building a deep-sea cargo port with a grain terminal in Crimea is not new. The project was implemented by Ukrainian businessman Alexei Mazyuk, who attracted as an investor the Chinese billionaire Wang Jin - the initiator of the construction in Nicaragua of the understudy of the Panama Canal. The construction of the port infrastructure and water area was planned on land, and after that they had to be filled with water and connected to the sea by destroying the spit that separates the Bogayly lake from the sea area. In the second stage, investments could amount to $ 7 billion to be spent on the construction of an airport, a shipyard, an oil refinery, an LNG production facility, the creation of recreational beaches and a vocational education system.

The imposition of sanctions stopped the implementation of these projects, but these projects may be the subject of a new discussion between the governments of the Russian Federation and the PRC.
In addition, the inclusion of the economy of Crimea in the Ukrainian period of belonging to the Chinese economy was reflected in the volume of trade. Since 2011, China has been the largest foreign trade partner of the Crimea, trade turnover exceeded then the mark of 570 million dollars, which is almost 1.3 times higher than the volume of trade between the PRC and the North Caucasian Federal District of Russia. In 2013, China was the second largest foreign trade partner of the Crimea, the trade turnover between them already amounted to $ 470 million, which was only marginally inferior to the trade turnover of the peninsula with Russia - $ 471.8 million.

A number of mutually beneficial joint projects have already been outlined. So, in the summer of 2015 a delegation of Chinese businessmen visited the Crimea, and during the meetings with the leadership of the republic an agreement was reached on growing tobacco in the territory of the ARC. Both sides expect a lot from the implementation of this project. At the same time, the parties agreed on several investment projects in the field of machine building, production of construction materials, oil and gas production, and tourism. It is planned to organize charter flights of Chinese tourists to the Republic of Crimea. The country already uses the Chinese system of international payments UnionPay, and it is assumed that it will replace Visa and Mastercard payment systems here.

However, we believe that the investment policy of the PRC in the Russian Crimea should be carefully analyzed taking into account Russian interests and concluding new treaties and agreements at the highest level, and not at the regional level.

Discussion

The main geostrategic imperatives of China in the Crimea affect China's vital interests in the so-called "oil policy". Requirements of Western countries under US pressure to return the Crimea to the Ukrainian jurisdiction are due to the desire of the US to fully control and the coal market, including [Khizbulin at al 2017].

For example, the United States, for its part, takes into account that energy resources are the Achilles' heel of China, and make efforts to complicate China's access to the Central Asian "pantry" [Fergusson 2018; Weiss A.S. and R.Nephew]. The loss of Russia's positions in the Azov-Black Sea region would trigger a chain reaction on the basis of the dominoes principle, and Moscow would begin to lose its positions in the Greater Caucasus region with serious consequences for the situation in the Volga region and for the geopolitical situation in Central Asia, periodically declares [Karabulatova 2017].

For strategic reasons, it is more profitable for China to arrange the supply of oil and natural gas from Central Asia, with which it has a common border than from other regions. Zhang Wenmu, a researcher from the Chinese Institute of Modern International Relations, believes that it is necessary to orient the Central Asian non-oil market in China. "It is better to make the main focus on the transportation of oil and gas by land, since China, having superiority in the land forces, is able to ensure the safety of these supplies," the Chinese researcher believes. In addition, the establishment of natural resource supply to the People's Republic of China will be one of the most effective mechanisms for creating interdependence between the PRC and its neighboring states, which is one of the most important imperatives of the geopolitics of any state.

Thus, Central Asia appears as an energy rear of the Celestial Empire, and if this region passes into the sphere of influence of the West, China will become very vulnerable and will no longer be able to actively create a multipolar world order, especially be one of the poles in world politics [Karabulatova 2017].

In 2012, China provided Ukraine with a loan of $ 3.6 billion in exchange for the supply of Ukrainian grain. Ukraine was to supply China with about 3.3 million tons of grain - half until October 2014, the remainder - in November of the same year. According to Beijing, Ukraine fulfilled only one of 19 contracts, delivering 65,000 tons of corn instead of the promised 500,000 tons. Convinced that Kiev does not intend to carry out the contract, Beijing appealed to the court with a demand to collect the funds transferred to Ukraine [Skrypach 2017].

Geopolitically, this region is closely connected with the Black Sea region, especially with the Caucasus. And at this stage in the Black Sea space there is a very specific situation. Today, the seven
countries have access to the Black Sea: Romania, Bulgaria, Turkey, Georgia, Abkhazia, Russia and Ukraine. If before 2004 only Turkey was part of NATO from the Black Sea countries, then after the fifth expansion of the North Atlantic Alliance Bulgaria and Romania became its members. Thus, of the six Black Sea neighbors of Russia, half are members of the North Atlantic Alliance. Since 2004, Tbilisi has been openly pro-NATO. At the same time, in the West, from time to time they say - and quite often at a fairly high level - about the possibility of Georgia's joining the alliance. In 2016, the new NATO Secretary General, Jens Stoltenberg, at a meeting of the NATO defense ministers in Brussels, said that the active cooperation of the North Atlantic alliance with Georgia is very important for responding to the security challenges of NATO in the Black Sea.

The relationship between NATO and Ukraine is of special geopolitical significance. Statements about the country's accession to the North Atlantic Alliance have been made more than once. But after the victory of Euromaydan and the last change of power in 2014, the foreign policy orientation of Kiev has radically changed, becoming distinctly anti-Russian and pro-Western. It can even be argued that the new Ukrainian government actually abandoned the neutral status of the country and made an application for entry into the sphere of influence of the West, albeit without formal legal registration from the West itself. At the same time, Kyiv is taking steps to formally legalize its geopolitical orientation (see the National Security Strategy of Ukraine). Among the main tasks of the Security Strategy of Ukraine are proclaimed ensuring Ukraine's integration into the European Union and creating conditions for joining NATO. This, according to the Ukrainian government, should contribute to the formation of a stable security environment and to ensure joint opposition to modern challenges and threats.

It is obvious that the new domestic political realities in Ukraine and its pro-Western orientation can lead to profound global geopolitical transformations. In this context, the key is the Crimea. The presence of it in the composition of Ukraine would mean a full military and political domination of the West in the Black Sea water area.

With the development of this scenario, Russia could no longer oppose anything to the geopolitical domination of the West in the region, which would also affect the situation on the huge geopolitical space from the Caucasus to the Tien Shan [Malle 2017].

In all these regions, the West and a number of its allies, in particular Turkey, will undoubtedly gain comparative advantages and take leading positions. Such a turn of events will lead to aggravation of conflicts on ethnoconfessional grounds in Central Asia, which will immediately affect the domestic political situation in the PRC [Ydyrys et al 2017; Karabulatova 2017].

Naturally, all this will be accompanied by conflicts and confrontation, which, with the nuclear potential of competing powers, is fraught with unpredictable consequences for the whole world. ¬

With such a development of the situation, simultaneously with the loss of the status of the pole of world politics, the PRC will get big problems along the perimeter of the borders with Central Asia, which have serious threats to China's geopolitical security. The most vulnerable link appears directly bordering Central Asia Xinjiang. Involving Central Asia in the sphere of influence of the US and Turkey can have a strong impact on the internal political processes in Xinjiang, pushing the Turkic-speaking Islamic peoples of this region to secession. Beijing seriously fears the spread of Pan-Turkism ideas in Xinjiang, especially since Pan-Turkism was often used by third forces to weaken China's influence and penetration into this strategically important region. After the collapse of the USSR, this threat has taken on new contours, especially in connection with Turkey's ambitions and the active actions of IGIL [Osipov et al 2016]. This development of events is not in the interests of the PRC and poses a serious threat to the security and sustainable development of this country both at the global and national levels.

Conclusion
1). Geopolitical transformations in the Crimea affect the deep strategic interests of China in the context of both global and domestic policies. In the Crimean geopolitics, the positions of Beijing and Moscow largely coincide [Kashin 2014].
2). The Crimean phenomenon creates completely new geopolitical realities in a huge geopolitical space, including in the Caucasus and Central Asia, which, in its turn, can create serious threats to the
security of the People's Republic of China (up to mass riots and attempts to separate some territories, as the Xinjiang Uygur Autonomous Region, with the assistance of the United States, Turkey and IGIL) [Seidina et al 2017]. Therefore, Russia and China are natural allies. Obviously, for the entry of Crimea into Russia, Crimea is much preferable to Moscow's loss of this region.

3). The main global geostrategic imperatives of China in the Crimea affect China's vital interests, due to the maintenance of some balance in the field of weapons in the Black Sea-Azov region, despite the predominance of NATO countries.

4). Finding the Crimea within the Russian Federation is the guarantor of a parity balance of power in the world hydrocarbon market, restraining the expansion of the US in their striving for total control in the global oil policy. This factor is a priority in the "oil policy" of the PRC [Akmetova et al 2016].

5). The reunion of Crimea with Russia affected the investment climate, including the volume and nature of investment by the PRC. We believe that in the near future the previously planned large-scale strategic projects (for example, the deepwater port construction project) will be suspended: there are strong fears of a negative reaction from the West and related undesirable consequences. The implementation of such projects, even in the best for the Crimea case, is a matter of a medium-term, and, most likely, long-term perspective. But not so large-scale joint projects are likely. The policy of sanctions on the part of the Western countries and new political realities stopped the implementation of the Crimean projects, but these projects can be the subject of a new discussion between the governments of the Russian Federation and the PRC on the new terms of partnership. The main mechanism of Chinese politics here is the economy and the humanitarian sphere, with the main emphasis being on the activity of the private sector without any political relations and with a virtually complete absence of publicity for existing links [Karabulatova, Ryazantsev et al 2017].

6). However, that the Chinese side is often inconsistent, reviewing the agreements reached earlier, often in the short-term benefit of Western countries. In this regard, the Russian Federation will have to pay attention to other strong investment players on the world stage (the countries of the Arab world and some Western countries), revising, in turn, the previously reached agreements on partnership in other spheres with China.

REFERENCES


