

Legal Mechanism of Risk Prevention and Control of China's Energy Investment in Russia

Yikun Pan

School of Southwest Petroleum University, Chengdu 610500, China

Abstract: Energy investment is an industry strongly influenced by geopolitical factors. The conflict between Russia and Ukraine has caused turmoil in global energy markets. Against this backdrop, China's overseas energy investments face challenges such as nationalization risks, military risks and pressure to improve the country's energy structure. As the largest importer of oil and gas, China should prioritize energy security as a development strategy. An important aspect of energy security requires the establishment and improvement of legal mechanisms to protect energy investment, but the current legal framework for foreign energy investment is still in the stage of investment treaties between countries, and some of the contents are outdated, contradictory and fragmented. In addition, China has problems including but not limited to complex energy investment disputes, so it needs a comprehensive legal mechanism to regulate energy investment and update some bilateral treaties. At the same time, China also needs to improve the overseas investment insurance system.

Keywords: Russia, Overseas Energy Investment, Legal Risk.

1. The Necessity of Improving the Legal Norms of Energy Investment in Russia

With the rapid development of China's economy after the reform and opening up, energy consumption is also increasing year by year. The Russia-Ukraine conflict has changed the geopolitical reality and had a major impact on international affairs and the world order. In the context of the Russia-Ukraine conflict, China's energy investment in Russia has become a major power gamble, and energy dominance is becoming a political tool for mutual pressure among major powers. The western sanctions have put Russia's energy industry into an unprecedented bottleneck state, and the main problem for future energy exports is oversupply. At the same time, European countries will actively change their own energy supply structure, strengthen energy cooperation with the United States, the Middle East and West Africa, and get rid of energy dependence on Russia.

Against the backdrop of the Russia-Ukraine conflict, China's investment in Russia's energy sector faces both opportunities and challenges. The opportunity is that Western energy sanctions imposed on Russia have forced Russian energy to gradually withdraw from the market in Western Europe and the United States. In the short term, Russian energy exports will outsupply demand, forcing Russian energy companies to seek capital partnerships in Asia-Pacific markets. China, as the largest importer of oil and gas, will become Russia's largest investment partner.

In the case of oil, for example, China is the only country to increase oil consumption by 2020 (220,000 b/d), and China is 73% dependent on oil imports. [1]Cooperation with emerging economies such as China will be a new trend for energy exporters such as Russia. [2]But the problem is that overseas energy investments are usually worth a lot of money, take a long time and are prone to legal disputes due to the investment environment of the host country. There is also the fact that Russia's domestic politics are currently more volatile due to the conflict between Russia and Ukraine. Therefore, China's

overseas energy investments currently face a series of challenges, including nationalization risks, military risks, transportation risks and environmental protection risks, and there is no specialized legal system to deal with these challenges.

This paper aims to clarify the legal risks of China's energy investment in Russia under the background of the Russia-Ukraine conflict, track the development of international investment, and propose corresponding risk prevention and control measures from the three aspects of legal infrastructure construction, insurance system improvement and international investment dispute procedures, so as to provide certain references for policy decisions.

2. The Current Situation of China's Energy Investment in Russia

The traditional modes of international energy investment include: international cooperative development, greenfield investment, cross-border mergers and acquisitions and BOT mode. International joint development, cross-border mergers and acquisitions and "loan for energy" are common forms in China's overseas energy investment practice.[3]

The energy crisis and the Ukraine crisis have led to increased investment in fossil fuels. Global investment in fossil fuels has shown a trend of growth, with coal investment growing relatively little, reaching \$105 billion in 2021, up 10 percent year-on-year, and continuing to grow 10 percent in 2022, mainly in China and India. [4]Under China's Belt and Road Initiative, the strategic direction of China's international investment is gradually shifting to "inviting in" and "going global" for common development. The country and many enterprises have begun to make energy investments abroad. The country and many enterprises began to invest in energy abroad, and restrictions on energy investment were removed from the negative list for foreign investment access in the 2020 edition. [5]During the 14th Five-Year Plan period, China's energy cooperation with other countries will become increasingly close. China-russia energy cooperation has been carried out in many fields, from upstream to midstream and

downstream.

In 2009, China and Russia signed a 20-year, \$25 billion oil loan agreement. Under the agreement, China and Russia will build an oil pipeline in the East Siberia-Pacific Ocean pipeline branch to Daqing, and Russia will supply China with 15 million tons of crude oil annually, marking an important stage of Sino-Russian energy cooperation. Construction of the internal section of the China-Russia oil pipeline began in April 2009, and the pipeline officially began supplying crude oil on Jan 1, 2011. The first phase of the project (Moda Line) is planned to supply 15 million tons of oil per year; In 2018, the second phase of the China-Russia oil pipeline was officially put into use, and since then, imports of Russian oil through the pipeline have increased to 30 million tons per year.

While initiating the construction of the oil pipeline and the steady growth of bilateral trade, the cooperation between China and Russia in the field of natural gas has also made positive progress: In May 2014, PetroChina and Gazprom signed the Contract for the Purchase and Sale of Gas Supplied by the Eastern Route between China and Russia, which was a historic cooperation breakthrough. Since 2018, Russia has been supplying natural gas to China through the China-Russia Eastern Route gas pipeline. Russia is set to become China's largest oil supplier in 2016-2019 and its second largest source of oil imports in 2020-2021. [6] In terms of business investment, the two countries have initially established a joint basis based on "equity transactions" and "project co-ownership." [7]

Russia has strong and high-profile energy companies, such as Lukoil, Rosneft and Gazprom, and China has a number of energy companies that have provided the foundation and support for energy investment in both countries. In the context of the Belt and Road Initiative, Russian and Chinese companies have achieved extensive cooperation as shareholders. For example, in 2017, CEFC Energy Corporation acquired a 14.2 percent stake in Rosneft for \$9.1 billion. [8] There are also many examples of project cooperation, such as the China-Russia Investment Fund Management Company established by the China Investment Corporation and the Russian Direct Investment Fund in 2012. [9] Another example is the joint participation of CNPC, Novatek of Russia, Total of France and Silk Road Fund in the Yamal LNG (liquefied natural gas) project in Western Siberia. Initially, Novatek, Total and CNPC held 60 percent, 20 percent and 20 percent of the Yamal LNG project, respectively. It was later negotiated that Novatek would offer a 9.9 percent stake to the China Silk Road Fund and Novatek would end up with a 50.1 percent stake. The total value of the Yamal LNG project is \$27 billion, of which \$19 billion is funded by China, accounting for more than two-thirds of the total investment. The success of the Yamal LNG project has made China-Russia cooperation in the energy sector more mature. Under the joint push, the Arctic region will soon cooperate to build a second LNG plant, the Arctic LNG 2 project. At present, the project has been approved by the Russian government. Novatek has a 60 percent stake, Total 10 percent, China National Petroleum Corporation 10 percent and China National Offshore Oil Corporation 10 percent. A further 10 percent of the shares have been set aside for share expansion.

China-Russia cooperation in the power sector is also making steady progress. China Energy Construction Corporation and the sovereign Wealth Fund of the Russian Federation have joined forces to build a large-scale energy infrastructure

project in Russia: In December 2020, the two companies signed a contract for a 168-megawatt combined cycle power plant project in Vsevolozhsky in the Baltic Sea region, including design, equipment supply, construction, installation and commissioning, and general contracting agreements. The project, located in the Baltic Sea region, will provide a stable power supply to surrounding cities. [6]

3. China and Russia Have Existing Legal Mechanisms to Prevent Energy Investment Legal Risks

(1) Russia's legislation on energy investment

At present, Russia has formed a basically complete institutional framework for foreign energy investment in the field of energy investment. Various legal regulations have been formulated for activities in different sectors, including exploration, development, transportation, marketing and utilization of energy resources. These include: the Law of the Russian Federation on Product-Sharing Agreements, the Law on Foreign Investment of the Russian Federation, the Law on the Continental Shelf of the Russian Federation, the Law on Underground Resources of the Russian Federation, the Law on Railways of the Russian Federation, the Law on Procedures of the Russian Federation for Foreign Investment in enterprises of strategic importance for the protection of defense and national security, the Law on Environmental Protection of the Russian Federation, and the Natural of the Russian Federation Gas Export Law, Labor Management Law of the Russian Federation, Land Law of the Russian Federation, Tax Law of the Russian Federation, Lease Law of the Russian Federation, Law on the Legal Status of Foreign Citizens of the Russian Federation, Law on International Commercial Arbitration of the Russian Federation, Law on Arbitration Institutions of the Russian Federation, Law on Electricity of the Russian Federation, Company Law of the Russian Federation on Limited Liability, and Shares of the Russian Federation Company Law, Customs Code of the Customs Union, Law on Energy Conservation of the Russian Federation, Law on Ecological Assessment of the Russian Federation, Law on State Regulation of Foreign Trade Activities, Federal Law on Special Safeguards, Anti-dumping and Countervailing Measures for Imported Goods, Law on Foreign Exchange Regulation and Supervision, Law on Measures for the Protection of National Economic Interests in Foreign Trade, etc. In addition to these laws, the interaction of the energy sector is regulated by normative legal documents such as Russian presidential decrees, Russian government resolutions, individual departmental regulations, and local laws. [10] Through the above-mentioned series of legislative measures, Russia has established a sound system guaranteeing the rights of foreign investors in terms of investment and business activities. This has enabled it to set its sights on diversifying offshore investment funds, improving investment risk protection for foreign investors, and eliminating access differences between host countries and domestic investors.

(2) The application of the Law to energy investment disputes in Russia

Russia has to a large extent established norms for open and transparent procedures required for an efficient functioning market economy. Courts of Arbitration at all levels are judicial bodies that exercise jurisdiction through arbitration, including disputes over economic disputes and disputes over

administrative handling. They are responsible for energy and economic disputes between legal entities and companies, resource bankruptcy matters, shareholder rights litigation and economic disputes.[11]

As for the settlement of disputes, Article 50 of the Russian Underground Resources Law stipulates that disputes concerning mineral resources (including oil, gas, precious metals and gemstones) shall be handled by state authorities, courts and arbitral tribunals in accordance with the powers and procedures provided by law, and defines the jurisdiction of the courts of General courts and arbitration courts. Property disputes related to the exploitation of mineral resources may be referred to the arbitral tribunal with the consent of the parties. Article 10 of the Law of the Russian Federation on Foreign Investment provides that disputes arising from investments and business activities in Russia can be referred to courts, arbitral tribunals or international arbitration tribunals. In addition to judicial remedies, foreign investors may resort to the arbitration institutions of the Russian Federation, mainly including the International Commercial Arbitration Court and the Maritime Arbitration Commission, to resolve disputes arising out of investment and business activities in Russia. Domestic and international commercial arbitration in the Russian Federation is conducted under the International Commercial Arbitration Court and the Maritime Arbitration Commission. The international commercial arbitration system in the Russian Federation is based on the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the 1958 New York Convention and the United Nations Model Law on International Commercial Arbitration, and is the main instrument for foreign investors to settle disputes relating to investments in the Russian Ministry of Energy. [12]It can be said that the above-mentioned legal activities have laid a solid institutional foundation for the political and economic development of Russia and established a basic framework for the application of the Russian energy investment law.

(3) The current situation of China's energy investment legislation

Although significant progress has been made in China's energy legislation since reform and opening up, China has not paid enough attention to the issue of legislation on foreign energy investment. The existing energy laws, such as the Energy Conservation Law, the Renewable Energy Law, the Coal Law and the Electricity Law, do not address the issue of overseas investment (including overseas energy investment) and investment protection. Although Article 110 of Chapter 12 of the draft for consultation on the Energy Law deals with the issue of risk control (political risk) of foreign energy investment, it is a pity that the draft has been delayed since it was published in 2007. The Measures for the Administration of Overseas Investment, promulgated by the Ministry of Commerce in September 2014, is currently China's main overseas investment law. Although the law makes detailed provisions on the approval procedures for foreign-invested enterprises, change approval procedures in case of enterprise change or termination, the code of conduct for investment enterprises abroad, government supervision and information services, it does not deal with the issue of overseas energy investment and its protection as a special topic. The law does not address the issue of foreign energy investment and its protection as a special topic. In addition to the Measures for the Administration of Overseas Investment, China's current legal provisions on overseas energy investment and its

protection are mainly scattered in other separate laws and departmental rules.

In terms of investment supervision, in 2002, the former Ministry of Foreign Trade and Economic Cooperation promulgated the Measures for Comprehensive Performance Evaluation of Overseas Investment and the Interim Measures for Joint Annual Inspection of Overseas Investment, establishing a comprehensive performance evaluation system for China's overseas investment and forming the basis for the government's supervision of enterprises investing overseas. In April 2003, the Ministry issued the Notice on Issues Related to the Pilot Work of Approval of Overseas Investment, which decided to delegate part of the approval power to lower levels. In July 2004, The State Council issued the Decision on the Reform of the Investment System, which clarified the two ways for the government to implement the approval system and the record system for the management of overseas energy investment.

In terms of tax support, the "Enterprise Income Tax Law" specifies that overseas investment enterprises can obtain income that has been paid abroad in the domestic income tax payable limit credit. China has also concluded bilateral tax treaties with nearly 100 countries to ensure that overseas investment companies are not burdened by double taxation.

In terms of risk control, in 2003, the Ministry of Commerce issued the "Foreign Country Trade and Investment Environment Report" and established a mechanism for assessing the investment environment by foreign countries. In 2004, MOFCOM issued the Catalogue of Country-specific Industry Orientation for Outbound Investment, and established a country-specific reporting system on obstacles to investment transactions. In 2005, the Ministry of Commerce established the Preliminary Reporting System for Overseas Mergers and Acquisitions of Enterprises, which established the reporting system for cross-border mergers and acquisitions of enterprises. In 2006, the Ministry of Commerce promulgated the Interim Measures for Chinese Enterprises' Overseas Business Complaint Service, establishing a complaint mechanism for overseas business issues.[13]

4. Problems and Legal Risks of China's Energy Investment in Russia

(1) Issues concerning China's energy investment in Russia
1) Policy instability still exists

Although Russia has increased its energy trade with Asia-Pacific countries to a certain extent since the Ukraine crisis, there is a possibility that Russia's energy policy adjustment may falter. Between 2009 and 2015, the share of Russian oil exports to Northeast Asia increased from 10.45 percent to 26.79 percent of total oil exports. Among them, Russia's oil exports to China, Japan and South Korea increased from 5.37 percent, 2.37 percent and 2.72 percent to 15.78 percent, 5.96 percent and 5.05 percent, respectively. [14]The energy cooperation between Russia and China has accelerated in recent years, mainly because the decline in global oil prices after the shale revolution has worsened seller's market conditions, relations between Russia and the West continue to cool, and Russia needs new strategic support, while the Asia-Pacific region is Russia's only strategic adjustment in the region. However, relations with the West remain a priority in Russia's foreign policy. Historically, Russia's strategy of looking east has always been reactive. It has always been

driven to the East by the West and turned its back on the East when invited by the West. In a sense, the Belt and Road Initiative is a choice that Russia has been forced to make in a deteriorating geopolitical environment. In the economic and trade sector, the EU remains Russia's largest economic partner: in January-September 2018, Russia-EU trade was \$216.324 billion, up 21.5 percent year on year; The EU's share in Russia's trade structure stood at 43.2 percent; Exports increased by 25.0%, import growth increased by 14.1%, and EU countries invested a total of 300 billion euros in Russia in 2018. In contrast, the total trade volume between China and Russia in 2018 was just over \$100 billion, indicating that the economic and trade relations between Russia and the EU are far more mature than those between Russia and the Asia-Pacific region, and it is difficult to change the dominance of EU-Russia trade in the short term. In terms of energy cooperation, Europe's technological and financial advantages are crucial to Russia's energy development. In addition, the infrastructure for exporting oil and gas from eastern Russia to the EU is more mature, and Russia's continued promotion of China-Russia energy cooperation is only part of its strategy to diversify its energy exports. As such, the pace of Sino-Russian energy cooperation depends on Russia's relations with the West, leaving open the possibility of energy policy fluctuations.

2) Russia's domestic economic environment is not conducive to the implementation of cooperation projects

First of all, due to Western sanctions, Russia's economic situation continues to deteriorate, and it is difficult for China to guarantee the benefits of investment. As Western sanctions continue, Russia's economic development is under great pressure: in the first half of 2017, the net outflow of foreign investment from Russia increased by 71 percent to \$14.7 billion, while household income declined. [6]Deteriorating economic conditions and fears of further Western sanctions have dented the confidence of Chinese investors in investing in Russia. For example, in 2014, Rosneft offered CNPC a stake in Vanke oilfield, one of Rosneft's largest oil fields, under an agreement signed between the two, CNPC would get a 10 percent stake, but the deal was not implemented in the end; And in 2015, Sinopec and Rosneft signed a cooperation framework agreement on the joint development of the Ruskoye and Jurubcheno-Toholm oil and gas fields. Sinopec may buy Rosneft's 49 percent stake in East Siberia and TNK Oil and Gas. The two companies hold licenses to develop the Ruskoye and Yurbuchino-Tokhomeskoye fields, but the agreement was never implemented. According to the Central Bank of Russia, Chinese direct investment in Russia reached \$350 million in 2016 and \$100 million in the first half of 2018; In mid-2018, China's direct investment in the Russian economy reached \$3.19 billion, a decrease of \$1 billion compared with the same period in 2017. Due to the sluggish Russian economy, China and Russia have shown more interest in energy cooperation, but few projects have actually materialized. The lack of strong government support, as well as issues such as investment returns, have made it difficult for energy companies from both sides to cooperate.

Second, the market environment in Russia is not very good. Some Russian government agencies do not provide enough support to Chinese companies. Chinese companies are not familiar with the Russian state, and insufficient research on Russian laws and regulations has hindered the expansion of energy cooperation among small and medium-sized enterprises. The mismanagement of Russia's domestic market,

discriminatory policies against Chinese companies, inadequate legal protection for foreign investment in Russia, and the problem of links between Chinese and Russian legislation have hindered the concrete development of energy cooperation between the two countries.

(2) Legal risks of Chinese energy investments in Russia.

Regarding the legal risks of foreign energy investment, some researchers believe that the main concerns of enterprises when investing in foreign energy are the lack of laws in the investment country and the discrimination against foreign investors in the host country. [15]The legal risks listed above are categorized by subject. The author believes that the risks associated with departmental law can be divided into the following categories.

1) Antitrust risk.

Antitrust risk is a key factor in determining whether Chinese investors can invest in Russia. Antitrust risk is the biggest legal risk for foreign energy investment, as energy resources are linked to a country's strategic security. To protect their political and economic interests, many countries have enacted laws and regulations on which market sectors foreign companies can and cannot operate in. In the current economic environment in Russia, it is important to pay attention to measures such as anti-trust investigations against foreign investors in order to protect the development of its own enterprises. The anti-monopoly supervision of foreign investment in Russia is mainly about the approval of foreign investment in Russian strategic enterprises. [16]According to the Measures for the Administration of Foreign Investment in Enterprises of Strategic Significance to the Defense and National Security of Russia promulgated by the Government of the Russian Federation in 2008, strategic enterprises include enterprises engaged in economic activities related to national security. According to Russian law, investment by foreign investors in strategic enterprises requires consultation and consent from specialized departments of the government of the Russian Federation. It is not difficult to see that investment in energy is not only a commercial act of private entities, but also a political act between countries.

2) Labor protection Risks

Labor legal risk is a typical legal problem encountered by Chinese enterprises in overseas mergers and acquisitions. It is the risk that the enterprises will be punished by the host country or be exposed by the trade union boycott because they violate the labor laws and regulations of the host country. In most developed countries, labor protection laws are relatively sound and trade unions are powerful. Trade unions have a great influence in the process of investment and merger, post-investment management, and even in the process of layoffs and exit. However, labor disputes are often ignored by Chinese enterprises.

3) Risks related to environmental protection

Environmental risk mainly refers to the risks caused by environmental problems to foreign investment. For companies, failure to comply with environmental regulations can result in heavy fines and may even lead to an order to close down. Russia is now gradually starting to cooperate with other countries in the Arctic, and the Arctic Policy Principles, published in 2008, call for careful treatment of Arctic development, not cooperating in areas such as energy production and infrastructure construction, while strengthening cooperation in the management of natural resources and environmental protection in the Arctic.[17]

4) The danger of "politicizing" the law

At present, due to the conflict between Russia and Ukraine, Russia may take measures to change the expected returns of foreign investors, such as asset expropriation, nationalization, etc.

5) Security review risk

The risk of security regulations is the legal risk that many countries reject foreign investors in order to protect national security and national interests. However, the energy sector is a sensitive one, and Russia will no doubt raise the regulatory bar as it seeks cooperation in the current environment.

5. Legal Risk Prevention and Control Measures for China's Overseas Energy Investment

As for the current status of China's foreign investment Law, some scholars believe that there are four deficiencies: legislation lags behind, regulatory legislation is unscientific, domestic law is not coordinated with international law, and the level of legislation is low. [18]. The author believes that in the context of the Russia-Ukraine conflict, the legal risks of energy investments in Russia can be reduced if improvements are made in three areas: the development of a basic law, the development of foreign investment insurance and the development of investment dispute settlement procedures.

(1) The level of domestic law

1) Improve basic legal support

The Energy Law of the People's Republic of China came into effect in April 2018, but the law has no relevant legal provisions on foreign energy investment. As far as the current Chinese legal system is concerned, there are no clear provisions to ensure adequate protection and relief against the risks of foreign energy investment. Therefore, China should speed up the formulation of a legal system on foreign energy investment. Since the launch of China's "Going Global" strategy and the Belt and Road Initiative, outbound investment will become a major trend in the coming years. More and more investors are seeking overseas investment. If there is no special legislation to protect the interests of these investors, Chinese companies can only seek domestic remedies in host countries or solve the problem by international arbitration, which will easily discourage them from investing overseas. What's more, if there is no special legal protection for China's energy investment from other countries, there will be a huge threat.

2) Improve the insurance system for overseas investment

The legal environment of China's overseas energy investment is generally poor, and the overall level of political risk of investment in China is still not up to standard. This requires us to attach great importance to and implement risk prevention and control. [19] Another important part of the legal framework of China's overseas energy investment in China is the insurance system. As early as the 1940s, the United States passed the Economic Cooperation Law and established an "Office of Economic Cooperation" based on it to manage foreign investment, and has a long history in foreign cooperation, managing foreign investment, assisting domestic companies in foreign energy investment, helping domestic companies assess risks that may occur in investment destinations, and assisting government coordination. Invest in an insurance program. Many countries have since followed suit and set up their own foreign investment insurance schemes, which largely protect investors.6

China currently has the China Export Credit Insurance Corporation, which specializes in underwriting foreign investment risks and can provide risk assessment and guarantees for most foreign-invested enterprises in the country. So far, however, only four types of political risks are covered in China's export insurance. Only: exchange rate restrictions, expropriation, war and political riots, and default are covered. Non-political risks, such as environmental protection and investment access, are not covered. Overseas investment companies buy insurance from the company, and if non-political risks outside the above four scenarios occur, the company should pay for the losses itself. In the overseas energy investment, investment risk exists all the time, if it encounters non-political risk, it will bring huge losses to the enterprise, and some even disaster.

Therefore, China should establish a comprehensive overseas investment insurance system for overseas investment. We should improve China's existing Insurance Law, add corresponding insurance clauses for overseas investment, study insurance methods suitable for China's national conditions and China's economic development, so that investors can take out insurance according to the conditions of the investment projects, improve the protection of overseas energy investment, and provide a guarantee for any enterprise making overseas investment.

(2) The international law

1) Enhance the capacity of ICSID and other international judicial mechanisms

When energy investment disputes occur, it is necessary for Chinese energy investment enterprises to raise their awareness of the legal settlement of investment disputes and improve their use of international judicial mechanisms such as ICSID. Since the 1990s, international investment arbitration has become one of the most common and effective forms of dispute settlement between host countries and investors. China has joined the multilateral system for most investments and is actively working to establish a bilateral investment protection system, while making efforts to establish a sound legal system for overseas investment. However, when Chinese investors have disputes with their respective host governments, they usually only choose traditional methods such as negotiation and consultation, followed by regional or local arbitration, with few attempting to resolve disputes through international legal channels. Chinese companies need to enhance their awareness and ability to resolve investment disputes through legal means, and further increase the utilization rate of international judicial mechanisms represented by ICSID.

2) Build a better legal system under international law

At the same time, it is necessary to restart negotiations on bilateral investment treaties and increase the content of investor protection. The bilateral investment treaty should be improved, unreasonable restrictions on investment access should be removed, the interests of Chinese overseas energy investors should be better protected, the specific scope of investment and investors should be clearly defined, and all stages of investment entry, operation and exit should be covered in the bilateral treaty. At the same time, in order to prevent various political risks, it is necessary to clarify remedial measures and compensation standards before signing the treaty, strictly control the quality of the treaty text, ensure fair and just investment treatment standards, and establish channels for dispute settlement.

6. Conclusion

When discussing the current situation of international energy investment in China, the scale of energy investment is expanding and its forms are also showing a trend of diversification. In recent years, with the rapid development of China's overseas energy investment, many investment projects with international influence have been formed. Against this backdrop, China's energy legal system is also in its nascent stage. In the context of the Russia-Ukraine conflict, China needs to face the legal risks of energy investment in Russia from the perspective of the source country, and ensure the correct implementation of energy investment by introducing the basic legal system for overseas investment and formulating an insurance system.

References

- [1] Information on: https://www.bp.com.cn/zh_cn/china/home/news/reports/statistical-review-2021.html
- [2] Cao Zhihong, The Impact of the Russia-Ukraine Conflict on the International Energy Situation and China's Respons, *Caijing Magazine*, Vol. 9, No. 2022.
- [3] Gu Xiangyang. Research on Legal Risk Prevention of China's Overseas Energy Investment [D]. Zhejiang University, 2016.
- [4] The International Energy Agency released the "World Energy Investment Report 2022", *World Petroleum Industry*, No. 2, 2022, p. 77.
- [5] Information on: <http://www.mofcom.gov.cn/article/ae/ai/202006/20200602977244.shtml>.
- [6] Feng Anquan, Exploration of the Path for Deepening China-Russia Energy Cooperation under the New Situation, *Economic Review*, , 2022, No. 6, p. 81..
- [7] Zhou Xu., Promoting Cooperation in Energy Market Transactions between China and Russia, *Shanghai Energy Conservation*, 2022, No. 10.
- [8] Wang Ding., The Current Situation and Prospect of China-Russia Energy Cooperation in the New Era [D]. China Foreign Affairs University, 2019.
- [9] Liu Xiaoyin, The Impact of the 'Silk Road Economic Belt' on the Facilitation of Trade and Investment between China and Russia, *Learning and Exploration*, ,2015, No. 6, p. 96-100.
- [10] [Rus] Mashtepanov, The Current State, Problems and Development Prospects of the Russian Fuel and Energy Complex at the Turn of the Century, *World Knowledge Press*, 2013, Vol2, p. 645.
- [11] Wu Ling, An Overview of the Russian Judicial System, *China Justice*, 2004, , No. 4, p. 89-90.
- [12] Jia Shaoxue, Analysis of Russia's Energy Investment System under the Background of the 'Belt and Road' Initiative, *Legal Journal*, 2016., No. 1, p. 41.
- [13] Li Ruohan, The Construction of Legal Mechanism for Protecting China's Overseas Energy Investment from the Perspective of Comparative Law, *Law Review*, 2017, , No. 6, p. 120.
- [14] Fu Jingyun, The Paradigm Shift of Russia's Energy Policy and Energy Relations in Northeast Asia, *Russian Studies*, 2016, , No. 6, p. 196.
- [15] Zhang Zhengyi: Research on Legal Issues of International Energy Investment Disputes, *East China University of Political Science and Law*, 2013.
- [16] Li Fuchuan, Yan Hongju, Russia's Anti-Monopoly Regulation of the Market Economy and Its Implications, *Russian, Central Asian and Eastern European Markets*, 2012., No. 1, p. 7.
- [17] Xie Xiaoguang, Cheng Xinbo, The Construction of the 'Silk Road on Ice' against the Background of Russia's Adjustment of Its Arctic Policy, *Journal of Liaoning University (Philosophy and Social Sciences Edition)*, 2019., No. 1, p. 185.
- [18] Liang Kaiyin, On the Path and System of China's Overseas Investment Legislation", *Hebei Law Science*, 2006, No. 2, p. 51-53.
- [19] Shan Wenhua, Chinese Enterprises 'Going Global' Need to Guard Against Overseas Investment Risks", published in *Legal Daily*, January 10, 2012, P. 10.
- [20] Zhang Zijian, Research on Legal Issues of Risk Prevention in China's Overseas Energy Investment, *China Collective Economy*, 2022., No. 6, p. 131.