China strategic initiative "One Belt, One Road" (OBOR) as tool for development and algorithm for effect on Central Asia countries

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Abstract. The concept of Central Eurasian Region is introduced and grounded; the role of the Region in geopolitical and geo-economic entities of world leading actors is considered. Multiple interests of remote and adjacent to Central Asia countries involved in integration/disintegration processes are identified. Probable effects of the initiative "One Belt, One Road" (OBOR) on the territory (through which transnational transport and logistics routes will pass) are discussed. The emphasis is made on mountainous inland landscapes and their ecological value for national communities and states. Authors describe major risks associated with the proposed mega-project, which accounts for China interests. The danger of receiving most dividends by few stakeholders and possible negative consequences for local population are considered. We propose the methods for optimal development of this ultra-continental region. Here, a coordinated development of numerous spheres is required that will contribute to progressive movement forward and prevent the extreme interregional and cross-country competition under limited investments and resources. Transboundary projects (“Tashkent-Shymkent and Rubtsovsk-Semey industrial hubs”) can be realized along with OBOR in comply with own interests. The need for Russia and adjacent countries cooperation with further establishment of a specific economic-political union aimed to improve their position on the world stage is specified.

1. Introduction
Central Asian countries located in the heart of Eurasia have a huge demographic, territorial, natural resource and environmental potential, which is certainly of great importance to the world leading actors, especially in the context of the proposed initiative "One Belt, One Road" (OBOR). This Region is of a strategic interest to Russia due to its historical, geopolitical and geo-economic aspects.

2. Study object
In the USSR, the Central Asian countries were called Central Asia [1]. More recently, Mongolia and Kazakhstan were referred to the Central Asian countries. According to the classical country studies, Mongolia and China belong to East Asia [2]. Sometimes Afghanistan is also referred to Central Asia though the distance from its southern borders up to ocean makes up only 542 km. In our opinion, some territories of Russia and Xinjiang Uygur Autonomous Okrug of China should be a part of Central Asia (figure 1), but is it legitimate or not? It is rather the Central Euroasian Region, the boundaries of which
quite logically fit into mathematical-statistical proportions of a central position with extreme points marked by longitude-latitude coordinates of Eurasia.

**Figure 1.** Schematic map of Central Eurasian territories

Combining these territories into a single macroregion is based on both common nature and territory and concurrent joint development of cultural, political, economic, linguistic, ethno-religious, transport and logistics spheres in the past. All these territories are extremely remote from the sea and the largest world political and economic centers. Being ultra-continental, they are distinguished by rather low competitiveness in the economy.

3. **Models and Methods**

The study is based on the system-dialectical approach to any regional system development at different stages (i.e. formation, functioning and development), the application of which is particularly topical under transformation of the world economic system induced by global and macro-regional factors. At the global level, it is climate change, progressive desertification of plains and glaciers melting in the mountains as well as turnover of technology and leading world actors, redistribution of spheres of influence and markets. At the macro-regional level, a widespread effect on geopolitical, geo-economic and environmental features of the territory generated by the construction of the transnational transport and logistics corridor was revealed. The study of the implemented transcontinental projects, characteristics and models of countries’ development, including their economic and geographical characteristics enabled to propose some ways for their development under financial, economic and geopolitical pressure from China and third countries [3]. The use of statistical data and mathematical-statistical tools proves the fact of central intracontinental position of the Region with all the ensuing difficulties and opportunities. Such an economic-geographic concept differs our study from the previously made investigations [4].

4. **Results and Discussion**

Geopolitical and geo-economic interests of the world leading actors come together in this middle part of Eurasia, which is of paramount importance for China, Russia and Iran in case of full exemption from sanctions of the latter. As their major opponent, the USA is interested in controlling main world
competitors. These countries, with their own models of social-cultural development, have common borders in this region and, accordingly, can participate in joint transboundary mega-projects. In case of their effective implementation, each of the mentioned countries may receive significant benefits. No wonder, the uniting of Central Eurasia countries into the Association, similar to the EU or NAFTA (especially NATO) is absolutely unacceptable for the USA and Western countries which consider them as three main “troublemakers”. Moreover, in case of a success the fourth world economy—India, and its main opponents Pakistan and Turkey may join this super union. Together, they will be able to settle the situation in Afghanistan and get tremendous opportunities for the creation of a common economic (and maybe even political or geopolitical) space, which is home to about 3.5 billion people.

The studied territory has a great potential for its development; ethnic, resource, political and cultural conflicts are also highly probable here. Currently, such conflicts do exist already; many of them are latent and controlled by external, more powerful countries. The construction of transit transcontinental highways (the Economic Belt of the New Silk Road (EBNSR) proposed by China President Xi Jinping in 2013) is one of the ways for the development of independent states in the Region. Though the discussed initiative is economically beneficial, this mega-investment project is extremely risky. Let us consider some risks.

**Economic risks.** The territories, through which transcontinental roads will pass, immediately become open to international competition. The EBNSR promotes the liberalization of international trade. India can join the Chinese transit corridor, being interested in developing its own "silk road" called “North-South” [5]. China will be definitely a winner in this situation because it clearly pursues a policy of observing its own interests, consistently implements the concept of establishing the East-Central Asian economic zone and the idea of building the Eurasian mainland bridge for connecting the SUAR - Kashgar - Osh - Fergana valley-Iran with the Trans-Siberian and other recent projects. Local producers will lose in case of modern infrastructure creation to deliver Chinese goods to Europe [6]. The mentioned projects do not envisage any protection against cheap imports and involvement of formal and public institutions in control and regulation of social-environmental aspects related to foreign investors. Xavier Riche states that in this situation you can get "one winner and many losers" [7].

Obviously, rental income is a significant share in the economies of Central Eurasian countries. Instead of national economies stabilization, in case of “a transit economy” establishment, a narrow circle of elite representatives may appropriate the income from transport and transit activities; it may look as a charity in the form of direct assistance to the rest of the population (or a part of it) and indirect redistribution of incomes. Therefore, incentives for high-tech industries development may not appear at all.

**Geopolitical risks.** Market liberalization contributes to the open society formation, however, most Islamic countries of the studied region are not ready for it yet. Further stratification of the society, increased xenophobia and sinophobia, conflicts between radical groups and so-called "westerners" oriented to the European way of life and values are probable. In addition, the heterogeneity of Islam itself, insoluble contradictions between its many currents and the strengthening of terrorism, often having Islamic roots, complicate the issue. All this contributes little to the development of these countries within the framework of a single strategy.

**Environmental risks** of the OBOR project are also very high. Such risks are associated not only with the highways construction and operation but with further industrialization of the adjacent territories, their environmental colonization. One can hardly assume that Chinese investors with their "brown economy" are ready to introduce resource-saving and environmentally safe technologies of the "green" economy in the transit countries. Investors are focused rather on getting a quick return on their investments, not on high-tech and eventually competitive jobs creation. All this may lead to an extra anthropogenic load on the overcrowded plains and give impetus to population and production growth in the ecologically valuable endangered mountain ecosystems.

The real problem of water shortage in the region is complicated by unsolved issues of water allocation, when most water resources are formed in the mountain regions of Tajikistan and
Kyrgyzstan, but consumed in Kazakhstan, Turkmenistan and Uzbekistan. Political basis that strictly determines the volume and mode of water withdrawal is not available. In Kyrgyzstan, for example, 75.2% of Syr Darya river runoff is formed; in Tajikistan - 2.7% of Syr Darya and 74% of Amu Darya; in Uzbekistan - 15.2 and 8.5%, respectively. Currently, most countries of the region face water deficit; legal regulation of water use in these transboundary river basins is absent, and water-related international agreements have not been signed yet [8].

Mountain areas along the southern borders of the Asian Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Afghanistan, which due to transport and infrastructure development can form an advanced development zone of currently inaccessible natural resources (i.e. biological, water, mineral and recreational) deserve a particular attention. Special ecosystem status of the mountain areas for the development of exclusive specializations (e.g. tourism) should be taken into consideration. Switzerland, offshore mini-states of Liechtenstein, Andorra and San Marino are positive examples of the mountain areas development. In Central Asia countries, high per capita indicators of production or living standards are associated either with relatively large investments from the centers, or the increased environmental costs. For example, relative economic success made East Kazakhstan Oblast a world leader in dangerous pollution. Tourism development in Altai and Tyva were realized due to the state mega-infrastructure projects.

In fact, local mountain ultra-continental regions can have a success only through the involvement into the projects of external territories with a much higher human, industrial and technological potential. Table 1 presents distances to the world largest seaports from capitals of regions and Central Eurasia countries.

![Table 1. Distance to seaports from capitals of regions and Central Eurasia countries.](image)

| Distance to hubs (km) | Urumchi | Barnaul | Tashkent | Ust-Kamenogorsk | Kyzyl | Ulaanbaatar |
|-----------------------|---------|---------|----------|-----------------|-------|-------------|
| Arkhangelsk           | 3699    | 2626    | 3168     | 2917            | 3344  | 4257        |
| Novorossiysk          | 3912    | 3427    | 2574     | 3378            | 4167  | 5148        |
| Vladivostok           | 3534    | 3666    | 5046     | 3772            | 2940  | 2010        |
| Shanghai              | 3271    | 3890    | 4747     | 3803            | 3171  | 2228        |
| Mumbai                | 3079    | 3931    | 2498     | 3546            | 4093  | 4436        |
| St. Petersburg        | 4161    | 3255    | 3364     | 3407            | 3944  | 4892        |
| Average distance      | 3609    | 3465    | 3566     | 3470            | 3609  | 3828        |

High efficiency of such projects will be provided only if the strategies meet the interests of politically and economically more powerful actors. Russia has its own transport and transit interests in the Region. According to L. B. Vardomsky, the country needs to build meridional connections through the Central Eurasian territories to link Novosibirsk and China, Tyumen and India, Krasnoyarsk and China, Saratov and Iran [9]. The realization of the Trans-Eurasian belt project along the Trans-Siberian railway proposed by JSC "Russian Railways" will ensure transport infrastructure modernization and give impetus to the economy change in the adjacent territories.

The Central Eurasian areas that are not a part of the RF is of great interest because, first, export of Russia depends on raw materials. Secondly, these territories are rich in almost identical resources and compete with each other at international markets, and their production costs are often lower than that in Russia. Thirdly, there is still a market for the national high-tech goods. Fourthly, Russia just needs "quiet" frontiers and the countries with friendly attitude to our people, language and culture [10].

5. Conclusion
The analysis of the Central Eurasian countries development suggests that despite risks the development of transit transcontinental routes can provide extra investments and further stable income. In addition, it may unite and stabilize the studied territories as well as to obtain a synergetic
effect from the integrated and coordinated development of individual countries and regions. To do it, a common socio-economic strategy for their development with regard to local features of the heterogeneous territory is required. One important point to remember is that excessive competition among the Central Eurasian countries deprives them of maximum benefits from real and potential advantages of the territories. In addition to the institutional standards of cooperation, this strategy should include a number of major investment projects of macro-regional importance, for example, the creation of industrial and innovative clusters for the development and processing of minerals, the construction of hydroelectric power and water facilities, the creation of hubs and other infrastructure facilities in the border areas. An example is the establishment of the Tashkent-Shymkent hub and the construction of the Rubtsovsk-Semey transboundary industrial hub.

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