CHINESE GLOBAL PROJECT: ONE BELT AND ONE ROAD

The People’s Republic of China is the most dynamic, influential and most important state for all players in the political area of international relations of the 21st century. The «fifth generation» of Chinese leaders, led by Xi Jinping, is taking bold steps in implementing global projects. The project «One belt and one road», originating from the «Great Silk Road», connecting more than 60 countries, attracts the attention of the whole world. Of course, being at the initial stage, when opportunities and results are not yet clear, this project is a challenge not only for the People’s Republic of China, but for all the leading players in international relations. Several main sections of the project pass through the territory of the Republic of Kazakhstan. In addition, there are many correspondences of the state program of the Republic of Kazakhstan «Nurly Zhol» with the Chinese project. Kazakhstan has a transit opportunity to be a bridge between the west and the east. Thus, the Chinese project «One belt and one road» opens wide opportunities for increasing strategic plans and economic power, international and regional reputation of the Republic of Kazakhstan.

Key words: China, One belt and one road, global project, Republic of Kazakhstan, Xi Jinping
Китайская Народная Республика является самым активным, влиятельным и самым важным государством для всех игроков на политической арене международных отношений XXI века. «Пятое поколение» китайских руководителей под предводительством Си Цзиньпина делает смелые шаги в осуществлении глобальных проектов. Проект «Один пояс – один путь», берущий свое начало от «Великого шелкового пути», объединяя более 60 стран, привлекает внимание всего мира. Конечно, находясь на начальном этапе, когда еще не ясны возможности и результаты, этот проект является вызовом не только для Китайской Народной Республики, но и для всех ведущих игроков международных отношений. Несколько основных участков проекта проходят по территории Республики Казахстан. Кроме того, есть много соответствий государственной программы Республики Казахстан «Нұрлы жол» с китайским проектом. У Казахстана есть транзитная возможность являться мостом между западом и востоком. Таким образом, китайский проект «Один пояс – одна путь» открывает возможности для повышения стратегических планов и экономической мощи, международной и региональной репутации Республики Казахстан.

**Ключевые слова:** Китай, Один пояс – один путь, глобальный проект, Республика Казахстан, Си Цзиньпин.

**Introduction**

More than 2,000 years ago, China’s imperial envoy Zhang Qian helped to establish the Silk Road, a network of trade routes that linked China to Central Asia and the Arab world. The name came from one of China’s most important exports—silk. Moreover, the road itself influenced the development of the entire region for hundreds of years.

In 2013, China’s president, Xi Jinping, proposed establishing a modern equivalent, creating a network of railways, roads, pipelines, and utility grids that would link China and Central Asia, West Asia, and parts of South Asia. This initiative, One Belt and One Road (OBOR), comprises more than physical connections. It aims to create the world’s largest platform for economic cooperation, including policy coordination, trade and financing collaboration, and social and cultural cooperation. Through open discussion, OBOR can create benefits for everyone.

The State Council authorized an OBOR action plan in 2015 with two main components: the Silk Road Economic Belt and the 21st Century Maritime Silk Road (exhibit). The Silk Road Economic Belt is envisioned as three routes connecting China to Europe (via Central Asia), the Persian Gulf, the Mediterranean (through West Asia), and the Indian Ocean (via South Asia). The 21st Century Maritime Silk Road is planned to create connections among regional waterways. More than 60 countries, with a combined GDP of $21 trillion, have expressed interest in participating in the OBOR action plan (Holzhacker..., 2017).

As you can see on the map, some of routes are proposed through the Kazakhstan and what it will give to Kazakhstan. Is it a great possibility or is it a beginning of Chinese expansion…?

**Relevance**

Since the inception of OBOR, international news agencies, consultancies and academia have published news coverage, commentaries, reports, and research on the topic. Many of them are mere descriptions of known facts or representations of opinions and commentaries published elsewhere; also today, we have had many research results, monographs of famous scholars and brainstorm of influential politicians.

By the supporting of Kazakhstan’s national company Samruk-Kazyna has made important investigation about OBOR. In article titled «One Belt & One Road: Leveraging infrastructure value potential» (Samruk-Kazyna, 2017) has mentioned a juxtaposition of the «One Belt, One Road and Nurly Zhol programs.

Nargis Kassenova (Associate Professor; Director of Central Asian Studies Center KIMEP University, Kazakhstan) explores the complementary ideas and projects behind China’s OBOR and Kazakhstan’s Nurly Zhol economic policy. She cautions, however, that both popular fear of China and ongoing
government corruption might present obstacles to the elite’s generally warm reception of OBOR (Kassenova, 2017).

Michael Clarke analyzes China’s motivations and objectives. He concludes that OBOR is motivated by Beijing’s desire to resolve long-term domestic, economic, and geopolitical challenges by strengthening states in China’s frontier regions, exporting Chinese capital and labor, and establishing an alternative to the current international order (Clarke, 2017). Sebastien Peyrouse argues that Russia’s economic crisis and the effects of Western sanctions have left it with few other powerful partners. By linking BRI to its own regional initiative – the Eurasian Economic Union–Moscow hopes to stake a claim to partial ownership of the idea and largely preserve its regional influence while avoiding conflict with Beijing and direct responsibility for the practicalities of implementing BRI in Central Asia (Peyrouse, 2017).

One of the leading experts at Qinhua University, Professor Huang Anang (Faculty of Public Policy and Management) notes that when China faced a slowdown in economic growth, with the need to optimize the structure of the economy and change drivers of economic development, the Chinese economy faced the need to adjust its policy course and entered in a phase, the so-called «new normality» (Huang Anang, 2015).


Theoretical-methodological bases

Every time when we want to investigate about China we should not forget that, this very old country has more than 5 thousand years history and civilization. Even though, the new generations of china are attempting to build «Socialism with Chinese characteristics», in their global project they use ancient Chinese idea from Confucius and Lao Tzu. Therefore, as Martin Jasques (British journalist and academic) emphasized, in our article, we use a theory of civilization. M. Jacques claims that «In an important sense, China does not aspire to run the world because it already believes itself to be the center of the world, this being its natural role and position», and discusses sensitively and in depth what it means to be the «middle kingdom» (Jasques, 2012).

Also, it’s time to think about the balance of power theory. Since the 16th century, balance of power politics have profoundly influenced international relations. Nevertheless, in recent years, with the sudden disappearance of the Soviet Union, growing power of the United States, and increasing prominence of international institutions–many scholars have argued that balance of power theory is losing its relevance. However, today, with this Chinese global project OBOR nobody can say that balance of power is losing its relevance. On the contrary, it is time to point out about new balance of power that in one side China has unhesitatingly appeared.

OBOR are connecting more than 60 countries all over the world. In that case, it is obvious that all actor of this project will be interdepended with each other. The complex interdependence theory is also key point in our article.

In addition, we can say that any kind of theories and methodological approaches cannot describe out exploration. Each theory and approaches can help us in separate issue. For that reason, we have to say; in our article, we use many theoretical views from following scholars: Horesh, Niv, and Emilian Kavalski, «Asian Thought on China’s Changing International Relations» (Kavalski, 2014), Henry Kissinger, «World Order» (Kissenger, 2015), Tom Miller, «China’s Asian Dream: Empire Building along the New Silk Road» (Miller, 2017), David Shambaugh, «China Goes Global» (Shambauhg, 2013), B.K. Sharma and Das Kundu, «China’s One Belt One Road: Initiative, Challenges and Prospects» (Sharma, Kundu, 2016).

Discussion

Main theses of Xi Jinping’s speech

May 15, 2017 in Beijing, the first international economic forum «One Belt, One Way» was completed. This event gathered representatives of more than 100 countries in the Chinese capital. The forum was dedicated to the initiative to create the «The Silk Road Economic belt» and the
«Maritime Silk Road of the XXI Century», which was subsequently announced in the fall of 2013, and was subsequently given the abbreviated name «One Belt, one Road». We bring to your attention the key points of the speech of Chinese President Xi Jinping, sounded at the opening of the forum.

Xi Jinping began his speech with an appeal to history. Two thousand years ago, the ancient Silk Road opened a new page in the history of humanity. The spirit of the Great Silk Road is the most valuable legacy of human civilization. It includes concepts such as peace and cooperation, openness and inclusiveness, mutual learning, mutual benefit and universal gain. Xi Jinping not accidentally mentions this, because the concept of «One Belt, One Road» took over the legacy of the Great Silk Road, and it is based on all of the above principles. Xi Jinping emphasizes that history is the best teacher (Xinhua, 2015).

Now, the implementation of the project is gradually moving to real actions. Xi Jinping presented the main results of the work done in four years in five main areas of cooperation, the so-called «five connecting elements»: political coordination, interconnection of infrastructures, unimpeded trade, and free movement of capital and strengthening of ties between peoples.

In the political sphere, it has already been possible to coordinate with countries such as, Kazakhstan (linking with the Kazakhstan program «Nurly zhol»), Russia (interfacing with the EAEC), as well as with ASEAN members, Turkey (interface with the Central Corridor project), Mongolia the «Way of Development» program, Vietnam (the «Two Corridors, One Circle» project), Great Britain (the Northern Powerhouse strategy), Poland (the «Amber Road» plan) and so on. There is also work to harmonize the politicians with Laos, Cambodia, Myanmar and Hungary. China signed a cooperation agreement with more than 40 countries and international organizations, with more than 30 countries; cooperation in the field of production capacity is growing.

Xi Jinping noted that the time for customs clearance for agricultural products in Kazakhstan and other Central Asian countries was reduced by 90%. From 2014 to 2016, China’s trade with countries «along the way» exceeded $ 3 trillion.
China’s investment in the country «along the way» exceeded $50 billion. Chinese enterprises built 56 zones of economic cooperation in more than 20 countries, and created 180,000 new jobs in these countries (Casarini, 2016).

In his speech, Xi Jinping tried to imagine how China sees the «One Belt, One Road». First, it is the path of peace. In other words, countries «along the way» should respect sovereign rights, territorial integrity, and the path of development, social structure and the most important interests of each other. Between countries there should be a dialogue, not a confrontation; partnership, not allied relations.

Secondly, this is the path of prosperity. Development is the universal key to solving all problems. For universal development, it is necessary to deepen cooperation in the sphere of industrial development. Finance is a modern economic «blood», financial circulation must pass unchecked. The interconnected infrastructure is the basis for the development of cooperation.

Third, it is a path of openness. Openness brings progress, and closeness brings backwardness. Therefore, Xi Jinping emphasizes that China intends to create an open platform for cooperation, to protect and develop an open world economy, to jointly create an environment favorable for open development. At the same time, trade is the most important engine of economic growth. Therefore, it is important to protect multilateral trading systems, facilitate trade and investment facilitation. China intends to conduct an open, inclusive, balanced, win-win economic globalization.

Fourth, this is an innovative way. Therefore, innovations such as digital economy, artificial intelligence, nanotechnologies, quantum computers, etc. will be used in the process of creating the «One Belt, One Road». A new idea of «green» development will be realized, by 2030 it is planned to achieve the goal of universal sustainable development.

Fifth, it is a cultural way. In other words, intercultural exchange will be actively strengthened between countries along the way (Kazakhstan bets., 2017).

**What will change with the One Belt, One Road?**

The economic activity that will arise with the launch of all corridors and the implementation of investment plans will provide economic advantages to the participating countries and, above all, will put an end to America’s supremacy in the world economy. The world must be ready to change the economic balance of forces.

Trade flows, which are now moving from west to east, will change direction to the opposite, to «east-west». This situation can be perceived as an economic breakthrough in the East.

The fact that the Silk Road project will connect more than 60 countries in Europe and Asia with each other and from a demographic and economic point of view will provide the basis for new forms of integration and cooperation.

We are talking about an intercontinental scale relationship. When connecting roads, railways, sea and airports, power lines and fiber-optic lines – which will bring together the Asian, European, African continents and the Middle East region with each other – it will be the laying of an intercontinental transport and communications network. This way, in which trade, transport, and logistics are combined, obviously has a high economic potential.

Creation of high-speed trains, airports, power stations and pipelines within the framework of the new Silk Road project will accelerate the emergence of new economic institutions, banks and financial institutions. The map of the Silk Road will be characterized by active dynamics of many economic processes.

In this case, we want to give an interview of Theresa Fallon, a China expert at the Center for Russia, Europe, Asia Studies, a Brussels-based research group. She says: U.S. companies want to get in on this. It sounds great; the Chinese narrative is very powerful; it looks like all these building projects are going to take place. U.S. companies want to get a piece of the pie.

Well, it is questionable, because it has designed actually to help the Chinese domestic economy. Therefore, some companies -- for example, General Electric has gotten some contracts and is focusing to get more contracts out of this.

Europe has not been as successful, but it remains to be seen how much the tenders will be wide open, and if it is really packaged to help China instead.

The [U.S. President Donald] Trump administration is interested in infrastructure building, but it will remain to be seen how much they can actually compete with Chinese prices.

When the Chinese come in, they send in their workforce, everything. It is all one big package. Therefore, it is very difficult to compete with the Chinese on these projects (Fallon, 2017).
benefitted as much from the rise of transcontinental trade followed by the industrial revolution as other nations. The Soviet Union’s political ideology and Southern borders also presented little opportunity for commerce in the 20th century. The rapid revival of the Silk Road, and massive infrastructure spending over the next decade, however, forebode there-emergence of Kazakhstan as a trading hub in Central Asia. With trade between China and Europe increasing yearly, and the distinct trend of smaller, high tech goods increasing in value, the balance of trade seems to be shifting towards faster, albeit costlier, railways. More than 90% of trade between China and Europe occurs by ships, and only less than 5% passes by rail. Continuing investment of political and financial capital can increase trade by rail to 10% by 2025. Kazakhstan is set to gain significantly as the geographic centerpiece of the land part of the New Silk Road. Opportunities for trade and industry are countless as local businesses can benefit from cheaper costs of exports and imports, and by providing services to freight forwarders and railway carriers.

Kazakhstan is using China’s One Belt One Road as a means to light a firecracker under its own business and political class and really want to combine with national program Nurly zhol (Kazakhstan and.., 2017)
The Nurly Zhol program opens wide opportunities for the development of transport potential, both in Kazakhstan and in the Central Asian region as a whole. The implementation of the international strategy for building the economic belt of the Silk Road requires the creation of a modern transport and logistics infrastructure, throughout its entire length. Kazakhstan, as a participant of this project, thanks to the program «Nurly Zhol» increases its transport capabilities and, including through international cooperation, has every chance of becoming a major transport and logistics hub, which will positively affect the country’s economy. The strategy of building the economic belt of the Silk Road is supported by all countries involved in this project, as it can create a powerful push for development and thousands of new jobs.

The OBOR is focused on transportation, supply chain, logistics, and freight management through successful and profitable management of the railroad. The faster KTZ can implement changes to its business model, the sooner it can capitalize on the investments Chinese and international financing institutions have planned in Kazakhstan and beyond.

Conclusion

Unlike other OBOR countries, Kazakhstan is strategically positioned as a portal of China to Europe – from the common border in Khorgos to the western shores of the Caspian Sea in Aktau. Located on the western shore of the Caspian Sea, Aktau started its activity as a uranium mine in the Soviet era and today is the backbone of the Kazakh oil industry. A number of pipelines, railways and cargo will not only connect Aktau with Khorgos, but also with Russia in the north, Iran in the south, Azerbaijan, Turkey and Europe through the Caspian in the west. As Aktau is modernized, taking containerization to further reduce the cost of shipping through the port, OBOR countries will have the opportunity to completely bypass Russia. However, it is necessary to take into account the Kremlin’s inclination to react to economic sanctions against those who are on the list.

Nevertheless, the whole prospect is fraught with significant problems both for Kazakhstan and for
China. The decline in global oil demand led to a sharp drop in prices, which is why Astana received less money to finance OBOR projects and other modernization projects. In addition, many OBOR projects have been criticized for their magnitude, while they have been directed to excessive capacity, far exceeding available supply and demand.

Nevertheless, despite these problems, participation in BRI is the perfect alliance of Nazarbayev’s and Xi Jinping’s integration ambitions. From the eastern gate of Khorgos to the western gates of Aktau, Kazakhstan is located as the center from which the spokes of OBOR go to the rest of the world. The general vision of the presidents was even reflected in a group photo of foreign delegations at the forum, where Nazarbayev stood only a few centimeters from Xi Jinping, second only to Indonesian President Joko Widodo.

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