



DEVELOPMENT STRATEGY  
CENTER



# DEVELOPMENT OF TRANSPORT CORRIDORS IN CENTRAL ASIA AND EFFECT OF THE “BELT AND ROAD” INITIATIVE



## Development of Transport Corridors in Central Asia and effect of the “Belt and Road” Initiative

### Brief background and methodology of the study

The regional study ‘Development of Transport Corridors in Central Asia and the Effect of the Belt and Road Initiative’ was initiated by the Development Strategy Center in the Republic of Uzbekistan, and conducted by a group of regional experts representing analytical centers of Kazakhstan, Kyrgyzstan and Uzbekistan, with financial and expert support from the PeaceNexus Foundation and Roland Berger International Consulting Company.

The study is an analysis of the current state and development prospects of transport corridors in Central Asia. It is relevant due to the shared interest of all countries of the region in the joint development of transport and communication links. The study is aimed at presenting the latest trends in the field of transport and infrastructure in the Central Asian region (specifically in Kazakhstan, Kyrgyzstan and Uzbekistan), at assessing separate key infrastructure projects in these countries in terms of their potential capacities and risks for social and economic development, security of states of the region, and in terms of enhancing overall connectivity in the region. The conclusions proposed by the study might play an important role in developing proposals for further improvement of the transport policies of the region’s states.

The authors of the report consider *connectivity* in two dimensions: internal and external connectivity of Central Asian states. By *internal connectivity*, the authors of the report mean political, legislative, cultural and economic conditions supportive for the construction of infrastructure transport facilities that connect the countries of the region. *External connectivity* refers to the accessibility of the countries of Central Asia as a region to the rest of the world.

In the course of development of the regional report, in collaboration with the Development Strategy Center, the Peace Nexus Foundation organized two methodological workshops in August and October 2019 in Tashkent with the participation of the authors of the study. As part of the meetings, the participants decided upon the report’s structure and methodology. Ultimately, the study consists of two main parts:

1. National reports, including a SWOT analysis, socio-economic assessment, as well as risk assessment of five infrastructure projects for each country that directly or indirectly relate to or touch upon the Belt and Road Initiative. The responsibility for the preparation of national reports of Kazakhstan, Kyrgyzstan and Uzbekistan was allocated to experts of analytical centers of these countries.

The national report of *Uzbekistan* was developed by executives and staff of the Development Strategy Center: E. Tulyakov, Sh. Ata-Mirzaev, F. Yunusov, N. Magdieva, Sh. Alimbekov, Sh. Umarova, and F. Djuraev, employee of the Institute of Strategic and Regional Studies under the President of the Republic of Uzbekistan. The national report of Uzbekistan highlights the following projects:

- Mazar-e-Sharif - Herat railway
- China – Kyrgyzstan - Uzbekistan railway
- Lapis - Lazuli transport corridor
- Uzbekistan – Turkmenistan – Iran – Oman - India transport corridor

From the *Kazakhstan* side, the study was conducted by K. Maygeldinov, Head of the Scientific Research and Analysis Center of the Institute for Eurasian Integration (Nur-Sultan, Kazakhstan), and A. Ordabaev, researcher of the Eurasian Research Institute (Almaty, Kazakhstan). The national report of Kazakhstan covers the following projects:

- Turkestan Airport
- Almaty ring road
- Kuryk Port
- Development of the Kazakhstan terminal in the Lianyungang Port
- Modernization of roads from Nur Sultan

From the *Kyrgyzstan* side, the study was prepared by E. Omurkulova-Ozierska, Director of the Central Asia Strategic Center for Analysis, Dialogue and Development (CASCADD). The national report of Kyrgyzstan highlights the following projects:

- Integration of CAREC-1 and CAREC-3 transport corridors
- Kashgar - Irkeshtam - Osh - Andijan - Tashkent highway
- Line D of the Central Asia - China gas pipeline
- China – Kyrgyzstan - Uzbekistan railway
- Development of railways along the North-South axis (Balykchi – Kochkor - Kara-Keche railway and China – Kyrgyzstan – Tajikistan – Afghanistan - Iran railway)

2. In the framework of the second methodological workshop, experts made a brief SWOT analysis of the impact of the aforementioned projects on the region's *connectivity* as a whole, and then distributed the follow-up activities between the groups by the following scheme:

- The projects of Kuryk Port and Kazakhstan terminal in the Lianyungang Port were assigned to the Kazakh group
- The projects China – Kyrgyzstan - Uzbekistan railway, China – Kyrgyzstan – Tajikistan – Afghanistan - Iran railway, Kashgar – Irkeshtam – Osh – Andijan - Tashkent highway were assigned to the Kyrgyz group
- The projects of Mazar-e-Sharif - Herat railway, the Lapis - Lazuli transport corridor, the Uzbekistan – Turkmenistan – Iran - Oman transport corridor were assigned to the Uzbek group.

The study is a joint initiative of the aforementioned research centers of Central Asia, which lays the foundation for further cooperation between them for the benefit of the region. Within the framework of the study, the participants failed to establish cooperation with analytical centers of Turkmenistan and Tajikistan, however, in the future, it is expected that experts from these countries, as well as from Afghanistan, will be involved in similar regional projects.

## **Introduction**

Gaining of independence by Central Asian states in the early 90's triggered the redefinition of the region's role and its internal and external relations. The end of the 20<sup>th</sup> and the beginning of the 21<sup>st</sup> century shows how the transition period with a high sociopolitical level of tension, which was yet more tarnished by the unstable situation in the neighboring Afghanistan, led to excessive securitization of the region's image in the system of international relations.

At the present stage, there is a need to adopt a new paradigm for the development of the region by taking advantage of its natural features as drivers of intraregional growth. The Central Asian countries have to decide on the development of the region by themselves in order to avoid the peripheral trap.

It is important to emphasize that the transport and transit potential of the region is determined by its geostrategic position as the center of the Great Silk Road and the shortest route connecting major international markets. It stands to reason why the idea of reviving the Great Silk Road was voiced by President Xi Jinping during his visit to Kazakhstan in September 2013, opening a new chapter in the relations between the region and China.

At the latest Belt and Road Forum for International Cooperation in April 2019 in Beijing, President Xi Jinping emphasized, “Infrastructure is the bedrock of connectivity, while the lack of infrastructure has held up the development of many countries. High-quality, sustainable, resilient, affordable, inclusive and accessible infrastructure projects can help countries fully leverage their resource endowment, better integrate into the global supply, industrial and value chains, and realize inter-connected development.” This approach corresponds to the development of both trans-regional and intra-regional transport and logistics networks.

Central Asian countries are actively involved in the implementation of the Belt and Road concept. There is a process of pairing national development strategies of Kazakhstan, Kyrgyzstan and Uzbekistan. At the same time, since 2017, there has been a positive trend in the development of a regional approach to strengthening transport interconnectedness and unlocking the transit potential of the region. In March 2018, President of the Republic of Uzbekistan Shavkat Mirziyoyev initiated the first consultative meeting of the heads of state of Central Asia in Nursultan in order to develop joint solutions to regional problems.

As a follow up, in September 2018, Tashkent hosted the International Conference on ‘Central Asia in the System of International Transport Corridors: Strategic Prospects and Untapped Opportunities’, which resulted in the adoption of the Declaration on the Development of the Transport and Transit Potential of Central Asia. The document stipulates as follows:

- Elaboration of a Strategy of Developing Regional Transport Corridors in Central Asia with the assistance of experts of the World Bank, Asian and Islamic Development Banks, other international institutions, and consequent adoption of a Regional Program on Sustainable Development of the Central Asian Transport System;
- Creation of an integrated transport management system;
- Establishment of the Regional Council for Transport Communications of Central Asian Countries as a coordinating structure in addressing current problems in the transport and logistics sector;
- Joint development of transport communications and infrastructure in order to increase the tourist appeal of the region, including through the development of a concept of tourist hubs in Central Asia together with the World Tourism Organization.

Certain initiatives that were voiced during the International Conference ‘Central Asia in the System of International Transport Corridors: Strategic Prospects and Untapped Opportunities’ were also proposed by the President of Uzbekistan Shavkat Mirziyoyev during the second consultative meeting of the heads of state of Central Asia in November 2019 in Tashkent. Moreover, President of Turkmenistan invited the heads of Central Asian states to think over the creation of a five-sided Business Council, which, according to Berdymukhamedov, could “take on the functions of a think tank to shape a joint strategy for the states of the region in priority areas of economic partnership”.

The leaders of the Central Asian countries, assuming responsibility for the region, point out to the need for close cooperation with the Islamic Republic of Afghanistan, since this country is an integral and complementary part of the development of the Trans-Afghan corridor, which will provide Central Asian countries with the shortest access to the ports of the Indian Ocean and the Persian Gulf, and connect the South and Southeast Asia with markets in Europe and China.

At the same time, it is appropriate to emphasize the stabilizing role of the development of transport infrastructure in the peacebuilding process. It was also mentioned by the President of Turkmenistan at the second consultative meeting in November 2019 in Tashkent: “...the implementation of major infrastructure projects with the involvement of Afghanistan in such vital areas as energy, transport and communications is a key to the political stabilization, economic and social recovery of Afghanistan, its successful integration into regional and world economic processes.”

The above steps suggest that the countries of Central Asia, while maintaining their national interests, are capable of developing a regional approach to addressing common challenges and constructively using the opportunities associated with the Belt and Road Initiative. The comprehensive approach of Central Asian leaders, including Afghanistan, is consistent with the words of Xi Jinping, voiced at the First Belt and Road Forum for International Cooperation in 2017, on the need to stabilize the regions of the ancient Silk Road and restore their role in the modern world.

**Regional analysis of transport corridors in Central Asia**

This part of the report provides a SWOT analysis of infrastructure projects in the context of their impact on connectivity and security in the region. The first stage of the SWOT analysis was carried out by the authors of the report as a part of the second methodological seminar held in Tashkent, where, according to the methodology developed by the authors of the report, the experts jointly assessed the regional connectivity (on a scale of 1 to 5, where 1 means low regional connectivity, and 5 - high) and risks for the region (on a scale of 1 to 5, where 1 means high risks for the region, and 5 - low).

The purpose of this part of the study is to try to develop a regional perspective/ analysis of individual projects to apply a common approach to the development of transport corridors in Central Asia.

The choice of the projects were justified by their current state: projects either in the planning phase, or in the phase of their initial implementation or already in operation. These projects have both a national and regional component – their implementation will affect the environment not only of individual countries, but of the entire region.

1. *Development of Kazakhstan’s terminal in the port Lianyungang (K.Maygeldinov, A.Ordabaev)*

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Access to the countries of the Asia-Pacific region;</li> <li>• The terminal can serve to the interests of Central Asian countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Various subsidies for the use of the terminal and the territory of Kazakhstan in the transit of goods;</li> <li>• Chinese interests in the port of Gwadar;</li> <li>• Non-transparency of agreements with China.</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Cargo delivery to Central Asian countries;</li> <li>• Point of dispatch of goods from Central Asian countries to Southeast Asia;</li> <li>• Creation of an international logistic zone of the SCO countries (processing of railway containers, customs clearance and storage).</li> </ul>	<ul style="list-style-type: none"> <li>• Competition of the ports Gwadar (Pakistan) and Chabahar (Iran);</li> <li>• Competition with other transport corridors in Central Asia.</li> </ul>

*Connectivity* – 3.9

*Risks* – 3.7

The Kazakh terminal in Lianyungang port in China has the potential to become not only an important part in the Kazakhstani logistics chain, but also theoretically become the starting point for goods to and from Central Asia. However, this requires a lot of work. Kazakhstan and other Central Asian countries need to develop a mechanism for cooperation. First, preferences for the Central Asian countries at the port. Secondly, customs procedure only in Khorgos or Dostyk will reduce time and bureaucratic barriers. The lack of transparency significantly reduces the ability to analyze the strengths and weaknesses of the terminal.

At the same time, the terminal has a lot of competition with other ports in China, as well as with ports in Iran and Pakistan. Consequently, the terminal can remain only as a Kazakhstan's project. Moreover, there are geopolitical factors that open up opportunities for the terminal. Sanctions against Iran significantly reduce the attractiveness of its transport infrastructure. Pakistan's port requires connection through the territory of Afghanistan. At the same time, it is possible to use the PRC to enter Southeast Asia, the problem of the «Malacca Gulf» will be relevant. In these conditions, the Central Asian region and Kazakhstan need to use the capabilities of the terminal. As a result, this may affect the overall growth of trust between countries and contribute to closer integration.

## 2. Development of “Kuryk Port”

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Growth in freight traffic in Central Asia;</li> <li>• Access to Europe, Iran and Turkey.</li> </ul>	<ul style="list-style-type: none"> <li>• Corruption;</li> <li>• Bureaucracy in customs, delays in shipment;</li> <li>• Weak administration and management.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Access to sea and European Union for Kyrgyzstan and Uzbekistan;</li> <li>• Regional connectivity improvement;</li> <li>• Trade growth with Turkey.</li> </ul>	<ul style="list-style-type: none"> <li>• Conflict with Turkmenbashi port;</li> <li>• Geopolitical regulation of the status of Caspian.</li> </ul>

*Connectivity* – 4,4

*Risks* – 4

In the framework of the development of trans-Caspian multimodal transport, the further development of the Kuryk port is important. The railway ferry terminal, launched in 2016, with a capacity of 4 million tons, provides transshipment of cargo, such as: oil products (gas oil), consumer goods, chemicals, equipment and metal products. In August 2018, a car ferry terminal was launched with a capacity of 2 million tons for servicing freight vehicles. Also in August 2018, the opening of the railway service on multimodal routes “Port Kuryk - Border Customs Post Tazhen”, “Port Kuryk - Dry Port in the special economic zone“ Khorgos - East Gate “” for container trains was opened. The trans-Caspian route through Kuryk provides efficient logistics for the delivery of goods from China, Central Asia (Uzbekistan, Kyrgyzstan, Tajikistan) as well as the Ural-Siberian region of Russia to Turkey and Europe and vice versa.

By the end of 2019, it is planned to complete the reconstruction of the Beineu-Akzhigit highway. After the reconstruction, the capacity of the road, according to experts, will be increased by almost 7 times and will be about 7 thousand cars per day. The Beineu-Akzhigit highway will increase road transit through the port of Kuryk and will provide a new connection between the Trans-Caspian corridor and Uzbekistan and other Central Asian countries.

So far, the Kuryk port cooperates only with the Azerbaijani port of Alat. The plans include expanding the ferry service with Turkmenistan and Iran. The Kuryk port, as a connecting link in interstate trade and economic relations, in the future can operate online export-import, transit cargoes of enterprises of Kazakhstan and Central Asian countries. As a result, trade and economic relations between the countries of the region can reach a new level.

### 3. *The highway «Kashgar - Irkeshtam - Osh - Andijan - Tashkent» (Omurkulova-Ozierska E.)*

Despite the fact that the route of the Kashgar – Irkeshtam – Osh – Andijan – Tashkent highway was discussed by the countries since the 1990s. and was postponed for a number of different political and economic reasons, with its launch in 2018, we can confidently say that the highway has led to significant changes both at the local and regional levels. It should be noted that since the launch of the transport corridor, the Uzbek-Chinese joint venture Silk Road International has established the transportation of goods along the China-Kyrgyzstan-Uzbekistan-Afghanistan transport corridor under the system of the «Customs Convention on the International Transport of Goods under Cover of TIR Carnets».

It is assumed that the delivery time for the specified route between China and Afghanistan can be 5-7 days.<sup>1</sup> Moreover, the company successfully handles China-Kyrgyzstan-Uzbekistan-Turkmenistan transportation and declares that customers are satisfied with the delivery time, cost, and quality of the services provided.<sup>2</sup>

---

1 Узбекистан и Китай начали перевозки грузов в Афганистан по новому транспортному коридору, News Agency Podrobno.uz, 03/09/2018, available at: <https://podrobno.uz/cat/uzbekistan-i-kitay-klyuchi-ot-budushchego/uzbeksko-kitays-koe-sp-naladil/>

2 Central Asia transport corridor to boost regional economy: Uzbek businessman, Xinhua News Agency, 03/04/2019, available at: [http://www.china.org.cn/business/2019-04/03/content\\_74643701.htm](http://www.china.org.cn/business/2019-04/03/content_74643701.htm)



<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• External integration of the region (integration of the region with China as an important economic partner).</li> <li>• Internal integration of the region (road integration of Uzbekistan and Kyrgyzstan).</li> <li>• Both regional and international transport integration of the Ferghana Valley (stabilization of the region - peacebuilding).</li> <li>• Increased trade between the countries of Central Asia and China due to the new transport / transit route</li> <li>• Intensity of interaction of the population of Central Asia to cross the territory (cross-border regional integration)</li> <li>• Increased competitiveness due to the development of alternative transport routes (potential reduction in freight transportation prices)</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Deficiencies in the transparency of road management, including the lack of clarity about the arrangements for the management and maintenance of the road by the countries that use this corridor (the so-called Agreement on the joint fulfillment of obligations between Kyrgyzstan, Uzbekistan and China);</li> <li>• Negative environment footprint of road transport.</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• The growth of inter-regional communication (access of the Central Asian region to Afghanistan and the Middle East).</li> <li>• Unification of standards and simplification of procedures as a requirement and incentive for the development of transport potential (including simplification of customs procedures).</li> <li>• The ability to create cross-border transport logistics centers in the region.</li> <li>• Increasing regional cooperation in the field of transport as an incentive for the development of cooperation in other areas (for example, “tonic effect” on the system of relations between countries of the region).</li> <li>• The growth of intermodal transport in the region (access to the railway network of Uzbekistan).</li> </ul>	<p style="text-align: center;"><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Competition with Kazakhstan</li> <li>• Corruption</li> <li>• Integration of the southern regions of Kyrgyzstan, characterized by a significant number of Uzbek citizens living there, with Uzbekistan, which causes a risk of growing separatist sentiments among ethnic Uzbeks and can lead to further ethnic conflicts.</li> <li>• Rising cross-border crime.</li> <li>• The possibility of an increase in STIs (sexually transmitted infections, including HIV / AIDS).</li> </ul>

### **Connectivity – 3.9**

This highway connects the Ferghana Valley with the outside world, leading to the international reformatting of the region from the source of possible problems to a potential source of stabilization. According to a recent ADB study on the positive impact of this project on the socio-economic situation of Kyrgyz citizens living along the route of the highway, it can be assumed that a similar effect can occur on the Uzbek part of the route.<sup>3</sup>

3 Karymshakov, K. and B. Sulaimanova. 2019. Measuring the Impact and Financing of Infrastructure in the Kyrgyz Republic. ADBI Working Paper 988. Tokyo: Asian Development Bank Institute. Available: <https://www.adb.org/publications/measuring-impact-and-financinginfrastructure-kyrgyz-republic>



The development of the transport and logistics potential in the Ferghana Valley will subsequently stimulate the development of local production, reducing unemployment and will reduce poverty. Thus, a reduction in the vulnerable segments of the population that are sensitive to, for example, the propaganda of radical Islam can occur. From a social point of view, the road simplifies the movement of people (including migration related to family goals), and also improves cross-border trade of cities and villages adjacent to the route.

#### **Risks – 2.9**

This project is a competitor for transit corridors passing through Kazakhstan, which may lead to the adoption of a protectionist response by the authorities of the Republic of Kazakhstan and adversely affect relations between countries in the region. A separate issue remains the transparency of maintenance of this road with a natural increase in transit traffic and its impact on the technical component of the road, as well as the negative environmental footprint. Also, one cannot exclude the risk of the appearance of further ethnic conflicts in the south of Kyrgyzstan due to greater integration of the southern regions with Uzbekistan.

An additional social risk may be an increase in infections with STIs and HIV / AIDS. Studies in many countries indicate a parasitic relationship between the development of transit roads and the spread of HIV / AIDS - both truck drivers using sex services and sex workers, as well as indirect vulnerable groups (family members of truckers and sex workers) are at risk etc.).<sup>4</sup>

#### *4. Railway “China-Kyrgyzstan-Uzbekistan” (by Elnura Omurkulova-Ozierska)*

The China-Kyrgyzstan-Uzbekistan railway may become the main link in the central part of the route connecting China with Iran-Turkey-Europe. It must be emphasized that this route crosses the center of the region and immediately integrates its two countries - it directly integrates Kyrgyzstan and Uzbekistan, and then Tajikistan, Afghanistan, and Turkmenistan. This railway has a great chance to become the core of the region's transport system - a connecting artery that tones the system and stimulates the region's business ecosystem, reviving the Silk Road along its traditional route through the city of Kashgar and the cities of the Ferghana Valley.

---

4 M.Kulis and others, *Truck drivers and casual sex: An Inquiry into the Potential Spread of HIV/AIDS in the Baltic Region*, World Bank Working Paper #37, World Bank, 2004, available at: <<http://documents.worldbank.org/curated/en/404571468777290251/pdf/298910PAPER0081ivers0and0Casual0Sex.pdf>>

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Transport and logistic connection of the Central Asian countries with each other (enhancing trade, tourism and economic cooperation).</li> <li>• Transport and logistics links between Central Asian countries and China (entering the PRC market, intensifying various types of cooperation).</li> <li>• Shortening the route from East Asia to the countries of the Middle East and Southern Europe.</li> <li>• Development of transport infrastructure in the region.</li> <li>• Creation of jobs related to the construction and maintenance of the railway.</li> <li>• Development of intermodal transport and the creation of transport and logistics centers in the region (which will ultimately create additional jobs for the local population).</li> <li>• Strong political will of authorities in Kyrgyzstan, Uzbekistan and China.</li> </ul>	<ul style="list-style-type: none"> <li>• High railway construction costs associated with the topography of the territory.</li> <li>• Uncertainty of project construction date.</li> <li>• Lack of a single approved route (current lack of intercountry consensus).</li> <li>• The current political situation in Kyrgyzstan (instability, the possibility of a change in political course, for example, as a result of the parliamentary elections in 2020).</li> <li>• Matters related to the financing mechanism for project construction - cost sharing between project participants.</li> <li>• Deficiencies in the transparency of railway management, including the lack of clarity on the arrangements for the management and maintenance of the road by the countries that use this corridor (the so-called Agreement on the joint fulfillment of obligations between Kyrgyzstan, Uzbekistan and China).</li> </ul>

Opportunities	Risks
<ul style="list-style-type: none"> <li>Integration of the region into the global transport system (access of the region to Europe, to the sea) - the growing importance of the region as a potential logistics hub in Eurasia.</li> </ul>	<ul style="list-style-type: none"> <li>Geopolitization of the project (relations between regional and world powers - USA, China, Russia, Iran and India).</li> <li>The potential for the development of railway routes using different gauge, which could be a challenge for in-country (Kyrgyzstan) and intra-regional railway communication.</li> <li>Project securitization (discussion on the issue of gauge through the prism of safety).</li> <li>The issue of providing a transit road with freight and passenger traffic.</li> <li>Tense relations with neighboring Kazakhstan and Russia with alternative railways (interference in the information space in order to slow down the implementation of the project).</li> <li>Tariff competition with countries representing alternative routes.</li> <li>Environmental risks associated with the exploitation of natural resources (possible risks to the biosphere of the region).</li> </ul>

#### ***Connectivity – 4,4***

The implementation of the project will have a positive impact on the image of the region, as it directly connects the region and its individual parts (Ferghana Valley) with the outside world. This can lead to minimization of the existing negative image of the region, i.e. can counteract the labeling of the region with the so-called fragile states, and build a new prism of economic cooperation.

#### ***Risks – 2,4***

The project causes intra-regional tensions due to the fact that it is a natural competitor to the route going through Kazakhstan and Russia. At the moment, this is manifested by informational opposition to the implementation of the project, and in the future it will lead to a tariff struggle and subsequently will affect the profitability of the project.

The project changes the geoeconomics of the region and leads to its reconfiguration, as the position of Uzbekistan as a regional transport hub is being strengthened. This can lead to its natural growth as a regional leader and lead to rivalry (in particular, with Kazakhstan). At the same time, the project brings both Kyrgyzstan and Uzbekistan closer to China, which may lead to their closer interaction and integration of national development strategies. This may contradict the functioning or integration of these countries into other regional integration projects, such as the EAEU.

In addition, there are a number of opinions that emphasize the possible military nature of the project, which leads to its excessive securitization. This process can lead to misinterpretation and growth of mistrust both between the countries of the region, and between the countries of the region and China. This could trigger a wave of anti-Chinese and anti-government protests in Kyrgyzstan and Uzbekistan. This issue requires coordination of the information policy in participating countries, and meets the obligations that these countries have as members of the SCO.

5. *Railway “China- Kyrgyzstan- Tajikistan-Afghanistan-Iran”*  
*(by Elnura Omurkulova-Ozierska)*

From a regional point of view, the project is one of the alternatives to the railways connecting the Central Asian region with China. The project acts as an addition and / or competitor to existing transport routes passing through Kazakhstan, as well as the planned “China-Kyrgyzstan-Uzbekistan” railway. Naturally, the route has the greatest value for Tajikistan, since this country would get the shortest access to China and the potential economic growth associated with the transit of goods, and would weaken its dependence on transit through Uzbekistan.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Development of the transport infrastructure of the region and providing access for Central Asian countries to the ports of the Persian Gulf and the Pacific Ocean through third countries (“access to the sea”).</li> <li>• Intensification of international, including cross-border, trade, tourism and economic cooperation between Central Asian countries and other countries outside the region (Afghanistan and Iran).</li> <li>• Creation of jobs related to the construction and maintenance of the railway.</li> <li>• An alternative route to the Persian Gulf (competitive to Uzbekistan route).</li> </ul>	<ul style="list-style-type: none"> <li>• The issue of Kyrgyzstan’s interest in the project and the readiness of its financing. There is an uncertainty of the entire project financing.</li> <li>• The problem of complementarity of the project to other transit routes from China (China-Kyrgyzstan-Uzbekistan railway, Kashgar-Irkesh tam -Osh -Andijan-Tashkent highway).</li> <li>• Uncertainty of the launch date, which arises both in connection with the motivation of the participating countries themselves and with the technical characteristics of the project (for example, a complex geographical relief on the Kyrgyz-Tajik border).</li> <li>• The situation on the Kyrgyz-Tajik border.</li> <li>• The situation on the Tajik-Afghan border.</li> </ul>

Opportunities	Risks
<ul style="list-style-type: none"> <li>• Access of Tajikistan to China.</li> <li>• Connectivity of Tajikistan with Iran.</li> <li>• The emergence of an alternative road for Tajikistan.</li> <li>• Improving the economic situation of Afghanistan, which subsequently will affect its positive image.</li> <li>• The possibility of reducing donor assistance for Afghanistan in connection with the development of the country's economy (development is stimulated by the construction and operation of a new railway route).</li> <li>• The reduction in the flow of refugees from Afghanistan is associated with economic development and poverty reduction in the country (stabilizing effect).</li> </ul>	<ul style="list-style-type: none"> <li>• The project may become a competitor for China-Kyrgyzstan-Uzbekistan railway, which has similar geo-economic parameters - access to the Persian Gulf, the possibility of connecting Afghanistan through the railway network of Uzbekistan (construction bypassing Uzbekistan).</li> <li>• Sanctions on Iran (the possibility of restricting traffic or blocking the route).</li> <li>• The military-political situation in Afghanistan (ensuring the safety of railways in Afghanistan).</li> <li>• The use of the railway as an element of military cooperation between China and Iran in the context of relations between the above countries and the United States.</li> </ul>

### ***Connectivity – 3.5***

A project can be expensive, but it should be noted that this project can be more effective as an incentive for economic development than international donor assistance programs or stabilization based on the use of power tools (for example, the use of military force). The project may lead to lower global costs for stabilization of Afghanistan, including costs from various UN agencies and other international institutions, as well as donor countries.

It should be noted that this project can be counted as direct support of China and the countries of the region in stabilizing neighboring Afghanistan, counteracting against the potential effect of the spread of conflict in the region and building a positive image of the region as a transport-related region, as well as with China and the rest of the world. Refusal of the paradigm based on the isolation of Afghanistan, towards its integration.

The development of this railway can stimulate the development of the industrial potential of Afghanistan, including mining, and lead to the creation of new jobs and poverty reduction. Thus, it can reduce migration from Afghanistan, as well as reduce the number of Afghan refugees in global refugee flows, which undoubtedly has a positive effect for developed countries, including EU countries, which are currently suffering from the refugee crisis.

### ***Risks – 2.1***

For the countries of the region - Kyrgyzstan and Uzbekistan - the priority project is the “China-Kyrgyzstan-Uzbekistan” railway. One can observe a certain effect of glut / abundance of projects in the region. For example, Kyrgyzstan faces the issue of allocating resources for the implementation of transport routes - with limited resources, the country should clearly prioritize financing in the light of its national interests and the profitability of transit projects.

The project may lead to opposition from non-regional powers, since the implementation of this route may lead to increased influence of China and Iran on the region. It should be borne in mind that both Iran and China have a vital interest in stabilizing the Central Asian region as neighboring with them - limiting the spread of negative phenomena in their territory (spillover effect).

#### 6. *Mazar-e-Sharif - Herat railway*

*(by E. Tulyakov, Sh. Ata-Mirzaev, F. Yunusov,  
N. Magdieva, Sh. Alimbekov, Sh. Umarova, and F. Djuraev)*

In 2011, with the active participation of the Uzbek side, construction was completed and the operation of the international railway on the Termez-Hairaton-Mazar-e-Sharif route began. This project was an important step in the implementation of the Trans-Afghan transport corridor. According to the ADB study for May 2014, the existing railway section created 1,200 jobs. In addition, it ensured annual employment growth of more than 10% in the “project area” since 2010, halving the time required to transport goods from Hairaton to Mazar-e-Sharif, and helped boost trade with Uzbekistan from 140 million. US dollars in 2008 to 732 million US dollars in 2011-2012. More than 7 million Afghans got the opportunity to use the services of the railway.<sup>5</sup>

In continuation of the Khairaton-Mazar-e-Sharif railway project, the construction of the Mazar-e-Sharif-Shibergan-Herat railway is planned, which will create a transport economic corridor in northwestern Afghanistan. This project is also very relevant for Central Asia because it provides an opportunity for access to the sea through Afghanistan to the Pakistani port of Gwadar and to the Iranian ports of Bender Abbas and Chahbahar.

According to the expert on regional issues Farzad Ramazani, this railway project, along with the expansion of transport opportunities, leads to the development of trade relations and tourism and, ultimately, the rise of the national economies of the participating countries. Along with this, transportation and transit of goods across the countries of the region will be facilitated, and shortening the route will reduce transportation time and transportation costs, increasing the transit role of the participating countries. On the other hand, this railway will contribute to the development of bilateral and multilateral political ties between project participants and at the same time will give greater dynamics to economic relations between the 14 member countries of the North-South corridor.<sup>6</sup>

At the end of December 2017, Iran already announced the start of the construction of the Mashhad-Zahedan railway. It will pass through 40 cities of Iran and it is possible to join Afghanistan, Turkmenistan, Uzbekistan and go to the port of Chahbahar, as well as to a single chain of railways to Europe. Moreover, China, together with Pakistan, is actively implementing the “Sino-Pakistan Economic Corridor” (total investment is \$ 46 billion), which also includes the construction of a railway and access to the Gwadar seaport. If the railway from the Central Asian states joins the Iranian and Pakistani railway systems, then it creates a unique “trading network” between all countries along these roads.

---

5 Максим Енисеев, Узбекистан намерен построить железную дорогу из Мазари-Шарифа в Герат. 2017-09-13.

6 Фахим Сабир, Афганистан в ожидании строительства новой железной дороги, 25/01/2016, доступно на: <http://afghanistan.ru/doc/93918.html>

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Creation of jobs.</li> <li>• Connectivity of Uzbekistan with all northern provinces of Afghanistan and further with global rail network.</li> <li>• Increased cross-border trade and ties of people.</li> <li>• Stabilization of the North of Afghanistan.</li> <li>• Access to Iran and the Persian Gulf</li> </ul>	<ul style="list-style-type: none"> <li>• Small number of project participants.</li> <li>• Uncertainty of the duration of the project.</li> <li>• Uncertainty of funding sources.</li> <li>• Gauge issue.</li> <li>• Increased influence from Pakistan and Iran.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Access to sea through Afghanistan and Pakistan;</li> <li>• Improving the investment attractiveness of the railway transport of Uzbekistan and Afghanistan;</li> <li>• Development of trade routes «North-South»;</li> <li>• Development of the northern regions of Afghanistan.</li> </ul>	<ul style="list-style-type: none"> <li>• Possible terrorist attacks on the railway station;</li> <li>• Illegal distribution of narcotic substances and weapons through railways;</li> <li>• The military-political situation in Afghanistan;</li> <li>• The situation on the Tajik-Afghan border.</li> </ul>

### ***Connectivity - 3.5***

### ***Risks – 2.9***

#### ***7. Lapis - Lazuli transport corridor***

*(by E. Tulyakov, Sh. Ata-Mirzaev, F. Yunusov,  
N. Magdieva, Sh. Alimbekov, Sh. Umarova, and F. Djuraev)*

In November 2017, Afghanistan, Turkmenistan, Azerbaijan, Georgia and Turkey signed an agreement on the creation of the Lapis Lazuli transport corridor connecting these countries. National railways and highways already form a significant part of it. The agreement aims to facilitate transit logistics and simplify customs procedures. It is assumed that railways and motorways will connect the city of Torgundi (Afghanistan) with Ashgabat (Turkmenistan), then with the port of Turkmenbashi on the Caspian Sea. Further, the corridor will continue through the Caspian to Baku, then through Tbilisi to Ankara with branches to Poti and Batumi, then from Ankara to Istanbul.

In particular, the Lapis Lazuli corridor will allow the member countries to diversify their access to regional and continental trading markets. This, ultimately, will give economic growth to all project participants, both to countries transporting their goods along these corridors and to countries providing their territory for the transit of these goods. For several years, the country has built new airports, a seaport in the Caspian, transport bridges across the Central Asian Amu Darya River, the Kazakhstan-Turkmenistan-Iran railway, two railways to Afghanistan: Serkhetabat-Turgundi and Ymamnazar-Akin, etc.

From a geopolitical point of view, the route from Afghanistan bypassing the three largest powers in the region - Russia, China and Iran, is in the interests of the United States, interested in independent access to the internal regions of Eurasia.

Meanwhile, economic feasibility is the main thing that puts the prospects for the development of the Lapis Lazuli corridor into question. Afghan fruit and cotton are clearly not enough to ensure profitability. In addition, they are much easier to transport to Europe through Central Asia and Russia, which will



come out much faster and cheaper. The TRACECA project faced similar problems at the time, which in the end did not become a real transport alternative to the route through Russia. There is no evidence in favor of the fact that the Lazurite Corridor will be more economically effective than TRACECA, yet. And the potential list and volume of goods that could be transported looks much more modest. As a result, Lazurite Corridor has a very high chance of becoming one of the many transport projects that have remained on paper.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Increase in trade between Afghanistan and Turkmenistan.</li> <li>• Stabilization and development of Afghanistan.</li> <li>• Access through Turkmenistan for Kazakhstan and Uzbekistan.</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertainty financing.</li> <li>• Verbal agreements, no design decisions</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Access for Central Asia through Afghanistan, Azerbaijan, Georgia and Turkey to Europe;</li> <li>• Free the Islamic Republic of Afghanistan from the influence of Pakistan, Iran and Russia, thanks to the ports of Tbilisi and Batumi;</li> <li>• Diversify the transport networks of Central Asia.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased pressure from geopolitical power centers such as Russia and China.</li> <li>• The political-military situation in Afghanistan.</li> </ul>

**Connectivity – 4.1**

**Risks – 2.6**

8. *Uzbekistan – Turkmenistan – Iran – Oman - India transport corridor*  
*(by E. Tulyakov, Sh. Ata-Mirzaev, F. Yunusov,*  
*N. Magdieva, Sh. Alimbekov, Sh. Umarova, and F. Djuraev)*

The formation of the Uzbekistan-Turkmenistan-Iran-Oman transport corridor (Ashgabat agreement) is nearing completion, which is the most economically efficient for the countries of the region, due to the short distance to access to the sea, the availability of tariff preferences, and the minimum delivery time (7- 10 days). In this direction, the Turkmen side opened new railway and road bridges “Turkmenabad-Farab” across the Amu Darya, which are an important section of the corridor.

Strategically, this will allow Uzbekistan to participate in international transit traffic in the directions of the Asia-Pacific region and China with access to the ports of the Indian Ocean (Pakistan, India) and the EU, Russia, the Caucasus as well as in creating a new transport corridor Uzbekistan - Turkmenistan - Iran - Oman and combining the efforts of Central Asian governments to implement new promising projects, working out the issue of applying standardized (through) tariffs and the transit of goods through the territories of the Central Asian countries.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Convenient access to the ports of the Persian Gulf.</li> <li>• The Zahindan-Mashhad road was built using Indian investments.</li> <li>• A safer project without Afghanistan.</li> </ul>	<ul style="list-style-type: none"> <li>• The Turkmen-Uzbek border.</li> <li>• Weak development of business companies in Turkmenistan.</li> <li>• Underdeveloped pair change infrastructure in Turkmenistan.</li> <li>• The domestic political situation in Turkmenistan.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Alternative to Chinese projects with Pakistan;</li> <li>• Entrance to the markets of India and Southeast Asian countries, bypassing China;</li> <li>• Improving relations between Uzbekistan and Iran</li> </ul>	<ul style="list-style-type: none"> <li>• Competitor to the railway China-Kyrgyzstan-Uzbekistan;</li> <li>• The competition of Chahbahar (Iran) and Gwadar (Pakistan), in which China invests;</li> <li>• Sanctions on Iran.</li> </ul>

*Connectivity – 4.4*

*Risks – 2.5*

### **Conclusions and proposals on strengthening regional cooperation in the transport and communications sector**

Considering the content of national reports and analysis of projects from a regional point of view, the authors of the reports identified the following challenges and positive aspects. There are the following challenges:

1. The issue of financing is a feature of all the projects, including the sources and sustainability of construction financing. The use of government loans allocated by the PRC to ensure transparency and meet the terms of this financing as a tool to support Chinese exports is critical to the Belt and Road Initiative. This issue is being raised both in the context of the implementation of the China – Kyrgyzstan – Uzbekistan railway project, and in already frozen projects like Light Railway Transport in Nur-Sultan.
2. Politicization of projects both nationally and internationally. Experts see the political importance of infrastructure projects for domestic integration and sustainable development of the country's regions (for example, Turkestan Airport or the alternative North-South highway in Kyrgyzstan) as current determinants. With the undoubted economic component of the projects, their political significance may violate the real assessment of the project.  
Geopolitical significance of politicization of projects in the regional context is a separate aspect. Experts note that the implementation of projects of transport corridors is changing the geopolitical and geo-economic landscape. The implemented projects fit into the Belt and Road Initiative, sponsored by China, which now defines itself as a 'major country status'. This may cause antagonism from other superpowers, specifically the United States, which is currently engaged in direct confrontation with the PRC in the form of trade war and criticism of China's actions in the XUAR and Hong Kong.
3. Management of infrastructure projects and ensuring their sustainable functioning: allocation of budgetary funds for the maintenance of projects, availability of qualified staff, ensuring quality of construction materials.
4. Transparency in project implementation: experts point out to the shortcomings of national instruments of supervising the transparency of project implementation, which leads to the risk

of corruption.

5. In the context of railways, experts of Kyrgyzstan and Uzbekistan mention the technical risks associated with the complexity of the geographical topography. The issue of rail gauge and operation of its two options (European and Russian) in the region is on the agenda.
6. Experts emphasize the importance of monitoring and evaluating the socio-economic and environmental impact of projects in order to avoid or minimize possible negative consequences (for example, the negative environmental impact of road transport) associated with the launch of projects.

The authors of the report drew attention to the following positive trends:

1. Launching the process of shaping a shared regional approach to coordination of the development of infrastructure projects in Central Asia. The leaders of the region see the development of infrastructure as a driver of growth for separate countries and for the region as a whole.
2. The Belt and Road Initiative is seen as an opportunity to develop the countries and the region. In a positive sense, countries see infrastructure projects under the Initiative as a complementary part of their national development strategies. At the same time, they emphasize their regional component: the countries want to see infrastructure projects as a benefit for the development of the region.
3. Experts underline the positive impact of alternative routes as a diversification of transit capacities of the region as a whole. They take into account concerns about the abundance of projects, while accentuating the development of infrastructure as a driver of a growth of competition in the region.  
Diversification is seen as a mechanism to reduce tensions in the region, based on the interdependence of countries and refusal from the use of transport routes as a potential leverage of political pressure.
4. Energy projects are developed with an eye to diversification of the supply of energy resources and increasing the energy security of importing countries.
5. There is a positive impact of the development of infrastructure projects on the peacebuilding process in Afghanistan and the positive impact of this process on the region.
6. The analysis of projects shows direct benefits associated with job creation as part of construction and maintenance of infrastructure facilities, while emphasizing the need to enhance the multiplier effect on the development of the economies of the region.

The authors of the report propose the following policies as recommendations for the follow-up development of the transit and transport potential of Central Asia:

1. Improve and raise the efficiency of customs services in Central Asian states in order to optimize the functioning of transport / transit routes.
2. Leverage cross-border potential to catalyze economic ties by streamlining the process of functioning and modernization of local checkpoints in order to minimize barriers to the development of cross-border trade. In this regard, there is a need to assess the work of local state bodies of border zones in terms of improving the conditions of border trade.
3. Develop national and regional policies to inform the public about plans for the implementation of infrastructure projects and their potential socio-economic impact in order to avoid the occurrence of inaccurate information (rumors) and ethnic conflicts (for example, anti-Chinese protests).
4. Create a transparent mechanism for financing infrastructure projects in order to avoid debt problems and fulfill financial obligations.
5. Expand and strengthen the connectivity of the transport and logistics network in the Central Asian region, including new infrastructure facilities like Kuryk Port.

6. Support the initiatives aimed at transport and logistics integration of the region, including those outlined in the Declaration on the Development of Transport and Transit Potential of Central Asia, which was adopted following the International Conference on 'Central Asia in the System of International Transport Corridors: Strategic Prospects and Untapped Opportunities', and those supported by leaders of Central Asian countries during consultative meetings. Some of them need to be specified:
  - Elaboration of a strategy of development of regional transport corridors in Central Asia with the assistance of experts from the World Bank, Asian and Islamic Development Banks, other international institutions, and a follow-up adoption of a regional program on sustainable development of the Central Asian transport system;
  - Creation of an integrated transport management system;
  - Establishment of the Regional Council for Transport Communications of Central Asian Countries as a coordinating structure in addressing current problems in the transport and logistics sector;
  - Joint development of transport communications and infrastructure in order to increase the tourist appeal of the region, including through the development of a concept of tourist hubs in Central Asia.
7. Application of domestic and international socio-environmental programs and standards (Paris Declaration, EBRD and World Bank standards, etc.) when developing and implementing projects, which will contribute not only in the conservation of environmental biodiversity, but also reduce social stress of the local population.
8. It is necessary to further step up cooperation between analytical centers of Central Asian countries in order to jointly study and comprehensively analyze the factors affecting their economic interaction in the framework of the Belt and Road Initiative, taking into account regional and global processes, as well as to develop joint solutions to the challenges faced by separate Central Asian states and the entire region as a whole.