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# Connotation, Orientation and Path of the Belt and Road Initiative

## *Abstract*

The Central-Asia economic belt forms the core of the One-Belt-One-Road Initiative. This economic belt, on the rim of Central Asia, is pivotal to the One-Belt-One-Road Initiative. The Eurasian economic belt is an extension of the One-Belt-One-Road Initiative. It features a set of transformations in the national security policy, from a passive to an active foreign relations policy, from unilateral border security to multidimensional cooperation, and from separation of domestic affairs and diplomacy to the integration of both domestic and foreign affairs. The One-Belt-One-Road Initiative involves a contemporary trade and economic

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cooperation. It is an advanced edition of the ancient Silk Road which has had strategic significance. By nature, it is based on history, but designed for the future, and it transcends time and space by integrating political, economic, internal, and external affairs. By content, it is a comprehensive policy which combines the option of opening up to the west and developing westward. By genesis, several generations of leaders have developed it to project national security and economic strategies. Constructed in the joint effort to open up a continental strategic passage which would promote westward opening, the modern Silk Road involves a comprehensive strategic project. Based on the framework from the Shanghai Cooperation Organization (SCO), it requires multiple mechanisms to advance simultaneously. It also requires a progressive application of each of its components — from the simple to the more complex. Strategically speaking, trade and economy dominate the modern Silk Road. It, therefore, needs to move ahead in multiple dimensions. Through security and stability, trade and economic development, and public diplomacy, the communication between China and Central-Asian countries should constantly move ahead regarding policy coordination, connectivity of the facilities, unimpeded trade, financial integration, and people-to-people bonds, and it should ensure a grand friendly regional cooperation.

*Keywords:*

Regional Economies; One-Belt-One-Road Initiative; Westward Opening; Central Asia Economic Belt

With increasingly intensified international situations, complicated economic and social development, deeper reform and opening up, the scope of China's national security has continuously expanded. At the same time, non-traditional security challenges, including territorial security, border stability, energy security, and economic security, have all become more significant.

In order to improve the national security system, China must actively and steadily shift its focus regarding the national security strategy from a passive to an active one. It must realize when active or preventive measures are necessary and recognize what measures need to be comprehensive and which ones need to be tailored to fit particular circumstances. In addition, the Chinese government must combine traditional and non-traditional challenges in national security. Launching a diversified strategic trade route, jointly building the maritime Silk Road and the land Silk Road, is crucial to establishing a new national security system. On September 7<sup>th</sup> 2013, Chinese President, Xi Jinping, proposed, during a keynote speech he made in Kazakhstan, to build the One-Belt-One-Road (OBOR) with neighboring nations.<sup>1</sup> "The One-Belt-One-Road Initiative will promote

<sup>1</sup> Xi Jinping, "Promote the people's friendship for a better future – a speech at the University of Nazarbayev," *People Daily*, September 8, 2013, p. 3.

political, economic, and diplomatic efforts to strengthen balanced regional development and to develop an international economic corridor which expands from the east through the central areas to the west and links the North to the South. It will create a new situation, an all-around opening up, which will further the global interaction and exchange of China and the entire Asia-Europe-Africa region. In order to maximize efforts to open the strategic land passage, China will need to integrate the One-Belt-One-Road Initiative into the latest national security and economic strategies<sup>2</sup> to develop an overall national economic strategy and a brand-new national security system.

## 1. THE CONCEPT AND ANALYSIS OF THE ONE-BELT-ONE-ROAD INITIATIVE

Which areas will the OBOR cover? What kind of cooperative mechanisms will it adopt? What benefits will the OBOR bring to China and all the geographic regions involved in it? So as to answer these questions, the history and reality of the OBOR must be explained, and a complete analysis of its prospects, opportunities, and mechanisms must be laid out.

### *(1) Concept analysis*

Historically, the Silk Road is an ancient trade route which begins in the old capital of Chang'an (present-day Xi'an city), the center of politics, economy, and culture in ancient China. It refers to the overland commercial route connecting Asia, Africa, and Europe, which goes over the Longshan Mountain, follows the Hexi Corridor, goes through the Yumenguan Pass and the Yangguan Pass, reaches Xinjiang, stretches along the oasis and the Pamir Plateau, crosses Central Asia, Western Asia and Southern Asia, and then leads to Africa and Europe.<sup>3</sup> Though traders originally used it only to

<sup>2</sup> Hu Angang, Yan Yilong, and Yang Zhusong: "How to build a Chinese economy in advanced edition," *China Study*, special edition 6, June 27, 2013.

<sup>3</sup> See United Nations Educational Scientific and Cultural Organization (UNESCO), "Chinese Section of the Silk Road: Land routes in Henan Province, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, and Xinjiang Uygur Autonomous Region; Sea Routes in Ningbo City, Zhejiang Province and Quanzhou City, Fujian Province – from Western-Han Dynasty to Qing Dynasty" United Nations, Ref.:5335, <http://whc.unesco.org/en/tentativelists/5335/>, accessed on December 10, 2019. This document states that "The Silk Road is the ancient trade route that starts in the old capital of Chang'an, the present-day Xi'an city and the center

transport silk made in ancient China, it is a main road which links the East with the West economically, politically, and culturally.

The OBOR is a modern, updated version of the ancient Silk Road for trade and economic cooperation. Deemed the most promising economic corridor in the world, the Silk Road forms the land bridge between Asia and Europe. Building the OBOR will bring great opportunities for the development of areas in its way. However, the regions through which it runs have their own unique features and are each developed to a certain (differing) extent and in different ways. Therefore, advances which take place along the modern Silk Road as it develops, will not be uniformed and will display apparent regional features: "While it links the prosperous Asia-Pacific economic circle at one end and the developed European economy at the other, it has an economic lowland between China and the Central Asia area."<sup>4</sup> The OBOR, accordingly, can be divided into three levels, whose east end starts in China, with gradually broadening its geographic coverage and functions. The first level are the Central Asian economies, which include Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan. The second level comprises of the Central Asian Circle economic region. It covers Central Asian economies, which is the first level, Russia, South Asia, and West Asia. In addition to Central Asia, this second level includes Russia, Afghanistan, India, Pakistan, Iran, Azerbaijan, Armenia, Georgia, Turkey, Saudi Arabia, and Iraq. The third level, the Euro-Asian economic belt, which covers the first two levels, includes Europe, and North Africa. Germany, France, Britain, Italy, and Ukraine form the European portion of this economic belt. Egypt, Libya, and Algeria are the North African nations which fit into this geographic area.

The Central Asia economic belt is the core of the OBOR. In terms of economic development, Central Asia is at the low end of the OBOR, featuring depressed economic conditions and considerable social instability. Central Asia is at the heart of Asia and contains the land passage which connects this continent and Europe. In 2012, Central Asia, not including China, had a total population of 65 million inhabitants and an aggregated gross domestic product (GDP) of \$298.7 billion. Central Asia shares more than 3,000 km

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of politics, economy, and culture in a long period of ancient China. It refers to the overland commercial route connecting Asia, Africa, and Europe, which goes over the Longshan Mountain, follows Hexi Corridor, passes Yumenguan Pass, and Yangguan Pass, reaches Xinjiang, stretches along the oasis and the Pamir Plateau, enters the Central Asia, crosses Central Asia, Western Asia, and Southern Asia, and then leads to Africa and Europe."

<sup>4</sup> Zhu Xiangping, Zou Xiangyang: "Thought on the China-Central Asia New Silk Road Economic Belt," *Northeast Asia Forum*, No. 5, 2006.

of borders with China. Along with China, it faces the same three forces — terrorism, separatism, and extremism<sup>5</sup> — while in need of and potential for development and cooperation. In partnership with China, Central Asia seeks regional stability, energy and resources, economic exchanges, and trade. Since the establishment of SCO in 2001, China has become the most important trade and investment partner for Central Asian countries, but China needs to increase its share in their trade and investment further.

The economic belt on the rim of Central Asia is a pivotal area of the OBOR. This region is in the center of Eurasia and of the OBOR. It has a great strategic significance for building the land passage between Asia and Europe. This area, including Central Asia, but not China, has a population of 1.96 billion inhabitants and an aggregate GDP of \$7.8 trillion. Except for oil-rich countries, such as Saudi Arabia, which are considered part of this region, the levels of economic development of these countries vary a lot. As a whole, however, this geographic area remains relatively under-developed. The major trading partners of these nations include primarily developed economies, including the United States and the European Union (EU). Meanwhile, China's share of trade with the region remains small. China's economic exchange with the rim of Central Asia needs to be escalated rapidly to take advantage of the potential that exists there. Because this area is rich in oil and natural gas, it is one of China's main sources of energy. Therefore, this area represents a strategic area for energy security and has a large potential for trade and economic exchanges.

The Eurasian economic belt extends the area of the OBOR into the major countries and regions of Eurasia. It completes the map of the OBOR. This region, which includes the rim of Central Asia, but not China, has a total population of 1.96 billion inhabitants and an aggregate GDP of \$26.7 trillion. The European part, at the west end of the OBOR, as a whole, has a high level of economic development and trade activity and boasts economic prosperity and stability. In particular, the economy of Western Europe is highly developed. It is one of the most economically concentrated areas in the world. The EU and China, at the two ends of the OBOR, have become the second-largest trade partners with each other. They continue to deepen their social and economic exchanges, and they cooperate in the sectors of science and technology, culture, and education. China imports a lot of technology from the EU, and many Chinese students study abroad. But China and the EU have carried out their trade and economic exchanges mainly through the sea routes. China urgently needs to extend the land

<sup>5</sup> The Shanghai Convention on Combating Terrorism, Separatism and Extremism, 2001, <http://www.refworld.org/docid/49f5d9f92.html>, accessed on December 12, 2019.

passage in order to expand trade and economic exchange and to increase cooperation regarding science, technology, culture, and education.

## *(2) Policy formation*

Since ancient times, Central Asia has always played a key role in China's foreign relations. With the OBOR, China has carried forward and integrated its Central Asian policy with its regional development policy. Opening up more to western nations, developing its western regions, and establishing a Eurasian land passage is necessary for achieving balanced development and protecting its national strategic security.

Since the Third Plenary Session of the 11<sup>th</sup> Communist Party of China's (CPC) Central Committee, China has achieved a rapid economic growth through reforms and opening up to the West. The international situation suddenly changed as the Soviet Union collapsed in 1991, and Central Asian countries became independent. The relationship between China and Central Asia has evolved into a one-to-five multilateral relationship. At the same time, the rise of Separatism extremism, and terrorism has continuously worsened Central Asia's security situation and affected China's northwestern Xinjiang region. Since the beginning of the 21<sup>st</sup> century, China and Central Asian countries gradually developed common interests and deepened their cooperation in response to the emergence of increasing energy problems. Most notably, they established the SCO in 2001. Meanwhile, China began to attach more importance to the development of western regions and implemented the western development plan, so as to further promote coordinated regional development.

In recent years, regional integration has developed, and tension has arisen in neighboring areas. China's relations with countries it borders, especially those with which it has territorial disputes, have sometimes become strained. At the same time, regional economic integration has accelerated. China has become a major trade partner for neighboring countries, one after another. China has strengthened its trade and economic ties with these countries and frequently interacted with them. "[China] should accelerate the implementation of the free-trade area strategy in neighboring areas, expand space for trade and investment cooperation, and develop new foundations for regional economic integration. [It] should actively participate in regional or sub-regional security cooperation activities so as to enhance strategic trust. [It] should accelerate the interconnection of infrastructure, in order to successfully build the OBOR, and [it] should accelerate opening up its border areas and deepen the mutually beneficial

cooperation between border provinces and regions with neighboring countries.”<sup>6</sup> This statement shows that the OBOR will boost development of border areas and support regional economic integration. In other words, it will advance western development and regional integration.

### *(3) Strategic characteristics*

The OBOR shows the following strategic characteristics.

From defensiveness to assertiveness. Since ancient times, China's Central Asian policy has mainly involved security defense. In contrast, the new OBOR is an active strategy which not only strengthens trade and economic exchanges, but also enhances defense against non-traditional security challenges.

From unilateral border security to multilateral overall cooperation. The ancient society developed the Silk Road primarily to maintain military security and border stability and to guarantee the security of inner areas. Based on trade and economic development, the new OBOR will facilitate an all-around exchange and cooperation on investment, trade, agriculture, science, technology, and security. Thus, it will deepen the cooperation between China and Central Asian countries, so as to serve the country's overall national security strategy.

From separation to integration of domestic and foreign affairs. In the past, Central Asian policy developed almost independently with little consideration or regard to the position of the area relative to the circumstances that existed in China's northwest region. In other words, Chinese rulers put Central Asian policy in the realm of foreign policy, and it treated the development of policy related to its western regions as a regional issue. After the establishment of New China, the government relocated industrial sectors into the hinterland and created a plan for western development, because of concerns regarding the economic imbalance among regions, development of resources and energy, and national defense security. Through integration, the OBOR will establish a reciprocal relationship between western development and westward opening up.

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<sup>6</sup> Xi Jinping, “A Speech at the Neighborhood Diplomacy Work Meeting,” October 25, 2013, [http://news.xinhuanet.com/politics/2013-10/25/c\\_117878897.htm](http://news.xinhuanet.com/politics/2013-10/25/c_117878897.htm).

## 2. THE STRATEGIC SIGNIFICANCE OF THE ONE-BELT-ONE-ROAD INITIATIVE

Asian and European countries will focus on trade and economic cooperation as they build the OBOR. Yet, the modern Silk Road will also be of great strategic significance to all sectors of national security — national defense, economic and trade security, energy security, and border security. Domestically, joint efforts to build the OBOR will provide more development opportunities and promote regional economic growth along the belt. It will also boost balanced economic development and bridge gaps in the country's regional development. Diplomatically, such efforts will help open up the land passage through Asian and European countries. This land passage will promote comprehensive cooperation through trade and economic development, deepen mutual benefits, faregional security cooperation, and safeguard peace and stability in related regions. It is, therefore, obvious that the OBOR is not a simple replica of the ancient Silk Road. Instead, by nature, it transcends the historical version and integrates the political, economic, domestic, and diplomatic affairs, and it expands the ancient Silk Road in the scope of time and space. The modern Silk Road is a comprehensive policy that combines westward opening up and western development. Formulated by several generations of Chinese leaders, it represents national security and economic strategies which have advanced well beyond the original.

### *(1) Economic Security*

As the Chinese economy is becoming increasingly integrated globally, it is becoming more and more dependent on international economic trends. China's trade powerhouses are located mostly in eastern and southern coastal areas, especially along the southeast coast. As a result, the country depends heavily on limited sea lanes. In terms of China's merchandise trade, 87.4 percent of total import and export, 86.4 percent of export, and 88 percent of import occur in eastern coastal areas ranging from Liaoning to Guangdong.<sup>7</sup>

China-related trade and regional disputes have also increased as the nation has been on the rise. The Chinese economy is growing rapidly, and its national strength is continuously increasing. Concomitantly, the geopolitical and strategic situation has undergone constant change. On the one hand,

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<sup>7</sup> The statistics of import and export of goods trade is collected according to the territory of destination supply, quoted from *China Statistical Abstract 2013*.

its national interest inevitably requires overseas expansion, as the country increasingly depends on global resources and trade. On the other hand, the rise of China's global influence has changed the balance of power in East Asia and the world and caused increases in the number of China-related regional disputes. Western powers, represented by the United States and land and sea neighboring countries, such as India and the Philippines, all have to be on the alert against China during periods of cooperation and competition. They even tried to strategically contain China by developing a sea-based strategic encirclement. National security issues include not only the traditional security challenge of the potential threat of military conflict, such as China's clash of interests with the United States and Japan, but also non-traditional security challenges, such as trade sanctions against key materials, or sensitive problems, such as trade, grain, energy, ethnic issues, and antiterrorism.

The energy security of China has become a particular concern in recent years. First, the imbalance of supply and the demand has worsened. China's ratio of dependence on foreign oil reached 58 percent in 2012.<sup>8</sup> According to the forecast of the International Atomic Energy Agency, China's dependence on foreign oil will reach 68 percent in 2020. The country's current oil reserve is not sufficient, and its oil reserve system is not complete. Second, oil imports are not concentrated in many nations. More than 70 percent of China's oil import came from the politically instable Middle East and Africa. Third, the route for oil trade is limited. China mainly imports oil through sea-lanes, and 80 percent of oil imports will go through the sea-lane of the Indian Ocean, namely the Strait of Malacca. This situation causes the Malacca dilemma<sup>9</sup> and seriously affects the national energy security. Opening up the southward land passage to Southeast Asia and the westward land passage to Central Asia has become urgent. Development of Central Asia, especially the Caspian Sea area, will help diversify the oil supply, while linking the Middle East via land passage through Central Asia. This land passage will make it easier to obtain oil and reduce dependence on the Strait of Malacca.

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<sup>8</sup> Zhang Ping, head of the NDRC, answered questions from domestic and foreign journalists on the "Economic and social development and macroeconomic adjustment," on March 6, 2012. See [http://news.xinhuanet.com/2013lh/2013-03/06/c\\_132212510.htm](http://news.xinhuanet.com/2013lh/2013-03/06/c_132212510.htm), accessed on December 12, 2019.

<sup>9</sup> The Strait of Malacca connects China's South Sea and Andaman Sea and is the critical pivot communicating Asia, Africa, Europe and Oceania. Chinese ships take up 60% of the 140 daily shipments through Malacca. 80% China's gasoline supply has to be transported via the strait. Therefore, the Chinese resource security is largely affected by the situations in Malacca, which is considered as the Malacca dilemma.

## *(2) Regional Stability*

On the map of the OBOR, Central Asia is the key link. Therefore, the geopolitical situation in Central Asia will deeply impact China's national interests. China and Central Asia connect closely geographically, sharing more than 3,000 km of borders. The border between China and Kazakhstan extends as long as 1,700 km. In particular, China's Xinjiang area borders Central Asia. Therefore, Central Asia and surrounding countries influence heavily Xinjiang in the areas of security, trade and economic exchanges, and religion. In regional stability structure, all kinds of international forces have tried to influence Central Asia. Since the Afghanistan war, the United States has actively courted Central Asia by providing massive military assistance to build a US-led security system. US influence in Central Asia has continuously grown, but the United States somewhat eased its political influence in Central Asia after the Color Revolutions<sup>10</sup>. Apart from that, Central Asia is now under deep influence of the three forces of terrorism, separatism, and extremism as well.<sup>11</sup>

## *(3) Regional Development*

Since the center of gravity of the Chinese economy is in southeastern coastal areas, the country depends heavily on sea lanes. To avoid excessive dependence on sea lanes, the country must find balance when it comes to development between various regions. In order to realize the balanced development of all regions, the country must construct a convenient land passage. For the regional economy, the country needs to promote balanced development between regions and speed up development of central and western regions, especially in areas of strategic significance. So as to open up the external passage, the country must advance its strategy of moving west to actively develop the land passages to Southeast Asia in the south and to the great Central Asia in the west. In particular, the westward passage through the Eurasia land bridge will provide a vital link for international exchanges.

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<sup>10</sup> The color revolution, which can also be referred to as the Flower Revolution, talks about the series of non-violent change of political regime happening in Central Asia and East European countries at the end of 20<sup>th</sup> century.

<sup>11</sup> The Shanghai Convention on Combating Terrorism, Separatism and Extremism, 2001, <http://www.refworld.org/docid/49f5d9f92.html>

### 3. GEOPOLITICAL AND ECONOMIC ANALYSIS OF THE ONE-BELT-ONE-ROAD INITIATIVE

The economic geography of the OBOR has two high ends and a low central part. The two high ends are the Asia-Pacific economic circle in the east and the European economy in the west. The relatively underdeveloped portion in China's central and western areas, Central and West Asia, represent the economic lowland of the belt. Central Asia, which runs through the continents of Asia and Europe, is the vital core of this economic belt. Hillary Clinton pointed out that the strategy of the New Silk Road aims to strengthen links between Afghanistan, India, and Central Asia. President Xi Jinping chose to introduce the OBOR in Kazakhstan. Clinton and Xi Jinping both pointed out the key role of Central Asia. On the map of the OBOR, Central Asia is the core node, the only path, and the strategic center. Central Asian policy is of great strategic significance because it concerns the political, economic, energy, and security interests of China.

#### *(1) Geopolitics in Central Asia*

International forces have tried to influence Central Asia because it is located at the core of the OBOR in the heart of the Eurasian continent. Capitals from the US, the EU and other developed economies have been flowing into Central Asia after the Collapse of Soviet Union, and have held an advantage role, which is limited to economic fields. Since international anti-terrorism war, especially the Afghanistan war, the US gives lots of economic and military assistance to Central Asia to strengthen its political and military impact and to build a US-centered security system. Besides that, Central Asia has been influenced by other forces, such as terrorism, separatism and extremism, and other forces discussed below.

**The Russian effect.** Traditionally, Central Asian countries belonged to the former Soviet Union. Russia continues to affect Central Asia in politics, economics, and diplomacy. Russia has played a vital and leading role in the Central Asia security system. Through a customs union, it actively promoted economic integration in Central Asia and set up the Eurasian Economic Community with Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan.<sup>12</sup> Russia has also made use of its energy and geopolitical advantage, so as to control

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<sup>12</sup> In 2000, leaders from Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan signed an agreement to set up the Eurasia Economic Community on the basis of their customs union.

Central Asia's oil and natural-gas resources. It aims to play a leading role in the development of fossil fuels in Central Asia. Based on a collective security treaty, Russia has constructed a strategic security space. Russia has always referred to the portions of Central Asia which were in the former Soviet Union as part of its own scope of influence and has prevented other countries from expanding into these territories.

**The ethnic effect.** Among Central Asian countries, Tajikistan originates from eastern Iran. The Tajik people share the culture, language, and customs of Iranians and, along with them, are inheritors of Persian civilization. Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan all belong to the Altai family of Turkish countries and, therefore, share a similar language and culture with Turkey. Iran has actively developed its political, economic, and cultural ties with Tajikistan and has provided aid for the country. Taking advantage of the large population of Turkmen living within its borders, Iran also actively developed bilateral ties with Turkmenistan through investments in transport infrastructure and through trade and economic exchanges. Under the slogan of Pan-Turkism, Turkey called for the revival of Turkish people, the establishment of the Great Turkish economic circle, and a Turkey-led league of the Turkish nation. To spread its national ideology, Turkey has built a satellite communication system and set up satellite stations in countries of Central Asia. By broadcasting its radio and TV programs, Turkey is exporting "the Great Turkish concept" and the model of Islamic Modernism<sup>13</sup> and it is enhancing its influence over Central Asia. In trade and investment, Turkey has adopted a strategy of active participation in Central Asia, providing not only the economic aid for Turkish people in Central Asia, but also numerous loans and investments for the countries of Central Asia.

**The religion effect.** Residents of Central Asian countries primarily practice Islam, and neighboring Islamic countries exercise a huge influence on them. In particular, Iran, as the regional leading power has cooperated with Central Asian countries through trade and with the help of the Caspian Sea economic cooperation circle and the Economic Cooperation Organization (ECO) and developed its ties with Central Asian countries, especially Turkmenistan and Tajikistan. Iran has built cross-border roads and railways and has expanded trade and investments. In the realm of security and stability, extreme religious forces influence Central Asian countries. Since gaining their independence, oil-rich countries such as Saudi Arabia have actively participated in the construction of mosques, so as to

<sup>13</sup> Jiang Xinwei: *The Geopolitical Change in Central Asia after the Cold War and the Security and Development of Xinjiang* (Beijing: Social Sciences Academic Press, 2009), 72.

facilitate rapid growth of religious forces in Central Asia.<sup>14</sup> Most of these mosques draw mainstream Muslim congregations that engage in everyday religious activities. However, radical Islamic groups have penetrated Central Asian countries, and fanatical religious forces constantly harass them. In particular, some neighboring countries, such as Afghanistan, have become a base and transfer station for international terrorists and extreme religious forces. These international terrorists and extreme religious forces pose a great threat to the political stability and national security of Central Asia. The Islamic Movement of Uzbekistan (IMU) performed terrorist bombing<sup>15</sup>, and the Islamic Renaissance Party of Tajikistan seized more than 50 percent of territory<sup>16</sup>.

## (2) China and Central Asia

Because China and Central Asia are so closely connected geographically and historically, their need for cooperation is realistic. First, China shares more than 3,000 km of borders with Central Asian countries. The border between China and Kazakhstan alone extends 1,700 km. Second, through the centuries, Chinese civilization has developed multilevel and multidimensional exchanges and integration with Central Asia. Third, China and Central Asia's common interests in security, economic and energy issues demand mutual trust and cooperation.

Diplomatic relations between China and the five countries of Central Asia have improved, demonstrating greater mutual trust and increased cooperation. Right after gaining independence from the Soviet Union,

<sup>14</sup> For example, the number of mosques in Central Asian countries increased from only 25 in 1987 to more than 5,000 in Kazakhstan, from only 87 in 1987 to more than 300 in 1991 and about 5,000 in 1993 in Uzbekistan, from 70 in 1989 to 90 in 1990 and 124 in 1991 and about 3,000 in 1992 in Tajikistan, and from fewer than 10 in 1987 to more than 200 in 1994 in Turkmenistan. See Chang Fen, "The Development of Islam in Central Asian countries after the collapse of Soviet Union," *East European Central Asia Study*, No. 5 2001.

<sup>15</sup> In June 2014, the IMU claimed responsibility for an attack on Pakistan's Jinnah International Airport. At least 39 people were killed in the attack, including all 10 attackers. ("Karachi airport: Islamic Movement of Uzbekistan claims attack", BBC. 11 June 2014., <https://www.bbc.com/news/world-asia-27790892>, accessed on Dec 12, 2019.) A video released by the IMU in April 2015 showed members of the group beheading a Hazara man, one of 31 people kidnapped from a bus in Afghanistan in February 2015. ("Afghanistan kidnap video: Hostage beheaded 'by Uzbek gunmen' BBC. 7 April 2015., <https://www.bbc.com/news/world-asia-32200835>, accessed on December 10, 2019.)

<sup>16</sup> Until 2015, the Islamic Renaissance Party of Tajikistan was the only legal Islamist party in Central Asia. ("Mountain Rigger", *The Economist*, November 11, 2006)

Central Asia was on the outskirts of China's diplomacy and did not draw much diplomatic attention.<sup>17</sup> When China was going through border negotiations with Russia and Central Asian countries, Central Asia was on Russia's side. At that time, China did not give adequate importance to its relations with Central Asian countries as well, because they shared few political and economic ties. Since the beginning of the 21<sup>st</sup> century, China's diplomatic exchanges and economic cooperation with Central Asian countries have gradually increased. The international situation has changed. After the 9/11 terrorist attack, the United States launched a military attack against the Taliban regime in Afghanistan, while trying to expand their influence in Central Asia. Moreover, the gradual increase of terrorist activities by the three forces of terrorism, separatism, and extremism has affected China's border stability. China's booming energy consumption created a need to cooperate more with Central Asia. Rapid industrialization has made China the largest energy consumer in the world. Therefore, China's energy import has soared, relying heavily on oil from the Middle East and North Africa. Central Asia, especially the Caspian Sea area, which is rich in oil and natural-gas resources and relatively close to China's border, has become a key target for achieving a balanced energy import. Finally, institutions now exist to support cooperation between China and Central Asian countries. On June 15, 2001, China, Russia, and Central Asian countries set up the Shanghai Cooperation Organization (SCO). Based on the SCO, China and Central Asian countries continuously expand the scope of their cooperation. In particular, their bilateral trade and economic exchanges have grown remarkably since the establishment of the SCO. Meanwhile, China has also significantly increased its direct investments in Central Asian countries, becoming a key foreign investor in their economies.

The relative underdevelopment of Central Asian economy, gaps in regional development, and an incomplete industrialization process remain major problems China and Central Asia face, especially in regard to trade and economic cooperation. First, Central Asia is economically depressed, and its infrastructure is relatively backward. Second, the economic development of Central Asian countries varies. Third, though rich in energy resources and raw materials, Central Asian countries lack the industrial capacity to produce finished goods or to innovate their technology. Finally, mechanisms for cooperation between China and Central Asian countries are incomplete. Enormous non-tariff trade barriers and policy restraints on trade and investment, and soft restraints, such as compensation on

<sup>17</sup> Zhao Shenhua: *China's Central Asia Diplomacy* (Beijing: Current Affairs Press, 2008), 106.

exchange of people, typify the obstructions to trade cooperation that exist between them.

#### 4. STRATEGIC DESIGN AND POLICY SUGGESTION FOR THE ONE-BELT-ONE-ROAD INITIATIVE

China and Central Asian countries must contend with problems related to the mechanisms and environment, and with approaches to regional economic cooperation.<sup>18</sup> It requires a strategic approach to building the OBOR. To formulate this framework, the SCO should play a leading role, and it should improve multiple mechanisms simultaneously. The tactical approach should be progressive, but steady. Trade and economy should take center stage, but participating countries should also make sure that progress is continuously made in all facets of OBOR, so that all goals are achieved.

Within Central Asia there are many sub-regional cooperation organizations, including the Commonwealth of Independent States (CIS), Central Asian Cooperation Organization (CACO), The Asian Development Bank's Central Asia Regional Economic Cooperation (CAREC) Program, the Eurasian Economic Community, the Eurasian transportation corridor, the Summit of Turkish-speaking countries, the Central and West Asian economic cooperation organization, and others. Currently, the SCO is the only institution which forms a platform for a multilateral adjustment mechanism for China and Central Asian countries. The SCO should be made the highest-level institution which can provide the main framework for cooperation improvement between China and Central Asian countries. Through the SCO, cooperative agreements can be adopted for single topics on special issues. While promoting free trade areas, the SCO can negotiate single-topic agreements for cooperation in fields such as energy, technology, banking and investments so as to facilitate multilateral agreements and eventually help realize trade integration between China and Central Asia. Due to the need for balanced diplomatic relations and because of the worries about the "China threat", some Central Asian countries are alert to the continuous increase of China's influence in Central Asia. Due to various circumstances, Central Asian countries differ in their willingness to expand their cooperation with China. When dealing with Central Asia, China should adopt policies tailored to the needs, conditions, and concerns

<sup>18</sup> Wang Haiyan, *New Geo-economics: China and Central Asia* (Beijing: World Affairs Press, 2012), 263.

of each of the countries involved, moving progressively step by step. Trade and economic development, security cooperation, and public diplomacy should be promoted in an attempt to support each other. The main task of improving the cooperation between China and Central Asia should involve an aggressive facilitation of regional economic integration between China and Central Asia. From the point of view of the complex situation of Central Asia's regional stability, China should also strengthen its regional security and anti-terrorism cooperation so as to boost a good neighborhood of nations. Moreover, China should make great efforts to develop its public diplomacy, realize cooperation and exchanges on trade and economic development, security cooperation.

**1. Policy Coordination.** (1) An enhanced dialogue and cooperation on security affairs between China and Central Asia and surrounding countries will be crucial to creating a safe and stable external environment. It will help facilitate economic development, prosperity, and stability in Central Asia and improve and ameliorate these countries' relations with China. The Chinese government should make efforts to promote multidimensional exchanges and multilevel operation between China and Central Asian countries, including the establishment of a platform for multilateral communication in order to encourage policies that bolster investment. More specifically, China and Central Asia should establish policies that allow for bilateral cooperation and exchanges at all levels, between countries, provinces, cities and even industrial parks, and not only through trade but also through exchanges which permit people to work and study abroad. Such public diplomacy will foster friendly relations in Central Asia, and should be supported by all leaders, with participation of all governments in the region. For instance, China can provide Central Asia with training programs for officials, give extensive education possibilities and academic research.

**2. Facilities Connectivity.** China should urge all related countries to sign the agreement on facilitating the international railway transportation and accelerating the railway construction between China, Central Asia, and neighboring countries in order to increase connectivity and ease trade. (1) One of the most important projects involved is a Pan-Asia high-speed railway. Construction of this railway would link China and Central Asia. (2) Efforts should be made to build and improve the Khorgas (China) – Gerkent (Kazakhstan) railway to increase transportation efficiency. (3) To further develop transportation networks, construction of a highway connecting China, Kyrgyzstan, and Uzbekistan and railway projects through Kashgar, from China to Pakistan should also be accelerated. (4) Construction and repair of the railway network in Xinjiang, including both the east line and

the west line, which should link the northern and southern parts of Xinjiang, should also be prioritized so as to increase transportation efficiency, promote integration and exchanges, and prepare for emergencies.

**3. Unimpeded Trade.** (1) China and Central Asia should explore all opportunities to promote regional trade by constructing cross-border free-trade parks. In order to advance free trade in Central Asia, the completion of a China-Kazakhstan international free-trade park is the first target. Promoting the construction of a China-Kazakhstan Khorgas international free-trade park should also be included in these plans. (2) China and Central Asian countries could use a number of Chinese industrial parks in Central Asia as centers for investment, using the one being built in Kazakhstan as a model. (3) In addition, China and Central Asia should jointly develop energy and other resources. They should establish an energy club for greater Central Asia and comprehensively coordinate the supply and demand for all countries, construct energy pipelines and stabilize the energy supply.

**4. Financial Integration.** (1) A Central Asian development bank should be set up so as to boost financial cooperation. This bank would serve as a channel for investments and for financing constructions in Central Asia. It would provide loans for related infrastructure projects and industrial development projects in order to improve the transportation system and boost industrial development in the region. (2) Local currency and Renminbi should be used in financial settlements and as the international currency within the region. Central Asian countries should be encouraged to use their respective local currencies in the settlement of current and capital accounts in order to strengthen them. As these currencies become stronger, the Chinese, in turn, should make Renminbi their standard currency for international settlement in Central Asia.

**5. People-to-people Bonds.** (1) China can develop specific training programs for senior government officials from Central Asian countries, including short-term seminars and Master of Public Administration programs. (2) The Chinese government should set up scholarships for students from Central Asia so as to foster a group of young people who can understand the Chinese language and culture. (3) The SCO should set up a research fund or organize academic exchange programs for universities and research institutes in Central Asia. (4) Changes regarding the visa administration process should be perfected for trade and investments, tourism and family visits, in order to facilitate the gradual adoption of the visa on arrival for business visitors and tourists policy.

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