



## WESTERN CHINA-WESTERN EUROPE CORRIDOR: PROBLEMS AND SOLUTIONS

The Western China-Western Europe transport corridor can be considered as the largest infrastructure project between China, Russia and Kazakhstan, extending from the South China Sea (Lyanyungan) to the Baltic Sea (Saint Petersburg). The issue of this transport corridor was first raised in the 2005 letter to the Founding President of Kazakhstan Nursultan Nazarbayev from the then President of Tatarstan Mintimer Shaimiyev, proposing to establish a highway on the Saint Petersburg-Vologda-Kostroma-Kirov-Kazan-Orenburg-Kazakhstan border route. In November 2006, the Kazakh side discussed the issue with the transport ministry of Russia and during a meeting of the Kazakhstan-China cooperation committee. The project was formally named Western China-Western Europe in the national action plan for the implementation of the Kazakhstan 2030 development strategy adopted by presidential edict No. 310 of April 6, 2007, and then it was also mentioned in the address of Nursultan Nazarbayev to the people of Kazakhstan on February 6, 2008. As a result, in 2008, the Ministry of Transport and Communications of the Republic of Kazakhstan and the Ministry of Transport of the Russian Federation signed a memorandum on cooperation and development of roads on the Saint Petersburg-Kazan-Orenburg-Aktobe-Altmy route. According to the document, planned roads and infrastructure were intended to become part of a transport corridor connecting China and Europe.

The issue was then discussed on September 10, 2009, during the international conference "Transcontinental Corridor Western Europe-Western China – New Road to Europe: from Dream to Reality", which was held by the Ministry of Transport and Communications of Kazakhstan in Aktobe, Kazakhstan. The conference was attended by representatives of Russia, China and the European Union, as well as international financial institutions such as the International Bank for Reconstruction and Development, the Asian Development Bank (ADB), the Islamic Development Bank (IsDB), and the European Bank for Reconstruction and Development (EBRD). Moreover, the representatives of international organizations such as the Organization for Security and Cooperation in Europe, the Economic Cooperation Organization, the UN Economic and Social Commission for Asia and the Pacific, the International Road Transport Union, the Transport Corridor Europe-Caucasus-Asia participated in the conference. The main objective of the project is to reduce transport time and costs of shipments along the route from south to west. Other advantages of the project for the participating countries are as follows: rapid improvement of the local and regional socio-economic situation, increasing road and traffic safety, reducing the number of accidents, ensuring foreign exchange flows because the corridor will be an international route, development and integration of domestic regions, and development of trade.

The total length of the Saint Petersburg-Moscow-Nizhny Novgorod-Kazan-Orenburg-Aktobe-Kyzylorda-Shymkent-Taraz-Kordai-Altmy-Khorgas-Urumchi-Lanzhou-Zhengzhou-Lianyungang corridor is 8,445 km, 2,233 km of which run through the territory of Russia, 2,787 km through Kazakhstan, and 3,425 km through the territory of China. The Western China-Western Europe transport corridor's advantage over the existing alternatives, such as the Trans-Siberian Railway or maritime traffic through the Suez Canal, is its shorter transport time. For example, sea freight shipping takes 45 days and freight transport along the Trans-Siberian Railway – 14 days, while freight transport along the Western China-Western Europe corridor starting from the port of Lyanyungan will be carried out in just 10 days.

Kazakhstan's section of the corridor passes through five regions with a total population of 7.9 million: Aktobe, Kyzylorda, Turkistan, Zhambyl and Altmy. Within the scope of the project, 2,452 km of the road were reconstructed in Kazakhstan: Aktobe – 358 km, Kyzylorda – 817, Turkistan – 458, Zhambyl – 480, and Altmy – 339 km. The Western China-Western Europe corridor will certainly contribute to China's strategic and economic perspectives, but will also bring some benefits to Kazakhstan. The highway passing through a large part of the territory of Kazakhstan from the south-east to the north-west has made a major contribution to the development of the country's roads. Many plants have been established in Kazakhstan to provide concrete, asphalt and special equipment for the realization of this project, creating employment opportunities. According to the Ministry of Industry and Infrastructure Development of Kazakhstan, when the project is fully operational, the country will be able to generate an annual profit of \$30 million from the project. The Ministry reported that the whole section of the Western China-Western Europe highway, except for the construction of a tunnel at the section of Shymkent-the border of the Zhambyl region, had been completed. Again, according to Kazakhstan's Ministry of Industry and Infrastructure Development, with the contribution of the Western China-Western Europe corridor, the total volume of transit traffic by road through Kazakhstan over the past five years reached 2.1 million tons in 2017, compared to 1.5 million tons in 2016. The total volume of the corridor was 13 million tons in 2009, and it is expected to reach 33 million tons if it is fully operational in 2020.

Although the global financial crisis was still ongoing in 2009, long-term loans for the project were obtained from the international financial institutions. Kazakhstan received \$2 billion 125 million from the World Bank. For Kazakhstan, the total cost of the project was \$3.5 billion, including loans for a 25-year period from other institutions, such as the EBRD, the IsDB and the ADB.

It is noteworthy that the first phase of the construction of the Western China-Western

Europe transport corridor started before China's Belt and Road project was launched in 2013. However, there are still some problems related to the project. The lack of an institutional infrastructure of the project is the most important reason for this situation. The absence of an interstate treaty or an obligation jointly signed by the three participating countries, the uncertain date of the commencement of the corridor, and the lack of certain conditions for the parties are the factors that prevent to create the necessary institutional infrastructure. There are only bilateral agreements between states so far, and they are not sufficient. Nevertheless, on November 18, 2017, the Chinese side hosted the ceremony to open the high-speed motorway G218 in the Khorgas city of the Xinjiang Uighur Autonomous Region and announced the completion of the Chinese section (3,425 km) of the Western China-Western Europe transport corridor.

The corridor has six routes on the territory of Russia: Shali-Bavly (Tatarstan) – 325 km, Bavly-Kumertau (Bashkortostan) – 290 km, Moscow-Saint Petersburg – 573 km, Central Ring Road – 111 km, Moscow-Nizhny Novgorod-Kazan high-speed road – 693 km, and Kumertau-Kazakhstan border – 176 km. Russia has not yet completed the construction of these routes and plans to complete the construction of the project in 2020. For Russia, the cost of the project is \$10 billion, \$6 billion of which will be covered by the state budget. In 2018, the Eurasian Development Bank purchased Moscow's loan of €191.3 million issued by the EBRD for the Russian section of the project. It shows that Russia is experiencing problems with the financial institutions. This situation also affects the timely implementation of the project to a certain extent.

From the very beginning, Russia expressed little interest in the project. The strategic project that will enable China to reach Europe was always the last item in Russia's agenda. Considering the transportation alternatives to Europe, China gives more importance to the Trans-Caspian International Transport Route through Kazakhstan and the Caspian Sea. As referred at the beginning, the project was promoted by Tatarstan, not by the Russian Federation, showing that Russia has no clear plan for transport infrastructure to support the development of its central regions. On the contrary, we can see that Russia has given priority to other regions that strengthen the transit position of Russia by focusing on international transportation projects such as the North-South, Primorye-1 and Primorye-2. With regard to Kazakhstan, the reconstruction of intrastate roads and the construction of new roads within the scope of the Western China-Western Europe project have been successfully completed, and significant success has been achieved for the socio-economic development of the country's regions and for the cooperation between the regions.

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## Politics, Foreign Affairs, and Security

- President of Turkey Recep Tayyip Erdogan visited Moscow to meet with President Putin and attend the eighth meeting of the Turkey-Russia High Level Cooperation Council. The parties discussed the entire range of their bilateral relations with a particular focus on mutual trade, defense cooperation, the TurkStream project, the Akkuyu nuclear power plant, and de-escalation efforts in Syria.
- Acting President of Kazakhstan Kasym-Zhomart Tokayev signed an edict on holding an early presidential election on June 9, 2019. The country's Central Election Commission was tasked with ensuring the preparation and conduct of the election, while the government and local authorities must take timely measures for necessary organizational, logistical and financial support.
- The ministries of foreign affairs of Uzbekistan and Mongolia held the fifth round of mutual political consultations in Tashkent. During the talks, the parties reviewed the current state and perspective directions of deepening bilateral relations in the political, trade and economic, investment, cultural, humanitarian and other fields, including the possibility of establishing direct flights between Ulan Bator and Tashkent.
- The U.S. delegation led by the State Department's Special Representative for Afghan Reconciliation Zalmay Khalilzad visited Uzbekistan and met with President Shavkat Mirziyoyev and Foreign Minister Abdulaziz Kamilov. The parties exchanged views on the situation in Afghanistan and the start of the Afghan peace process and discussed proposals for Uzbekistan's practical participation in the reconstruction of that country.
- During his visit to Minsk, President of Moldova Igor Dodon met with President of Belarus Alexander Lukashenko. The leaders discussed prospects for developing bilateral cooperation between the two countries, particularly in the fields of trade and industry, as well as relevant international issues, including the situation in Ukraine and relations with Russia.
- Tajikistan will hold the chairmanship of the OSCE Forum for Security Cooperation from May to August 2019. According to a preliminary program of the Tajik Chairmanship, Dushanbe intends to attract the forum's attention to the current issues of regional security in Central Asia, as well as to the need for enhancing cooperation between the OSCE and regional organizations.
- The 50<sup>th</sup> meeting of the Coordination Committee on Air Defense Issues under the Council of the CIS Ministers of Defense was held in Yerevan. Military officials and representatives of military-industrial enterprises discussed the priorities for the development of air defense systems taking into account contemporary warfare practices, such as the use of unmanned aerial vehicles, and outlined future activities for the CIS Joint Air Defense System.

## Economy, Finance, and Energy

- The 29<sup>th</sup> meeting of the Energy Sector Coordinating Committee of the Central Asian Regional Economic Cooperation (CAREC) program was held in Tashkent. The meeting participants discussed the reform of state-owned enterprises in the CAREC countries, the medium-term strategy of the CAREC energy sector, and regional trade and investment projects, including those related to the development of renewable energy.
- The tenth meeting of the Belarus-Turkey joint intergovernmental economic commission was held at the Turkish Ministry of Commerce in Ankara. During the talks, the parties discussed a wide range of issues on the development of cooperation in the field of trade, industry, investment, transport, finance, agriculture, science and technology, tourism, construction, education and health.
- According to an order signed by President Mirziyoyev, Uzbekistan plans to reform civil legislation as the country's current civil code has a number of shortcomings and gaps that negatively affect the investment climate. To develop a new code, the government will attract representatives of academia and non-governmental institutions, as well as foreign experts.
- As of April 2019, the number of enterprises with foreign capital in Uzbekistan increased by more than 42%, compared to last year, to 8,280, of which 4,302 are joint ventures and 3,578 are foreign companies. According to the official data, the five countries with the largest number of such enterprises are Russia (1,532), China (1,222), Turkey (982), Korea (689) and Kazakhstan (594).
- According to the World Bank's latest Migration and Development Brief, in 2018, Kyrgyzstan and Tajikistan were among the top five remittance recipient countries as a share of GDP, along with Tonga, Haiti, and Nepal. Remittances remain the largest source of foreign currency earnings for Kyrgyzstan (\$2.7 billion) and Tajikistan (\$2.3 billion), accounting for 35.1% and 32.2% of their GDP, respectively.
- China will provide technical and economic assistance to Ukraine totaling 200 million Chinese yuan (\$29.7 million), which will be the largest grant aid ever provided by Beijing to Kiev. The Chinese government will render assistance in the form of special emergency and rescue vehicles and equipment for the needs of the State Emergency Service of Ukraine.
- The Ministry of Trade and Foreign Economic Relations of Turkmenistan organized an exhibition titled "Trade and Services – 2019" in Ashgabat. The event that mainly featured products of Turkmenistan's agriculture, food and textile industries brought together about 200 Turkmen and foreign participants. At the thematic conference, held alongside the exhibition, the participants discussed prospects for increasing cooperation in trade and services.

## Society and Culture

- The World Health Organization (WHO) European High-Level Conference on Non-Communicable Diseases was held in Ashgabat. During the two-day event, health officials and representatives of the healthcare industry from nearly 50 countries discussed ways to fulfil global and regional commitments at the national level through the implementation of intersectoral measures by multiple stakeholders in various fields.
- According to the WHO, the number of smokers in Turkmenistan decreased from 8.3% of the population in 2016 to 3.4% in 2018, which is one of the best indicators in the world. Turkmenistan intends to become a tobacco-free country by 2025 and adopted a national action plan for tobacco control, which includes raising public awareness on smoking and strengthening the enforcement of the ban on tobacco sales to minors.
- The Turkmen-Afghan water coordination group held its third meeting in Ashgabat, with support of the Transboundary Water Management in Central Asia regional program implemented by the German Society for International Cooperation. During the event, the government representatives of Turkmenistan and Afghanistan addressed the issues related to the rational use and distribution of transboundary water resources.
- The government of Tajikistan approved a draft agreement between the country's Ministry of Transport and the Aga Khan Development Network on cooperation in the construction of a new bridge across the Panj River. The 180-meter bridge will connect the Kokul area in the Farkhor district of Tajikistan's Khatlon province and the Ai-Khanoum village in Afghanistan's Takhar province.
- At a workshop held in Tashkent, the Central Asia Regional Environmental Center presented findings of the research project called "Provision of Science Based Evidence on Climate Induced Water Quality Challenges in Amu Darya Basin". The project implemented in collaboration with the West Virginia University through USAID demonstrates the negative impact of climate change on Amu Darya's water quality.
- A delegation of Japanese business circles and media companies visited Uzbekistan. During the visit organized by the Japan-Uzbekistan Silk Road Foundation, the Japanese side held seminars in Tashkent and Bukhara on Japan's media culture, art, and tourist potential. The host party familiarized the Japanese representatives with Uzbekistan's tourism infrastructure, as well as opportunities for potential business projects.
- TURKSOY signed a cooperation protocol with the Turkish Radio and Television (TRT), Turkey's national broadcaster. It is expected that the document that institutionalizes cooperation between TURKSOY and TRT will help publicize activities of TURKSOY, as well as promote traditions, culture, art, literature and cultural heritage of Turkic peoples, to large audiences in Turkey and abroad.