



DEVELOPMENTS IN CHINA'S RAILWAY DIPLOMACY

In recent years, China's overseas high-speed rail (HSR) projects have been of great importance for shaping the country's new diplomatic strategy, namely, railway diplomacy, which has become a new form of Beijing's foreign policy along with ping-pong diplomacy, panda diplomacy, and energy diplomacy. The high-speed rail projects, which are carried out in China's neighbors and other foreign countries by means of technical, financial and economic support, reflect both short-term and long-term geo-economic and geo-strategic goals of China. In recent years, the HSR lines, which were initially introduced in Japan in 1964 and later spread all over Europe, have become a symbol of China's technological progress and a significant source of national pride. In 2009, China officially put its railway diplomacy to the national strategy level, and by 2013, Beijing signed a number of HSR cooperation agreements totaling \$26 billion with more than 50 countries of the world. In an attempt to connect the countries along the re-emerging Silk Road within the Belt and Road Initiative launched in 2013, China has advanced its rail diplomacy investing heavily in the railway infrastructure of the countries along the route. Though a latecomer, China has already overtaken Japan and Europe in the high-speed rail sector by building the world's largest HSR network. Having succeeded in developing its own advanced technologies in this field, China has significantly lowered construction costs creating favorable conditions for investments, joint production and technology transfers. For example, according to the World Bank report, China's HSR construction costs are around \$1.7-2.1 million per km, while in Europe this figure is around \$2.5-3.8 million per km.

China's railway diplomacy went through a series of development steps. The construction of the 1860-km long Tanzania-Zambia Railway Authority (TAZARA) line, which was built by China in 1970-1976, was the first step taken by Beijing in developing its railway diplomacy. The TAZARA project became China's gateway into Africa ensuring political support of the African countries. Since that time, the African continent has become one of the most important targets for the Chinese railway diplomacy. The construction of the 752.7-km long Ethiopia-Djibouti railway line was a further achievement of China's railway diplomacy in the region. The project was started in May 2014 and completed in June 2015 attracting \$4 billion of investments, 70% of which were financed by the Chinese side. In July 2017, the China Railway Construction Corporation (CRCC) subsidiary, namely, the China Civil Engineering Construction Corporation (CCECC), was officially awarded the right to operate the railway for six years. This Chinese-built railway linking the Ethiopian capital Addis Ababa and the port city of Djibouti in the Gulf of Aden is the second longest railway built by China in Africa after TAZARA.

Moreover, in November 2014, a cooperation agreement for the construction of the 1400-km long Lagos-Calabar coastal railway, running through a total of 10 states and the oil-producing region in the Niger River delta, was signed between the CCECC and the Federal Ministry of Transportation of Nigeria. It was initially planned that the CCECC would invest \$11.97 billion in the railway project, but the figure was reduced to \$11.1 billion in 2016. Within the framework of this project China exported \$4 billion worth of railway vehicles, steel, mechanical and electrical products to Nigeria. In 2017, a total of \$7.5 billion was provided for China's another railway project in Nigeria, namely, the Lagos-Ibadan-Ilorin-Minna-Kaduna-Kano railway line. In addition, the 472-km long Mombasa-Nairobi railway line is one of China's largest projects in East Africa, the construction of which was started in September 2014 and completed in October 2016. China financed 90% of the project's total cost estimated at \$3.8 billion, with the Kenyan government covering the remaining 10%. The right to operate the railway for the first five years belongs to the China Communication Construction Company (CCCC). As a result, since China has invested heavily in Africa's transportation infrastructure in the framework of its railway diplomacy, the China-led railway projects in Africa have revitalized social development and economic growth in the regional countries that have progressively expanded their political and economic cooperation with Beijing. Therefore, it is not surprising that it is in Africa's city of Djibouti where China opened its first overseas military base in 2017.

Southeast Asia is another region where China has successfully implemented its railway diplomacy in recent years. For example, the 414-km long China-Laos railway line, which will link Boten, the northern Lao town bordering southwest China, and Vientiane, the capital of Laos, is an overseas railway project that will be connected directly to the Chinese railway network. 70% of the total cost of the \$6 billion worth China-Laos railway line, the construction of which began in December 2016 and is planned to be completed in December 2021, is financed by China, while Laos is responsible for the remaining 30%. As part of a longer rail project that will link China to mainland Southeast Asia, namely, the Trans-Asian Railway (TAR) project, the China-Laos railway is expected to be connected to the Chinese-Thailand railway. After years of delays, in December 2017, the CRCC officially launched the construction of the 253-km long railway line linking Bangkok to the northeastern Thai province of Nakhon Ratchasima, which is the first phase of the 873-km long railway line linking Thailand and Laos at the northeastern Thai city of Nong Khai with an investment of \$11.36 billion. Moreover, in October 2015, the Indonesian government announced that China had won the bid to build the Jakarta-Bandung HSR line, the total cost of which is over

\$5.135 billion. This announcement was viewed as yet another successful illustration of China's railway diplomacy in Southeast Asia. 60% of Indonesia's first HRS project cost is covered by Indonesia, while the remaining 40% is financed by China. It is expected that the construction of the railway, which was started in January 2016 by the Indonesian-Chinese joint venture Kereta Cepat Indonesia-China, will be completed in 2019. The joint venture received the exclusive right to operate the Jakarta-Bandung railway for 50 years. Having succeeded in implementing railway projects in African and Asian countries, China is now entering into railway cooperation with American and European nations. However, in North America, China's railway diplomacy has suffered some failures. For example, in November 2014, Mexico canceled the \$3.75 billion HSR contract with China. In June 2016, the American West Express company canceled the \$100 million investment agreement for the Las Vegas-Los Angeles high-speed train project, which had been signed with the China International Railway Group (CRIG). This project, totaling \$12.7 billion, would have been China's first high-speed rail project in the United States. Nevertheless, apart from these failed projects, there are some prospective agreements as China is trying to implement its rail diplomacy in several Latin American countries. For instance, in December 2017, China and Panama signed a preliminary agreement for a railway project connecting the Pacific and Atlantic oceans' coasts.

Eurasia and Europe are the most attractive regions for China's railway diplomacy. China is interested in implementing a number of railway projects in Eurasia such as the China-Kazakhstan, Kazan-Moscow, and China-Kyrgyzstan-Uzbekistan railway projects. As for Europe, the CRIG started the construction of the 184-km long Serbian section of the Chinese-backed Budapest-Belgrade railway project, while the construction of 166-km long railway section in Hungary is expected to start this year. 85% of the €1.8 billion worth Hungarian section will be provided by China through a preferential 18-year loan with an annual interest rate of 2.5%. In April 2017, China signed an agreement with Belarus, Germany, Kazakhstan, Mongolia, Poland, and Russia to deepen mutual cooperation on intermodal rail freight services between China and Europe.

To conclude, it can be observed that Beijing's railway diplomacy has made significant progress in the framework of the Belt and Road Initiative leading to China's broader political and economic influence in the world in recent years. By making railway diplomacy one of the main tools of its overseas investment and diplomatic strategy, Beijing is planning to ensure uninterrupted access of Chinese goods to overseas markets, meet the growing need for natural resources, and provide stable and sustained economic growth of the country.

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Politics, Foreign Affairs and Security

- President of Azerbaijan Ilham Aliyev signed a decree moving the date of the planned presidential election forward to April 11, 2018, six months ahead of schedule. Previously, the date for the vote was set for October 17. Aliyev is expected to be nominated as the ruling New Azerbaijan Party's candidate to run for his fourth term.
- During his official visit to Dushanbe, President of Kyrgyzstan Sooronbay Jeenbekov met with his Tajik counterpart Emomali Rahmon to discuss the current state of the Kyrgyz-Tajik relations and identify priority areas for further cooperation. As a result of the meeting, the parties signed a number of documents, including a joint statement of the two presidents, which reflects their intentions and agreements on the whole range of the Kyrgyz-Tajik partnership, the intergovernmental program of trade and economic cooperation, as well as the program of cooperation between the Ministries of Foreign Affairs of the two countries.
- During his official visit to Baku, Minister of Labor and Social Security of Turkey Julide Sarieroglu met with President of Azerbaijan Ilham Aliyev to discuss the ways to strengthen bilateral relations between the two countries. In particular, the parties underlined the importance of deepening bilateral ties in the field of social protection.
- During her official visit to Tashkent, U.S. Principal Deputy Assistant Secretary of State for South and Central Asian Affairs Alice Wells met with Minister of Foreign Affairs of Uzbekistan Abdulaziz Kamilov to discuss the current state and perspectives of development of Uzbek-U.S. cooperation and issues of regional interaction.
- During his official visit to Baku, Director-General for Mobility and Transport of the European Union Henrik Halolei met with Foreign Minister of Azerbaijan Elmar Mammadyarov to discuss further development of the East-West and North-South transport corridors, including the Europe-Caucasus-Asia Transport Corridor (TRACECA) project. The sides exchanged views on additional steps to be taken to adjust the railway infrastructure to modern standards and ensure road safety.
- During his official visit to Jerusalem, Russian Security Council Secretary Nikolai Patrushev met with Prime Minister of Israel Benjamin Netanyahu to dis-

cuss mutual security cooperation, paying special attention to the consolidation of the Russian-Israeli efforts in countering the revival of Nazism, the spread of the nationalist ideology, and the distortion of history.

- According to the Defense Ministry of Russia, a Su-25 fighter jet of the Russian Aerospace Force was shot down by militants in Syria when flying over the Idlib de-escalation zone. The pilot successfully ejected from the aircraft but was killed in a firefight with terrorists on the ground. It is noted that the jet was brought down with a man portable air defense system.

Economy, Finance and Energy

- During the meeting of the Eurasian Intergovernmental Council held in Almaty, the prime ministers of the Eurasian Economic Union (EEU) member countries signed an agreement on the labeling of goods by means of identification in the union. The agreement is designed to strengthen control over the circulation of goods in the EEU and can be applied to a broad group of products, a list of which will be approved by the Board of the Eurasian Economic Commission.
- The Chinese gold mining company China Nonferrous Gold Limited announced its plans to produce up to 207 kilograms of gold at the Pakrut gold mine in Tajikistan in 2018. It was noted that the gold production should reach 1-1.5 tons per year in the future.
- According to the North Caspian Operating Company N.V. (NCOC), the operator of the Kashagan field, as of January 2018, 10 million tons of crude oil and condensate were produced and exported from the first offshore oil and gas project in the Kazakhstan sector of the Caspian Sea.
- According to the Ministry of National Economy of Kazakhstan, the monthly inflation rate in the country amounted to 0.6% in January 2018, while the year-on-year figure totaled 6.8%. In January 2018, the prices of food, non-food products, and services rose by 0.6%, 0.3%, and 0.8%, respectively.
- According to the Fitch Ratings, the rate of Azerbaijan's national currency against the U.S. dollar is to remain at 1.7 manats within the next two years. It was also noted that the official exchange rate of the Azerbaijani manat against the U.S. dollar, set by the Central Bank of Azerbaijan, increased by 0.0706

manats, or 3.99%. Accordingly, the average rate was set at \$1.7205 per manat in 2017.

- According to the Statistics Committee of the Ministry of National Economy of Kazakhstan, in September-December 2017 the country exported 25,000 tons of rice, which is 63% more compared to the corresponding period last year. The main sale markets for Kazakh rice are Tajikistan, Ukraine, Mongolia, Afghanistan, Turkmenistan, and Azerbaijan. Rice production in the country totaled 185,700 tons in 2017, which is 3.3% higher than in 2016.
- According to the Central Bank of Azerbaijan (CBA), the currency reserves of the country amounted to \$5.38 billion in January 2018, which is \$1.05 billion (24.4%) more than in the same period last year. During the month, the CBA reserves rose by \$46.6 million.

Society and Culture

- According to the Turkish Statistical Institute, in 2017 the country's population reached 80.81 million people, which is 995,654 people more than in 2016. In 2017, Turkey's male population reached 40.535 million people, or 50.2%, while the female population totaled 40.275 million people, or 49.8%.
- According to the Russian state-owned Roscosmos Space Corporation, Soyuz-2.1a rocket carrying 11 satellites was launched from the Vostochny spaceport. The rocket is carrying Russia's two Kanopus B satellites, Germany's four S-Net satellites and one D-Star One satellite, as well as four U.S. LEMUR remote sensing satellites.
- According to Head of the Georgian National Tourism Administration Giorgi Chogovadze, in January 2018 the number of Azerbaijani citizens visiting Georgia grew by 0.8% compared to the same period last year. In addition to Azerbaijani citizens, citizens of Turkey, Armenia, Russia and Iran visited Georgia most often in January 2018. In total, more than 444,200 foreigners visited Georgia in January 2018, while 7.5 million people visited the country in 2017.
- According to Minister of Health of Russia Veronika Skvortsova, the 2017 mortality rate in Russia is comparable to the rate registered in 1992. Following that year, the number of deaths from all causes began to grow. The total mortality rate in 2017 was 12.4 per 1,000 people, which is a 6.8% decrease compared to 2012 and 3.9% less than in 2016.