



## EVALUATION OF THE NEW CHINA-KYRGYZSTAN-UZBEKISTAN TRANSPORT CORRIDOR

While transportation services are experiencing enormous difficulties all over the world due to the coronavirus pandemic, China opened a new transport corridor to Uzbekistan through Kyrgyzstan. On June 5, 2020, the train loaded with cargo containers departed from the city of Lanzhou, the capital of the Gansu province, to the city of Kashgar in the Xinjiang Uighur Autonomous Region (XUAR). From Kashgar, the goods were transported by road through the Irkeshtam pass on the China-Kyrgyzstan border to the Kyrgyz city of Osh, where they were reloaded onto the train headed for Tashkent, the capital of Uzbekistan. The train delivered approximately 230 tons of cargo worth \$2.6 million from Lanzhou to Tashkent, and on a return route from Tashkent, it brought around 525 tons of cotton worth \$1 million to Lanzhou. Thus, a new multimodal international transport corridor involving road and rail transportation has been created between China, Kyrgyzstan, and Uzbekistan.

Firstly, the new China-Kyrgyzstan-Uzbekistan transport corridor will contribute significantly to the further development of trade and economic relations between the three countries in general and between China and Uzbekistan in particular. It is already known that trade and economic relations between the three countries increased in the last few years. For example, the Uzbekistan-China trade volume increased by 31.8% in 2018 compared to the previous year and reached \$6,266 billion, while in 2019, it increased by 21.6% to \$7,621 billion. In 2018, the volume of trade between China and Kyrgyzstan grew by 3.3% compared to the previous year and reached \$5,601 billion, while in 2019, it increased by 13.3% to \$6,346 billion. The bilateral trade between Uzbekistan and Kyrgyzstan amounted to \$481 million in 2018, which is an increase of 89.6% compared to the previous year. In 2019, this figure increased by 72.4%, reaching \$829.1 million. Taking into account the fact that the cargo train between Lanzhou and Tashkent is planned to run once a week, the importance of the new China-Kyrgyzstan-Uzbekistan transport corridor will increase rapidly in terms of trade and economic relations between the three countries in the coming period.

Secondly, the implementation of the new China-Kyrgyzstan-Uzbekistan transport corridor shows that the parties are one step closer to the implementation of the China-Kyrgyzstan-Uzbekistan Railway project. This project that has been on the agenda for many years since 1997 is one of the projects, to which China attaches great importance in terms of transport and logistics cooperation with Central Asia. The rail link, which will start from Kashgar, is planned to run via the territory of Kyrgyzstan to the Uzbek city of Andijan and then to Tashkent. As part of the project, the railway will be connected to the railways of Turkmenistan, Iran, Turkey, and Europe. If completed, the project will develop the railway capacities of

the XUAR, especially Kashgar, Kyrgyzstan, and Uzbekistan. Moreover, this route starting from China is expected to become an important part of the cargo transport route that goes through Central Asia to South Asia and even to Europe.

However, the three countries had disagreements over the 523-kilometer railway project for various reasons, including construction costs, economic conditions, and political considerations. The extraordinary developments such as the March-April 2005 Tulip Revolution in Kyrgyzstan, the May 2005 events in Uzbekistan's city of Andijan, the April 2010 revolution in Kyrgyzstan, and the June 2010 ethnic conflict between the Kyrgyz and Uzbek communities in southern Kyrgyzstan hampered the progress of the China-Kyrgyzstan-Uzbekistan Railway project. However, after the change of power in Uzbekistan in September 2016, the country's efforts to improve its political, trade and economic relations, especially with the Central Asian countries and China, accelerated negotiations on the mentioned railway project between the three countries. In addition, as a result of the agreement between Uzbekistan and China on international road transport signed as part of the first official visit of Uzbek President Shavkat Mirziyoyev to China in May 2017, the Tashkent-Osh-Irkeshtam-Kashgar international road transport line was opened between Uzbekistan, Kyrgyzstan, and China in October 2017. During the trilateral talks on the railway project, which took place in Tashkent in December 2017, a joint protocol was signed between the parties to launch the project. The government meeting chaired by Kyrgyz President Sooronbay Jeenbekov on the railway project that took place on June 17, 2020, shortly after the start of the new China-Kyrgyzstan-Uzbekistan transport corridor, showed that the project could start soon.

In other words, the formation of the new China-Kyrgyzstan-Uzbekistan transport corridor is one of the stages of the multilateral transportation strategy, which is crucial for China's geo-economic and geostrategic policy. Especially in recent years, China aims to ensure the flow of goods, services, and capital between the East and the West within the Belt and Road Initiative. The country puts in great efforts to develop multilateral trade and transport lines reaching other regions through Central Asia located on the Silk Road route. Indeed, Beijing considers the new China-Kyrgyzstan-Uzbekistan transport corridor along with the China-Kyrgyzstan-Uzbekistan Railway project as a significant part of the China-Central Asia-West Asia Economic Corridor linking China and the Arabian Peninsula. As it is known, the China-Pakistan Economic Corridor starts from Kashgar. It is noteworthy that the new China-Kyrgyzstan-Uzbekistan transport corridor passes through Kashgar and the China-Kyrgyzstan-Uzbekistan Railway will start from Kashgar. Therefore, it is clear that China aims to connect

multilateral transport corridors and ensure the economic development of the XUAR, especially Kashgar.

Regarding its regional impact, the new China-Kyrgyzstan-Uzbekistan transport corridor with its current potential may become an alternative to the transport corridor running from China through Kazakhstan to the Central Asian states and further to Europe, especially if the planned China-Kyrgyzstan-Uzbekistan Railway project is implemented. The reason is that the new transport corridor is five days shorter than the transport corridor that runs from China via Kazakhstan to Uzbekistan. Moreover, in the case of the completion of the China-Kyrgyzstan-Uzbekistan railway, it is estimated that the transportation distance between China and Europe may be seven-eight days shorter than the transport corridor running through the territory of Kazakhstan. Therefore, the new China-Kyrgyzstan-Uzbekistan transport corridor, which seems more attractive in terms of transportation costs and duration, may become the main competitor for Kazakhstan's transit position. In this case, Kazakhstan's transit revenues from the transportation of goods between China and Europe may decrease. Today, Kazakhstan plays an important role in multilateral freight transportation between China, Central Asia, and Europe. For instance, in 2019, the volume of transit cargo transported by rail through Kazakhstan amounted to 17.5 million tons, of which 75.6% was destined for the Central Asian countries (7.1 million tons for Uzbekistan and 2.26 million tons for Kyrgyzstan), 13.8% for China, 7.1% for the European Union (EU) and 2.8% for Russia. In addition, the volume of transit cargo transported by road through the territory of Kazakhstan was 1.93 million tons, including 14,000 tons from China to the EU countries and 779,000 tons to the Central Asian countries, 5,400 tons from the Central Asian countries to China and 106,500 tons to the EU.

To conclude, the creation of the new multimodal international transport corridor involving road and rail transport between China, Kyrgyzstan, and Uzbekistan is a significant development in terms of trade and economic relations between China, Kyrgyzstan and Uzbekistan, China's multilateral transport policy and regional influence. Another point to be highlighted is the fact that the new transport corridor is not planned only for China's geo-economic and geostrategic interests. Moreover, it should not be used only to bring Chinese goods to new markets. In this context, Uzbekistan and Kyrgyzstan should try to increase their exports to China by using the potential of the new transport corridor. In addition, as a transit country, Kyrgyzstan should be able to benefit from possible transportation income and employment opportunities that will be provided by the new transport corridor. In this sense, Kyrgyzstan should also improve transport infrastructure and transportation services, attaching importance to regional integration.

## Politics, Foreign Affairs, and Security

- During their high-level consultations on Libya, Russia and Turkey agreed to facilitate the advancement of the intra-Libyan political dialogue in line with the January 2020 Berlin Conference on Libya and in coordination with the UN. The parties pledged to continue joint efforts to create conditions for a lasting and sustainable ceasefire, including by involving the Libyan sides to the conflict. Moscow and Ankara will also consider creating a joint working group on Libya (Anadolu Agency, 22.07.2020).
- Ukrainian President Volodymyr Zelensky and his Russian counterpart Vladimir Putin held a phone conversation to discuss the conflict in eastern Ukraine. Welcoming the recently achieved agreement on a full and comprehensive ceasefire in Donbas, the parties agreed on the urgent need to implement additional measures to support the ceasefire. They also addressed the implementation of the Normandy Four summit agreements reached in Paris in December 2019 (President of Ukraine, 26.07.2020).
- President of Tajikistan Emomali Rahmon chaired a meeting of the country's Security Council that focused on the deterioration of the situation on the Tajik-Afghan border, especially in the Gorno-Badakhshan Autonomous Region. The president instructed the heads of military and law enforcement agencies to take measures for ensuring the country's border security and preventing transnational crime, including terrorism, extremism, and drug trafficking (Sputnik, 21.07.2020).
- The co-chairs of the OSCE Minsk Group released the statement welcoming the relative stability along the Azerbaijan-Armenia border. The co-chairs appealed to the sides to take advantage of the reduction in hostilities to prepare for serious substantive negotiations to find a comprehensive solution to the Nagorno-Karabakh conflict. They stressed the importance of refraining from provocative statements and actions, including threats to civilians or critical infrastructure (OSCE, 24.07.2020).
- The working bodies of the Council of the CIS Defense Ministers held a meeting with representatives of the armed forces of the CIS member states on the development of multilateral military cooperation. Participants discussed a new schedule of joint military activities that were postponed due to the difficult epidemiological situation. They also considered practical steps for developing interaction in the fields of air defense, military education and training, aviation safety, and military-humanitarian cooperation (CIS Executive Committee, 26.07.2020).
- The third meeting of health ministers of the Shanghai Cooperation Organization (SCO) member states, devoted to measures in the fight against the COVID-19 pandemic, took place via videoconference. The ministers discussed the epidemiological situation in their countries and reviewed best practices in preventing the spread of the virus. The upcoming SCO Summit in St. Petersburg is expected to adopt a comprehensive action plan on countering epidemic threats in the SCO space (SCO, 25.07.2020).

## Economy, Finance, and Energy

- A meeting of the co-chairs of the Russian-Chinese working group on the integration of development plans of the Eurasian Economic Union (EAEU) and the Belt and Road Initiative (BRI) was held via videoconference. The parties agreed on the importance of intensified coordination and harmonization of the EAEU and BRI activities for overcoming the consequences of the COVID-19 pandemic and restoring multilateral economic cooperation in the Eurasian space (MFA of Russia, 22.07.2020).
- Kazakhstan and Russia signed an inter-governmental implementation agreement that will allow the Russian EuroChem company to construct and operate a new mineral fertilizer production plant in the Zhambyl region. The \$1.2 billion project also involves the development of deposits of the Karatau phosphorite basin. It is expected that the enterprise will create at least 1,200 new jobs and cover the need of the domestic market in high-quality fertilizers and feed additives at affordable prices (Kazinform, 23.07.2020).
- Kazakhstan's Baiterek Holding, tasked with promoting economic diversification and attracting investments, continues to support domestic exporters through its subsidiaries – the export insurance company KazakhExport and the Development Bank of Kazakhstan. During the first half of 2020, KazakhExport provided insurance support to 49 exporters in the amount of 26.4 billion tenge. The holding's planned support package for exporters in 2020 is 125 billion tenge (Kazinform, 24.07.2020).
- According to the State Statistics Committee of Uzbekistan, in the first half of 2020, the country's export of textile products equaled \$833 million, which is 8.1% higher compared to the same period of 2019. Russia (\$311.4 million, 37.4%), China (\$164.9 million, 19.8%) and Kyrgyzstan (\$112.4 million, 13.5%) were the top three export markets of Uzbek textiles. The textile industry accounted for 13.3% of Uzbekistan's total exports, and the increase in the export volume is a result of reforms focusing on the production of finished products (UzDaily, 25.07.2020).
- As reported by the State Statistics Service of Ukraine, in January-June 2020, the country exported agricultural products worth \$10.4 billion, which is only \$0.1 billion more than in the same period last year. China (\$1.41 billion), Egypt (\$789 million) and India (\$743 million) were the major destinations of agricultural exports. For Ukraine, trade in agricultural products remains important as the sector's share in total exports exceeded 45% (Ukrinform, 22.07.2020).
- During its regular session held in Geneva, the World Trade Organization (WTO) General Council considered the application of Turkmenistan on accession to the WTO as an observer. The Turkmen side informed the council about Turkmenistan's external economic activities and its strategy aimed at attracting foreign investments and improving international trade ties. After the discussion, the WTO General Council member states unanimously approved Turkmenistan's application, making it the 25<sup>th</sup> WTO observer country (MFA of Turkmenistan, 22.07.2020).

## Society and Culture

- The European Union launched a comprehensive €3 million Central Asia COVID-19 Crisis Response (CACCR) solidarity package, addressing the needs of Kazakhstan, Kyrgyzstan and Turkmenistan. Implemented by the World Health Organization, the CACCR will provide support to these states in mitigating the outbreak of the virus. The two-year program will also help increase capacities of their national public health systems to respond to similar epidemiological threats (EU Delegation to Turkmenistan, 21.07.2020).
- According to Tajikistan's Ministry of Labor, Migration and Employment of Population, during the first half of 2020, about 129,800 citizens of Tajikistan left the country for labor migration, which is 170,400 people, or 57%, less than in the same period last year. Some 90,333 Tajik labor migrants returned home in the reporting period, which is 52% less than in the first half of 2019. The main reason for the decline of labor migration from Tajikistan is the closure of Russia's borders due to the COVID-19 pandemic (Avesta, 23.07.2020).
- The book titled "Abai's Word of Wisdom", written by Kodirjon Nosirov, professor of the Namangan State University, was published in Uzbekistan. The publication was initiated by the country's Union of Writers under the heading "Friendship of Literatures – Eternal Friendship" with the aim of promoting the literature of fraternal nations. The book depicts Abai's role in the Kazakh literature and culture as well as the author's view of the ideological and aesthetic values of the poet's legacy (UzA, 22.07.2020).
- As reported by the Mongolian archeological research team, the ancient city of Lucheng, or the "City of Dragons", was found in the central part of Mongolia after the 10-year search. The city located near the village of Ulziit in the country's Arkhangai region was the capital of the nomadic Hunnic Empire. An inscription stating "Shanyu, the son of Heaven" (the title of Hun rulers) in ancient Chinese characters was found on a roof of one of the buildings discovered in the city (TWESCO, 22.07.2020).
- Due to the COVID-19 pandemic, the Turkish airline Gata HavaYollari ve Tasimacilik and Kyrgyzstan's Manas International Airport reached an agreement on the provision of medical equipment and medicines at no cost. The first batch of medical equipment that arrived under the agreement included 10 air recirculators, 10 pulse oximeters, and 10 oxygen concentrators for use in a hospital, which is planned to be opened at the airport for its employees (Kabar, 21.07.2020).
- The Committee of Religion, Regulation of Traditions, Celebrations and Ceremonies under the Government of Tajikistan announced the new regulations for holding wedding celebrations. In order to prevent the spread of coronavirus, weddings should be held in a narrow circle, and the number of guests should not exceed 30-40 people. Weddings in Tajikistan were suspended in April 2020 due to the pandemic, but in June, the authorities allowed weddings to be held with the participation of no more than 100 people (Avesta, 25.07.2020).