Kyrgyzstan and the Chinese "New Silk Road"

Very recently, in July 2015, the Kyrgyz government denounced the framework agreement on cooperation with the United States, and exactly one year ago, in July 2014, soldiers of the US Army left the Manas military airbase forever. The country changed its orientation from American loans, seasoned with political games, towards economic cooperation with Russia and China, joining the pro-Russian EAEU, as well as becoming a member of Chinese infrastructure projects, the most significant of which being the "New Silk Road" railway. Such interaction with close neighbours will bring Kyrgyzstan tangible benefits in the very near future and "will allow it to advance its national interests," said President of Kyrgyzstan Almazbek Atambayev on August 31.

The recent history of China-Kyrgyzstan co-operation started relatively recently: official diplomatic relations between the two countries were established in 1992, shortly after Kyrgyzstan left the USSR. Despite the fact that Kyrgyzstan borders on China, the links between the two countries, including transport links, had not existed until then. This can be explained by the fact that during the Soviet era, Moscow sought to disassociate itself not only from the Western world but also from its Eastern neighbours, cutting its borders off from outside influence.

However, as early as the mid 2000s, active trade links with China enabled Kyrgyzstan to raise its GDP which had fallen to an extremely low level in the period of post-Soviet economic crisis of the 1990s. A particularly important part of their trade relations is the re-exportation of Chinese goods to its neighbouring countries: Russia, Kazakhstan and Uzbekistan. However, the flip side of the coin is the growing anxiety on the part of the Kyrgyz public, perceived at the governmental level, about the increasing number of Chinese people who are constantly moving to the country. The fact is that a large number of businessmen from China have been attracted by the free trade zone in Naryn, and soon took up a leading position in a large part of Kyrgyz business, significantly surpassing local competitors, and not only in Naryn.

So, the markets of Bishkek became the main point of sales of Chinese products for the Russian and Kazakh markets. The main flow of goods from China to buyers from Uzbekistan and Tajikistan takes place via the wholesale market in Kara-Suu. What’s more, Kara-Suu is located in close proximity to the border with Uzbekistan, and is an important point on the inter-regional transport highway which links Bishkek, Osh and Urumqi (China). The railroad linking Jalalabad and Andijan (Uzbekistan) also passes through Kara-Suu.

However, between China and Uzbekistan there is no direct rail link through Kyrgyzstan, which considerably complicates the freight transport between the two countries. Therefore, China has a significant interest in the establishment of railway connections with Uzbekistan via Kyrgyzstan. In addition to the export of Chinese goods to local markets, China has plans to use the Kyrgyz rail links to import hydrocarbons from Uzbekistan and earth metals, iron, copper and aluminium ores, coal and uranium from Kyrgyzstan. Given China’s desire to reach the largest possible area in order to increase its turnover, it is not surprising that the idea of building a railway linking China, Kyrgyzstan and Uzbekistan will soon be put into action by the Chinese. The project is to connect China not only with Uzbekistan via Kyrgyzstan, but also with Tajikistan, and then rail track will be laid through Afghanistan, Iran and Turkey, until finally, they can be connected to the European railway network. Incidentally, China has chosen the European standard gauge for this task, not Russian.
At the beginning of 2015, as a result of prolonged agreements, which in reality started 20 years ago, a route linking China, Kyrgyzstan and Uzbekistan was approved. The length of the Kyrgyz section of the railway will be a total of about 500 km and it will be China who carry out the work using Chinese investment of 6 billion US dollars. Kyrgyzstan hopes to gain about 200 million US dollars a year from the transit of goods through its territory.

At first glance, the project offers clear benefits to all participants, but it has a number of contentious issues. Many Kyrgyz officials have questioned the feasibility of the construction itself, because all work will be carried out exclusively by Chinese companies, and the railway will only start to make money for Kyrgyzstan after China's expenses have been paid off. Moreover, according to the expert on infrastructure projects in Central Eurasia, Kubat Rakhimov, the profitability of the project for Kyrgyzstan is in doubt. He believes that China is unlikely to allow someone to make money on transit. In addition, the mountainous landscape of Kyrgyzstan significantly scales up the risk of increases in construction costs.

The new rail also brings with it not only an economic, but also a political threat to Kyrgyzstan, such as the strengthening of Uzbekistan's dominance in the region and even the probability of violation of Kyrgyzstan's territorial integrity. The fact is that in Kyrgyzstan there are unspoken contradictions between representatives of the ruling elites of the northern and southern regions of the country, and the construction of the railway could shift the balance of power in the direction of one of the competing camps. The situation could worsen to such an extent that should one of the groups get the rail link to Uzbekistan, it could spur them on to try and gain independence. Therefore, it is necessary to give priority to the construction of the North-South line so as to initially set up a firm link between the northern and southern regions of Kyrgyzstan, and only then open up the possibility of transit.

After making the relevant amendments to the project, Kyrgyz President Almazbek Atambaev found it satisfactory and called for it to be executed as soon as possible, in order to complete the construction as early as 2018.

However, China is yet to give its answer. China is currently considering Kyrgyzstan's proposal related to the urgency of meeting the internal logistics needs of the country, and only then serving the interests of China. Which version of the railway will actually be built is hard to predict. The construction costs of the new plan are not known. They will only be announced in autumn of 2015. Whether it will be the end of the negotiations and the start of construction is difficult to say: as mentioned earlier, the negotiations have been going on for twenty years, during which the plan has been repeatedly changed.

Nevertheless, we should be glad that Kyrgyzstan and China are displaying reasonable caution, and are not forcing events. One should never attempt such an ambitious and hugely expensive project without first having thought through all the details and assessing the risks: because the economic and geopolitical consequences of potential errors can turn out to be critical for all those involved in the project.

Sofia Pale, Ph.D. Candidate of Historical Sciences, Researcher with the Center for South-East Asia, Australia and Oceania of Institute of Oriental Studies of the Russian Academy of Sciences, exclusively for the online magazine “New Eastern Outlook”.