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**“THE ONE BELT ONE ROAD” PROJECT AND THE SOUTH CAUCASUS REGION****Abstract**

In our modern world, China wanted to restore the Ancient Silk Road to ensure stability and improve collaboration between nations. Indeed, Chinese President Xi Jinping firstly, proposed a unique project called “One Belt, One Road”. The main aim of the initiative is strengthening trade among nations, exchange of cultures, building infrastructure and facilities by constructing railways, bridges, roads, pipelines, hydroelectric dams and much more. Due to the strategic location of the South Caucasus, the region plays a crucial role for the implementation of the project. Collaborative efforts and heightened commercial interactions are instrumental in fostering favorable economic growth among region countries involved. Therefore, in this article, development of OBOR project and its impact on the countries located in the South Caucasus have been analyzed.

**Keywords:** cooperation, OBOR, South Caucasus, China, Azerbaijan, Georgia, Armenia, Silk Road

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**“Bir kəmə, bir yol” layihəsi və Cənubi Qafqaz regionu****Xülasə**

Müasir dünyamızda sabitliyi təmin etmək və xalqlar arasında əməkdaşlığı yaxşılaşdırmaq üçün Çin bu Qədim İpək Yolunu bərpa etmək istəyirdi. Beləliklə, Çin sədri Si Cinpin ilk dəfə “Bir kəmə, bir yol” adlı unikal layihəni təklif etdi. Təşəbbüsün əsas məqsədi dəmir yolları, körpülər, avtomobil yolları, boru kəmərləri, su elektrik bəndləri və s. tikməklə millətlər arasında ticarəti, mədəniyyət mübadiləsini gücləndirmək, infrastruktur və obyektlər qurmaqdır. Strateji yerləşməsinə görə Cənubi Qafqaz bu layihənin həyata keçirilməsində həlledici rol oynayır. Birgə səylər və yüksək kommersiya əlaqələri layihəyə cəlb olunmuş region ölkələri arasında əlverişli iqtisadi artımın təşviq edilməsində mühüm rol oynayır. Beləliklə, məqalədə OBOR layihəsinin inkişafı və onun Cənubi Qafqazda yerləşən ölkələrə təsiri təhlil edilmişdir.

**Açar sözlər:** əməkdaşlıq, ticarət, OBOR, Cənubi Qafqaz, Çin, Azərbaycan, Gürcüstan, Ermənistan, İpək Yolu

**Introduction**

Several centuries following the collapse of the Ancient Silk Road, in 2013 Chinese President Xi Jinping proposed the New Silk Road project during his speech at Kazakhstan’s Nazarbayev University. He stressed that “[they] should take an innovative approach and jointly build an economic belt along the Silk Road” (Witte, 2013). A month later, Xi spoke in Indonesia where he argued that “the two sides should work together to build a Maritime Silk Road for the 21st century” (Centre, 2013). These two speeches marked the beginning of President Xi Jinping’s policy on restoration of the ancient route. He sought to regenerate ancient routes and improve co-operation with not only neighboring countries, but also other nations around the globe. All these gave a birth to an initiative labelled as the “Belt and Road Initiative” or “One Belt One Road” (OBOR) in

modern history. The OBOR initiative is considered as the largest infrastructure project since the Marshall Plan, aiming at modernization of the Ancient Silk Road.

Theoretically, liberalism renders itself very useful in explaining China's aspirations towards the project. From the liberalist perspective, economic cooperation, trade, interaction between countries results in sustainable peace and security in the world. That is why, the Belt and Road Initiative has been of great significance for economic and political relations of countries over the history.

China has several objectives on the implementation of the OBOR project. China intends to facilitate the integration process and encourage collaboration through its policy of peaceful diplomacy towards Central Asia, Europe, and Africa. This huge project opens exceptional opportunities for not only China, but also for other participating countries. As a result, connectivity among the nations will improve trade relations and provide for security among the states. Free trade and economic cooperation play a crucial role in the development of the countries and provide not only exchange of goods, but also services, cultures, languages etc. Most of the members of the OBOR project believe that this initiative will bring sustainable peace, welfare, security, and economic improvement to their countries. China also considers the project as a mutual trust and benefit opportunity for all parties. As an initiator and major investor of the OBOR, China exercises soft power on other countries as China's culture, traditions and values are spreaded over the world. Combined with the consequences of the globalization process all these affect the involved countries to the greater extent. One of the aims of China was to counter the influence of big powers in the region. Therefore, the OBOR initiative plays a vibrant role for increasing the power of China in the region (James McBride, 2023).

Most of the countries have well developed economic relations with China. Bilateral ties with Beijing become more crucial during critical times for the participating countries such as election period or political, civil turmoil. Cooperation with China has gain even higher significance in the years following the launch of the initiative. China is the second largest economy in the world. In case of government changes in those countries, China will be get involved there to eliminate investment risks. It has an ability for making political changes within the regional nations. However, China does not attach any political strings to the countries participating within the OBOR project. Because the successful implementation of the project is much more important than other gains for China. In any case, collaboration with China is so beneficial for both economic and political improvement of countries. It does not matter which party comes to power, they will surely support the Belt and Road Initiative for their development and prosperity. It is known that India as a regional power has been against the project, specially China-Pakistan Corridor due to the national interests. Despite some challenges India faces due to the China-Pakistan Corridor, it does not still cut ties with this project because of its needs for infrastructural and capital development (Hussain, 2021).

The Belt consists of six land corridors which connect more than sixty countries around the world and are considered as the major land trade network connecting Europe with East Asia. With the help of these corridors, member countries will benefit separately from the project. One of the major ones of six corridors is the Central Asia-the Western Asia Economic Corridor (CCW) that traverses the South Caucasus countries. As part of this corridor, the South Caucasus plays such an important geographical role with its geostrategic location at the crossroads between Asia and Europe. This region has become a focus to implement the Belt and Road initiative. Azerbaijan, Georgia, and Armenia have gained independence in the region after the dissolution of Soviet Union. These countries expressed their interest for being a part of the transportation projects to increase trade relations and develop economic ties with other countries.

China does not have any special interest in the regional countries, as there is not any border sharing with them. Nevertheless, because of the geopolitical location, the South Caucasus region has been active as a transportation corridor between the North and the South, the East, and the West. That is why the region plays a crucial role for the Belt and Road initiative, too (Yellinek, 2020).

In 2015, China signed special agreements with the South Caucasus countries - Azerbaijan, Georgia and Armenia sanctioning their participation in the New Silk Road project. Azerbaijan has a great significance for the implementation of the China-Central Asia-West Asia economic corridor of the Belt and Road project. The route starting from China goes to the port of Aktau and continues to Baku. After a new alternative port of Turkmenbashi was constructed in Turkmenistan, this route became a competitor on the shores of the Caspian Sea (Baghirov, 2020). This competition has a crucial role for the strengthening position of Azerbaijan on the mentioned corridor. The corridor also offers huge benefits for the EU and has a potential to contribute to deeper integration with the European ports

As the Caucasus country, Azerbaijan is one of the participant of the project which demonstrate its support from the beginning. It mainly focuses on building and improving trade relations with European states. As one of the major initiatives, the Baku-Tbilisi-Ceyhan oil pipeline was finalized in 2006. Another route, the Baku-Tbilisi-Erzurum gas pipeline started to carry Azerbaijan gas to Europe. These projects not only have provided Baku's access to European markets through the transit routes such as Georgia and Turkey, but also significantly improved the technical infrastructure. Armenia has not been included to the transportation corridor due to the problems with Azerbaijan although it can offer a shorter route than Georgia for reaching Turkey. Along with these initiatives, Azerbaijan has signed several agreements with Kazakhstan and Georgia to operate the Trans Caspian International Transport Route (TITR) from China to Europe (Report.az, 2022). The project is considered as the shortest route to the West and helps the participating countries and China to reduce logistical costs. This is the reason behind China's deep interest in this route. Besides the pipelines, there have been several railroads crossing Azerbaijan such as Baku-Tbilisi-Kars railroad. TRACECA project which was initiated by the European Union became a source for the New Silk Road project.

Objectives of China related to the OBOR overlap with the geopolitical and strategic interests of Azerbaijan, and this becomes a great opportunity for both parties. In terms of the OBOR initiative, the President of Azerbaijan has been on several official visits to China and in 2019, İlham Aliyev attended the second Belt and Road Forum for International Cooperation. During this visit, several Azerbaijani companies signed ten new agreements with the Chinese companies. In total, deals worth 821 million US dollars were signed and the initiatives included construction of a greenhouse complex, industrial and agro-industrial parks in the regions of Azerbaijan (Azvision, 2019). Even prior to this occasion President İlham Aliyev has repeatedly underlined the country's strong interest for Chinese investments and emphasized appreciation by Azerbaijan of successful operation of Chinese companies in the country. All these projects and routes demonstrate that Azerbaijan is a reliable country for China on both political and economic points of view. Because as a transit country Azerbaijan provides a major energy corridor for the EU and promote peace, security in the energy sector. Azerbaijan-China cooperation can also be observed by recent developments between them.

Georgia together with its neighbor Azerbaijan has been another major strategic partner of China in the context of the New Silk Road project. The relations between China and Georgia have an immense importance, as a result partners signed a free-trade agreement in 2018. This made Georgia the first country in Eurasia signing a free trade agreement with China. As an important part of the Silk Road Economic Transport Corridor (SRTC), the Baku-Tbilisi-Kars railway has been vital for connecting the East and the West while crossing Azerbaijan, Georgia, and Turkey. This route provides a connection between the Caspian and Black Seas. For Chinese side, the railroad has an elevated as it is expected to increase the transportation volumes of goods and services.

Georgian involvement in the project is not a novel occasion. Over the history Georgia has been a part of the Ancient Silk Road Initiative. The country got deeply involved in the BRI with the newly built port of Anaklia granting about 2.5 billion investments (Jardine, 2018). It is not important which country builds this port, Georgia sees Anaklia as being a crucial component for the participation in the Belt and Road initiative. Anaklia port is considered as the free investment zone

where investors around the world can use it for producing services, goods without value added taxes. As a result of being an active participant of Anaklia port, the Baku-Tbilisi-Kars railway and other projects, Georgia will improve economic and political relations not only with China, but also other nation such as Central Asian, EU countries as a potential BRI transit country. Though Beijing tries to act cautious in its relations with Georgia to avoid political problems with Moscow and the USA, China prefers to continue deepening cooperation and partnership with Georgia.

The landlocked country of the South Caucasus region, Armenia has difficulties in the access to international and regional markets because of the hostility with its neighbors. Borders in the east with Azerbaijan and in the west with Turkey have been closed and no political, economic, cultural relations exist between those countries. There are land connections for trade and transportation with Iran and Georgia, with only border crossing rail connection being available with Georgia. Because of the regional isolation, no corridors within the OBOR are crossing Armenia (Matin, 2020). Nevertheless, in 2015 the Memorandum on Promotion of Cooperation in Building the Silk Road Economic Belt was signed between China and Armenia to involve the country to the project. China also launched a new railroad from Bayannir in Inner Mongolia Autonomous Region to Tehran city of Iran. The connection between China and Iran through this route is also useful for the long-awaited North-South highway which helps to link Armenia with Iran, Georgia, and other European countries. Under the Belt and Road Initiative, China has made investments in Armenia in the fields of infrastructure, trade, education, agriculture as a minor player in the initiative.

The second Karabakh War, that happened between Azerbaijan and Armenia has brought about the potential changes to the New Silk Road project. Due to the final agreement of the 44 days' war signed on November 10, 2020, an economic and transportation link will be provided between Baku and Kars city of Turkey by crossing Nakhchivan region. It has principal significance because this would ensure direct land access between Baku and Nakhchivan which were linked only through air transportation before. The consequences of the war will have an impact on the trade routes of the Belt and Road project crossing Azerbaijan. China has always tried to find effective ways for making transportation routes short and within reduced time. Consequently, China can soon use the Baku-Nakhchivan-Turkey railroad way within the OBOR. This route is very essential for the regional cooperation and economic development among the South Caucasus countries.

It is also important to mention the role of the Russian-Ukrainian war in the implementation of the project which resulted in the changes for the future perspectives of the OBOR. Within OBOR, one of the projects is the New Eurasia Land Bridge Economic Corridor which connects China with Europe via the railways crossing Kazakhstan, Russia, and Belarus. The war between Russia and Ukraine severely affected this corridor due to the sanctions put on Russia (Pushp, 2022).

This recent geopolitical situation increased the importance of the Central Asian region. As a result, transit importance of Azerbaijan has increased. As an important energy producer it attracts the attention of the world with its geostrategic location on the crossroads of several global projects (Politicon, 2023). Following the start of the Russian-Ukrainian war, the EU also started to change its policy towards strengthening political and economic relations with the neighboring countries including the South Caucasus, Eastern Europe, the Western Balkans, and Black Sea countries to reduce its dependence on Russia. This is the policy of the EU towards upgrading relations with its neighbours and realizing its enlargement policy aimed at strengthening its role in these regions. The Union pursues the policy towards cooperation for oil and gas exports from the countries located in the Central Asia and the South Caucasus. The EU is mainly interested in the TANAP pipeline project - a major part of the Southern Gas Corridor that brings natural gas through the Southern Caucasus Pipeline, TANAP and TAP (Azimov, 2021). The strategic importance of this project started to surge amid the war between Russia and Ukraine. As connections between the Central Asia and Europe these pipelines are also crucial for China to strengthen relations with those countries for using the route as a part of the OBOR. Because this is the best way to reach Europe for China. All these transit routes play a significant role in the geopolitical relations among countries and would encourage China to make an import-export to European markets via the South Caucasus

region and increase its soft power. This is not only good for China, but also for participant countries to strengthen ties with one another.

### Conclusion

The project is a new phase of the globalization process through bilateral and multilateral cooperation among nations. From the liberalist perspective, the Belt and Road project creates a favorable condition for the countries to provide connectivity and economic interdependence with each other. As the initiator of the project, China aims to develop regional and global cooperation and mutual development by signing trade agreements with countries. Regionally, as a part of the project the South Caucasus countries can gain more from the opportunities of the OBOR both as supplier and transit countries.

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