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***THE CONJUNCTION THE CHINA'S BRI WITH  
THE EU GLOBAL GATEWAY PROJECT<sup>1</sup>***

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The world is currently facing increasing geopolitical tensions, which have exacerbated the fragmentation of the global economy and disruption of supply chains, and have led to shortages and rising prices, calling into question the reliability of global trade.

In these conditions, the need to deepen regional interconnection as a basis for further strengthening international economic cooperation and sustainable development in the world increases many times over.

At the same time, transport interconnection is the basis of the modern world economy, allowing the exchange of goods, capital and services between countries.

In this regard, the 13,000-kilometer Transcontinental Transport Line connecting China and Europe and China's BRI have played an important role in stabilizing the global supply chain, especially during the pandemic and beyond.

More than 150 countries and more than 30 international organizations have become participants in the Chinese "Belt and Road" Initiative (BRI).

The BRI, as one of the ambitious and effective platforms for international economic cooperation, has given additional impetus to the development of the world economy and formed a global network of interconnectedness, consisting of transport and information corridors based on railways, roads, air and sea ports, and pipelines.

Since the launch of the Belt and Road Initiative, the China-Europe Express Railway has completed more than 78,000 trips over the past 11 years,

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<sup>1</sup>Text of the speech by Vladimir Norov at the 27th Eurasian Economic Summit (21-22 of February 2024, Istanbul)

reaching more than 200 cities in 25 countries and regions in Europe and creating tens of thousands of local jobs.

Over the past 10 years, trade in goods between China and members BRI has doubled, from US\$1.04 trillion to more than US\$2.07 trillion.

It is important to note that Central Asia is where the Belt and Road Initiative was first launched.

At the crossroads between East and West, South and North, and located in the heart of the Eurasian continent, Central Asia plays a key role in transporting the lion's share of goods from China to Europe and vice versa, and is uniquely positioned to ensure the interconnectedness of the world's two largest economies.

In recent years, interest in Central Asia on the part of global geopolitical players has increased significantly.

One of the reasons is that the region has the largest reserves of hydrocarbons, uranium, precious and rare earth metals on the planet.

Currently, China-Europe trains passing through Central Asia account for almost 80% of the total number of trains in this direction.

From 2016 to 2022, the number of China-Europe freight trains thru CA increased over nine times from 1,702 to 16,000 per year.

At the same time, the annual value of transported goods increased ninefold from \$8 billion to \$75 billion.

Moreover, the share of rail transport in total trade between China and Europe has increased from 1.5 percent in previous years to 8 percent in 2021.

In this regard, in the Xi'an Declaration of the China-Central Asia summit, the Parties especially emphasized the need to increase the status of Central Asia as one of the most important trans-Eurasian transport hubs.

In modern conditions, the integration of the mega project "Belt and Road" and the Trans-Caspian International Transport corridor (TITR), also called the Middle Corridor, which passes through the countries of Central Asia and the South Caucasus, creates great opportunities for unlocking the potential of the East-West corridor.

In November 2023 Speaking at the third BRI Forum, Chinese President Xi Jinping emphasized that in order to form an interconnected transport network, China will intensify the high-quality development of container trains along the China-Europe route, join the construction of the

Trans-Caspian International Transport Corridor (TITR), and hold at a high level Forum of the International cooperation in the field of China-Europe freight trains, with joint efforts to create new logistics corridors on the Eurasian continent, relying on direct rail and road transport.

At the same time, it is of particular strategic important the development of safe and shortest transport corridors connecting China and Europe with Central Asia with access to the Middle East and South Asia.

In this regard, the China-Kyrgyzstan-Uzbekistan railways and roads, as well as Termez-Mazar-i-Sharif-Kabul-Peshawar, should become important components of this corridor.

The idea of developing trade and transport within the Trans-Caspian corridor is not new.

The legendary Silk Road connecting Europe and Asia was innovative for its time and served not only as a platform for international trade and exchange of goods, but also for the interaction of cultures, the dissemination of knowledge, accumulated information and ideas.

On March 31, 2022, Kazakhstan, Turkey, Azerbaijan and Georgia signed a quadrilateral declaration "On the East-West Trans-Caspian Corridor".

This document notes the importance of integrating it into the international transport system and strengthening economic cooperation between the parties, thanks to which the economic potential can increase and the sustainable development of the countries of Central Asia and countries involved in cross-border international trade can be strengthened.

Since 2022, cargo transportation along the Middle Corridor through the countries of the region, including through Azerbaijan, has increased significantly.

The Azerbaijan Railways company announced in 2023 the transportation of more than 18 million tons of cargo, including about 7 million tons of transit cargo.

Currently, due to the military escalation in the Red Sea and the conflict between Russia and Ukraine, the trans-Caspian corridor has every chance of becoming the largest global transport route.

At the end of 2021, the European Union (EU) approved a new international initiative called the Global Gateway.

According to European Commission President Ursula von der Leyen, it should become a new global "alternative" to Chinese investment.

At the Global Gateway Transport Investor Forum of the European Union and Central Asia launched on January 29 in Brussels, European and international financial institutions announced their intention to invest €10 billion (US\$10.2 billion) to transform the TITR into a state-of-the-art multimodal and efficient route, connecting Europe and Central Asia.

During the two-day event, the European Investment Bank (EIB) also signed memorandums of understanding on co-financing projects with Kazakhstan, the Kyrgyz Republic, Uzbekistan and the Development Bank of Kazakhstan (DBK) worth €1.47 billion. (\$1.6 billion).

Transport and infrastructure initiatives on the part of China and the EU can be seen as an attempt to strengthen their positions in the region and compete for influence and control over transport flows in the Eurasian space.

However, it is worth noting that within competition there are also areas of cooperation and interaction between parties to develop transport infrastructure and improve access to markets.

In this regard, the conjunction of the Chinese project “Belt and Road” with the European project “Global Gateway” will create the necessary conditions for economic growth and sustainable development of the entire Eurasian space, and primarily Central Asia and the South Caucasus.

The current situation in the international economy requires great efforts to build bridges between the competing poles of the global economy.

Chinese Foreign Minister Wang Yi, for example, said at a press conference following the “Belt and Road” Forum for International Cooperation in October that the BRI and the Global Gateway strategy could be aligned to leverage their respective strengths and create synergies to help developing countries to accelerate infrastructure development.

There are a number of important prerequisites for the conjunction of the “Belt and Road” and the Global Gateway initiative.

Despite the EU's declared interest in expanding transport corridors for the integration of Central Asia, there is an insufficient level of investment in infrastructure projects in the region.

Thus, within the framework of the Global Gateway Investor Forum in Brussels, the EBRD signed a memorandum of understanding with Kazakhstan to allocate 1.5 billion euros to projects already under preparation for the comprehensive development of transport communications in the Central Asian region.

Whereas, the Minister of Transport of Kazakhstan, Marat Karabaev, emphasized that “the implementation of large infrastructure projects will require at least 40 billion euros (\$43.2 billion).”

The European “Global Gateway” strategy was launched only in 2021 and will mobilize up to 300 billion Euros by 2027.

Of this amount, only 10 billion Euros are allocated for Central Asian countries.

Over the past 10 years, EU member states have invested more than \$121.3 billion, in Central Asia, more than 40% of total foreign direct investment(FDI) in the region.

The bulk of FDI from EU countries went to Kazakhstan.

At the same time, more than 50% of this FDI were directed to the mining industry, in particular oil and gas production.

At the same time, transport and warehousing accounted for only 5%.

The Chinese Belt and Road Initiative has been implemented since 2013 and has allocated one trillion dollars by 2022.

By 2019, China had implemented 261 projects in Central Asia with a total value of \$136 billion.

The majority of these investments in Central Asia under the BRI were aimed at creating or improving infrastructure for transporting goods and cargo (44%) and developing natural resources (41%).

China remains the main investor in transport and logistics infrastructure in Central Asia.

In order to avoid duplication and rational use of allocated financial resources for the development of the infrastructure of the Trans-Caspian International Transport Route (TITR), it is necessary to ensure appropriate coordination and cooperation in the implementation of projects within the BRI and Global Gateway in Central Asia.

For example, there is already the first implemented joint project between the EBRD and the Asian Infrastructure Investment Bank (AIIB) - the construction in 2016 of a highway connecting Dushanbe (Tajikistan) with the Uzbek border, which became part of the East-West highway in Central Asia.

Both banks have committed a total of US\$55 million (part of co-financing of US\$27.5 million each).

On 6 April 2021, the EBRD and AIIB signed a co-financing framework agreement (CFA), which laid the foundation for future joint activities.

As cooperation platforms, China's Belt and Road Initiative and the EU's Global Gateway should complement each other and achieve joint success.

It seems that Central Asia can act as a pilot platform for combining Chinese and European initiatives throughout the Eurasian space.

The increased activity of China and the EU in Central Asia with joint projects can reduce tensions in relations between the parties and lay down mechanisms for bringing the parties together to jointly solve global problems.

As UN Secretary-General António Guterres said, "The era of global warming is over; the era of global boiling has begun."

All countries therefore have a responsibility to take immediate action to combat climate change to help create the conditions for sustainable and peaceful development.

China and the EU as world leaders in the low-carbon and green development can build an open and cooperative green technology cooperation chain along TITR to reduce the cost of renewable energy for developing countries, including Central Asian and South Caucasus countries to achieve greater sustainable and appropriate transition to a green economy in these regions.

China and the EU countries remain the main trading partners of Central Asia and the South Caucasus, which mainly supply fossil fuels to these countries, and their exports are less diversified.

To promote the diversification of the economies of Central Asia and the South Caucasus, China and the EU have enormous potential for mutually beneficial cooperation in implementing joint projects in these regions in such developing industries as the digital economy, electric vehicles, energy and water saving technologies, construction, light and chemical industries, and the construction of smart cities " and "smart agriculture", as well as strengthen cooperation in the implementation of digital trade documents and simplification of freight transport procedures.

China and the EU have more common interests than differences, but the tone of recent statements indicates the need for constructive dialogue.

China and the EU need to hold in-depth discussions and strive for consensus on conjunction the “Belt and Road” and Global Gateway initiatives in order to achieve stability and sustainable development in the Eurasian space and in particular in Central Asia and the South Caucasus.