International economic policy of Iran, Pakistan and Kazakhstan within China "Belt and Road" initiative

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Abstract. China’s “Belt and Road” Initiative is the most ambitious megaproject of the current international political economy. With this plan, China pursues economic growth goals, especially energy security, expanding its influence in various regions, accessing global markets, and creating more cost-effective communication and transportation systems. The idea of the project is to facilitate the supply of energy, goods and bring multiple parts of the globe closer to China. This article deals with the opportunities and challenges of cooperation between Iran, Pakistan, Kazakhstan, and China by relying on qualitative research methods such as document observation and analysis. In this regard, the main research question is what opportunities and challenges do the “Belt and Road” Initiative as China’s foreign policy strategy bring to Iran, Pakistan, and Kazakhstan? In response, the hypothesis raised to this research question is that this initiative, in addition to influencing the future of these three countries, could have positive geoeconomic consequences for them. This research notes that it can contribute to developing and deepening these countries’ relations with China by capacity building for regional dominance, simultaneously facilitating interaction with both East and West, diversifying the onshore and offshore routes and energy import bases, while also ensuring, facilitating, and enhancing energy transmission security for suppliers and consumers. Concerning the consequences for the region, it may assert China’s dominance over the geoeconomic structure of Iran, Pakistan, and Kazakhstan and intensify competition between Russia, India, and the U.S. in the region.

1 Introduction

The Silk Road was developed by Zhang Qian (approximately 164 BC-114 BC), who served as an envoy to Central and Western Asia during the Western Han Dynasty (202 BC-9 AD). The eastern starting point of the Silk Road is modern Xi’an City, Shaanxi Province, China. Then it goes through the Guanzhong Plain, the Hexi Corridor, and the Tarim Basin, to Central Asia between the Syr Darya and the Amu Darya, and Greater Iran, connecting the Asian land passages with the Mediterranean. The Silk Road thus emerged in imperial China and was a...
commercial trade route linking Asia, Africa, and Europe. It can be divided into the Land Silk Road and the Maritime Silk Road in terms of the means of transportation. The Silk Road used to be the main route for economic, political, and cultural exchanges between the East and the West. Its original function was to transport goods such as silk and porcelain produced in China. German geographer Ferdinand Freiherr von Richthofen first named it the “Silk Road” in the 1870s. Until the Yuan Dynasty (1271-1368), the Silk Road retained its prosperity and stability. During the Yuan Dynasty, Islamic countries were able to reap significant economic benefits due to the effects of the Silk Road.

However, due to the struggle and chaos during the collapse of the Yuan Dynasty, the Silk Road recovered as a link between Muslim World and China only a little later. This made Chinese and Islamic cultures reliable trading partners [1]. Dwelling on this general history analogy, China set up the “Belt and Road” Initiative consisting of the “Silk Road Economic Belt” and “The 21st Century Maritime Silk Road”, which were proposed by the Chinese President Xi Jinping in September-October 2013 and is trying to persuade Islamic countries to participate in the “Belt and Road” Initiative relying on this historical background to make the region more friendly towards China.

The “Belt and Road” Initiative draws on the historical symbols of the ancient Silk Road, raising the banner of peaceful development and strengthening relations with the countries along the route. The initiative aims to build a shared community of responsibility, common interest, and destiny by making full use of the international transportation routes along the “Belt and Road”. China’s efforts and dedication to advance such significant plans, apart from having favorable economic and political implications for the country, can enhance China’s influence globally [2]. The Chinese “Belt and Road” Initiative is organized without ideological considerations and is based on geopolitical and geostrategic realities, emphasizing the old Silk Road revival and development. The plan aims to enact friendly policies toward Islamic countries and other developing countries to establish win-win cooperation for all countries in the region and globally [3].

The “Belt and Road” Initiative is instrumental in establishing regional cooperation with potential for political flexibility, promoting economic growth, trade diversification, and investment in transport, mining, and energy sectors. It provides a historic opportunity for Islamic countries, especially Iran, Pakistan, and Kazakhstan, to become important players in the global economy. Consequently, many bilateral and multilateral projects, regardless of their scale, aim to restructure and restore trade and exchange systems similar to those of the old Silk Road between the Muslim World and China (see Fig. 1).

![Fig. 1. The “Belt and Road” Initiative. Source: The Belt and Road Initiative. Silk Road: History of the Silk Road. URL: http://www.silk-road.com/toc/index.html (accessed: 20.11.2022).](image-url)
1. The “Belt and Road” Initiative mainly focuses on the development, while Western international relations theories mainly focus on security.

The “Belt and Road” concept has attracted many countries’ attention mainly because of increased China’s overall national strength. This phenomenon has concerned many traditional geopolitical scholars. For example, the American policy and academic circles viewed the “Belt and Road” from the traditional geopolitics perspective and interpreted it from a political perspective. There is a common opinion that the purpose of China’s “Belt and Road” Initiative is to ease the enormous pressure on China from the United States to “turn to the Asia-Pacific region” by expanding westward. The American political and academic circles’ interpretation of the “Belt and Road” strategic concept mainly revolves around more effective protection of the US global hegemony. The protagonists, in their eyes, have always been the United States, China, and Russia. The countries along the “Belt and Road” and other nation-states have realized that the purpose of China’s “Belt and Road” strategy is to establish a new and harmonious world order. The “Belt and Road” initiative is centered not on traditional security but on development. With development as the primary purpose, the transition from international competition to international cooperation will create a win-win situation for all participants. From this perspective, the “Belt and Road” initiative is a development model that promotes China’s and the host countries’ development, aims to improve industrial supply chains, and helps the host countries to participate in the international division of labor and achieve mutual benefit through international cooperation.

2. The “Belt and Road” Initiative is mainly used to further geo-economic, not to ensure geopolitical interests. A security-centric geopolitical strategy needs to control the key military, political, and economic fields to dominate the world. Mackinder, the proponent of the theory of land power, summarized the key to global geopolitical dominance, namely the control of Eastern Europe and the heartland. In contrast, Mahan’s theory of sea power emphasizes the control of oceans and, hence, global trade. In contrast, Sopman’s theory of marginal zoning posits that the key lies in controlling the Eurasian coastal zone.

Unlike the geopolitical theories mentioned above, instead of trying to control critical regions to compete for global dominance, the “Belt and Road” initiative focuses on the development-centric geo-economy, which will reshape global political and economic structure, build a platform for joint global development, and achieve mutually beneficial cooperation between China and rest of the world. Geopolitical control embodies the zero-sum thinking of limited resources of the 20th century. The states compete with each other, dominate each other, and cause violent conflicts that lead to world wars. The political and economic platform of geo-economic development embodies the win-win idea of resource expansion in the 21st century, building a platform for joint development, mutual benefit, and promoting global harmony.

3. The “Belt and Road” Initiative challenges the neoliberal international order and advances the order with a vision of a shared future for humanity.

From a dominant perspective, the neoliberal international order is manifested in the values, interaction norms, and institutional arrangements commonly accepted by the international community, which politically affirm the principles of national sovereignty, equality, and national self-determination; economically it, supposedly, promotes freedom through the principles of trade and multilateralism that have a progressive aspect. However, the neoliberal international order is inherently unequal.

Economically, this inequality manifests itself as unbalanced globalization, that is, trade liberalization is based on the premise of not harming the interests of industrialized developed countries; capital flows liberalization is based on the premise of not undermining the hegemony of the dollar; technology diffusion is managed in such a way that it does not affect developed countries. Hence, the global industrial division of labor system functions in such a way that it prevents developing nations from reaching the higher echelons of the global value.
Politically expressed as unequal international relations, the neoliberal approach to political globalization aims to transform Western values into universal values, with countries being formally equal but practically profoundly unequal. Thus, the multilateral international system is based on hegemonic control by developed countries.

Since the second decade of the 21st century, the rupture of the global capitalist system’s integration process has significantly impacted the neoliberal international system. The neoliberal international order has been in a precarious state. As far as the hegemons are concerned, the neoliberal international order is the packaging that decorates and expands its strength. It can be reshaped entirely or even discarded once it does not conform to their interests. For developing countries, the globalization under the neoliberal international order allows them participation but sets a ceiling arranged by the hegemons. Once this ceiling is reached, even if developing nations desire to further expand their opportunities by integrating into the global system dominated by hegemonic countries, the window of opportunity closes.

The “Belt and Road” Initiative challenges the neoliberal international political and economic order as a concept of a shared future for humankind. It creates a new window of strategic opportunity for China’s development and creates a new and better political and economic order for the world [10].

Therefore, the “Belt and Road” is a new model of joint development, which marks a transition from unbalanced globalization to a more balanced approach. Globalization under the neoliberal international order is a globalization of the Center and the Periphery dominated by the capital holders of the Center. In essence, this unbalanced globalization that projects the relationship between capital and labor and employment onto countries causes a deprivation relationship between the Center and the Periphery. The “Belt and Road” Initiative goes beyond simply emphasizing national interests and has a certain degree of internationalism. As President Xi Jinping pointed out, everything China does is for the happiness of the people, the revival of the nation, and greater harmony in the world. The “Belt and Road” Initiative is mutually beneficial and focuses on achieving win-win development, thus surpassing the neoliberal globalization model.

In fact, according to the vision of the “Belt and Road” Initiative, it promotes the interconnection between the Eurasian and African continents and helps achieve peace between different cultures and civilizations, coexistence, and moving forward together (full text of President Xi’s speech at opening of Belt and Road forum, Xinhua, May 14, 2017) [11]. The “Belt and Road” initiative expects that co-evolution between different civilizations and mutual inventions can produce a more tolerant co-evolutionary spirit, which is more colorful, efficient, and peaceful than the unipolar world [12]. When dealing with Asian, European, and African countries and their cultures, the “Belt and Road” Initiative neither distinguishes between the Center and the Periphery nor creates the imagination of backward regions evolving into advanced regions. In other words, the “Belt and Road” concept constitutes a new kind of geopolitical thinking. It paints a world in which different countries, cultures, and civilizations can develop together while retaining their differences, thus surpassing modern Western countries’ geopolitical outlook.

2 Methodology

In this article, the authors discuss the opportunities and challenges for Iran, Pakistan, and Kazakhstan resulting from the design of the “Belt and Road” Initiative by relying on its operational plan and objectives. Accordingly, the article focuses on finding an answer to a crucial question: What is there in the new Silk Road China’s foreign policy strategy for Iran, Pakistan, and Kazakhstan? The article argues that the “Belt and Road” Initiative, thanks to China’s political and economic policy, has led to the development and deepening of bilateral economic and trade relations, endowed Iran, Pakistan, and Kazakhstan with an opportunity
to promote their global economic position, create alternative land and sea routes, and enhance energy security to the mutual benefit of both energy suppliers and consumers.

The present paper is conducted in an analytical-descriptive method to study the nature and goals of this Chinese initiative. It also applies the geo-economic approach to identify economic and political advantages and implications for the development of the “Belt and Road” for Iran, Pakistan, and Kazakhstan. In this regard, we first reviewed the existing literature on the topic. The gathering method is library study, including books, magazines, papers, and electronic resources. Afterward, the authors analyzed the gathered data, and this article presents our findings.

3 Results and discussion

3.1 New Silk road and Chinese foreign policy

An active foreign policy’s ultimate destination influences the surrounding environment to coordinate its principles and beliefs.

The Chinese President presented the “Belt and Road” Initiative in October 2013. The new Silk Road route from the strategic center of Eurasia passes through the nations rich in energy resources, minerals, and a considerable population base. The route begins in Urumqi, far Northwest of China, near the Kazakh border, follows through Iran, Iraq, Syria, and Turkey. The initiative aims to achieve four goals: improving the region’s infrastructure, improving the political and economic coordination of the area, removing trade barriers, encouraging cultural communications to support the project. The plan outlines transport, energy, telecommunications infrastructure, diplomatic coordination, financial coalition, and cultural changes [5].

The “Belt and Road” Initiative intends that China seeks to facilitate communication and accelerate goods and energy delivery between China and nations dependent on China’s mass production. Besides improving the trade balance and increasing the growth rates, the initiative could improve energy supply security. Therefore, economically, the purpose of the “Belt and Road” Initiative is to foster China’s economic development - which has slowed recently - through the development of new markets and increasing the demand for the Chinese market goods, namely aluminum, steel, manufacturing, and other industrial goods. Chinese policymakers hope these measures will help minimize the disparities in economic development between the lower western regions of more impoverished and landlocked China and China’s eastern shores, thereby ensuring China’s social stability. Besides, funding is an essential parameter for the success of this project. The National Development and Reform Commission (NDRC) in China announced in March 2017 that the country had invested more than USD 50 bln in the new Silk Road countries. The President of China announced that it would allocate USD 80 bln more by the end of 2016. The Silk Road fund was required to reach an agreement of at least USD 3 bln, although the primary investment was in Russia, Pakistan, and Europe rather than in Central Asia. The Exim Bank of China and the China Development Bank plan to finance road construction, especially in Central Asia. These banks apply preferential lending procedures to governments if they use Chinese contractors [13].

The Silk Road’s Economic Belt is considered a critical component of “neighborhood diplomacy” by China’s President. Its purpose is to improve relations with China’s peripheral countries by supplying international public goods such as transport and communications. Within this framework, the Economic Belt provides a framework to transform China’s power - vast resources of capital, expertise, and manufacture - into political influence to set a new agenda for globalization compliant with the Chinese plan. Given what was noted in the “Belt and Road” Initiative assembly in May (Full text of President Xi’s speech at opening of Belt
and Road forum), the initiative is a means of upgrading China internally and externally as a determinant of international agenda as the “Belt and Road” Initiative is one of the most critical geopolitical projects of China aimed at resolving the main challenges China faces as strategic thinkers define them. This strategy attempts to combine all Chinese power elements and use all the country’s strengths and weaknesses to guide a wide range of national resource flows to achieve a comprehensive political goal. To emphasize the importance of the new Silk Road concept, the President of China stated, “China is an eagle that can fly higher and higher than its wings” [8].

The “Belt and Road” Initiative also involves an implication of ideology. This initiative is an unofficial challenge to the Western economic development model that focuses on structural reforms and technical specialization in education and health but mostly ignores investments in general infrastructure [9].

The Chinese government hopes that the massive infrastructural investment program fully coupled with government allocations will stimulate economic growth in the future. If the “Belt and Road” Initiative succeeds, some analysts (according to Cohen A., Curtis L., Graham O. The Proposed Iran-Pakistan-India Gas Pipeline: An Unacceptable Risk to Regional Security, Heritage Foundation. May 30, 2008) suspect that industrial development will provide a basis for a new global order in which China plays a key role. In this definition, the initiative is an experiment for Chinese foreign policymakers.

Therefore, China’s foreign policy makers are considering several objectives for the development of the new Silk Road project that can be divided into several economic and political - security categories:

1. Deepening regional economic convergence, strengthening China’s diplomatic advantage in the region, making concessions to the governments around China, and weakening American influence in these countries; 
2. Increasing economic interaction with Western countries by adding a land transit route for the export of goods to Europe (this route reduces travel time by half); 
3. Connecting road network in between the Pacific and the Baltic Sea with a transport network of East, West, and South Asia; 
4. Increasing penetration in Eurasia, shaping the Eurasian market, ensuring the flow of energy resources from Central Asia and Russia, and reducing energy transfer through the (US-controlled) Strait of Malacca; 
5. Introducing a new model of globalization and consolidation of Chinese patterns of trade and investment, reinforcing renminbi (yuan) in international financial transactions and reducing reliance on the dollar; 
6. Advancing development projects in Western China, increasing domestic competitiveness and balanced regional growth; 
7. Using the capacity of industrial production to create infrastructure and facilitate the entry of Chinese goods into regional markets, getting involved in creating information technology infrastructure in the region, and creating new channels to influence the region [6].

3.2 The “Belt and Road” Initiative and its impact on the economic and political structure of Iran, Pakistan, and Kazakhstan

This section combines the characteristics of the “Belt and Road” Initiative and analyzes Iran, Pakistan, and Kazakhstan as empirical research objects, and applies comparative analysis and literature review to clarify the similarities and differences between the three countries within the framework of China’s “Belt and Road” Initiative.

In the document published by the Chinese government under the title “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road”, various methods have been introduced (Belt and Road Initiative opens new era of global cooperation.
Xinhua. April 24, 2017). However, this project’s framework does not discuss China’s political and economic situation with the three countries, Iran, Pakistan, and Kazakhstan [14].

These countries occupy a unique position within the Islamic economy. This is because Iran is a religious government with medium income and population and renewable energy sources and marine facilities; Pakistan is trying to achieve economic development through the use of religious concepts. However, neighboring China has a large population and lacks its own energy sources to ensure energy security. China is trying to import liquid natural gas (LNG) through Pakistan. Kazakhstan has a large geographical area but a small population and is located within a strategic space between China and Russia. This secular state with a Muslim majority is known as the center for transport and energy production, with its central geographical location and temporal orientation towards Islam and the Islamic economy, so that large industrial installations, energy, and mineral resources have contributed to increasing per capita income recently. All these countries are politically classified as democracies: Iran as a democracy with a religious government, Pakistan as a large Muslim democracy, and Kazakhstan as a secular state with a Muslim majority [15].

Political and economic variance (see Table 1 and Table 2) among the three countries is highly influential in discussing Islamic economic influence in innovative projects and the countries’ relationship with China.

Table 1. A comparison of key geographical and economic variables of China, Iran, Pakistan, and Kazakhstan.

<table>
<thead>
<tr>
<th>Industry (% GDP)</th>
<th>Services (% GDP)</th>
<th>GDP (PPP, USD trln)</th>
<th>GINI index</th>
<th>Life expectancy at birth (years)</th>
<th>Urban population (%)</th>
<th>Population (mln)</th>
<th>Coastal Line (km)</th>
<th>Area (1000 sq. km)</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.5</td>
<td>52.2</td>
<td>23.12</td>
<td>46.5</td>
<td>75.7</td>
<td>57.9</td>
<td>1379.3</td>
<td>14500</td>
<td>9596</td>
<td>China</td>
</tr>
<tr>
<td>35.9</td>
<td>54.3</td>
<td>1.631</td>
<td>44.5</td>
<td>74</td>
<td>74.4</td>
<td>82</td>
<td>2440</td>
<td>1648</td>
<td>Iran</td>
</tr>
<tr>
<td>34.4</td>
<td>60.8</td>
<td>0.474</td>
<td>26.3</td>
<td>71.1</td>
<td>53.2</td>
<td>18.6</td>
<td>0</td>
<td>2724</td>
<td>Kazakhstan</td>
</tr>
<tr>
<td>19.1</td>
<td>56.3</td>
<td>1.056</td>
<td>30.7</td>
<td>68.1</td>
<td>39.7</td>
<td>204.9</td>
<td>1046</td>
<td>796</td>
<td>Pakistan</td>
</tr>
</tbody>
</table>


Table 2. A comparison of qualitative variables of Iran, Pakistan, and Kazakhstan.

<table>
<thead>
<tr>
<th>Access to sea</th>
<th>Iran</th>
<th>Pakistan</th>
<th>Kazakhstan</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bordering China</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Flights between East and Southeast Asia and Europe/North America</td>
</tr>
<tr>
<td>Port access to China</td>
<td>No</td>
<td>Seaport access</td>
<td>Dry port access</td>
<td></td>
</tr>
<tr>
<td>Potential hub airport</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Oil/energy producing</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Four ‘Rs’ of distribution</td>
<td>Rail and river/sea, Runway and road, improving</td>
<td>Road, rail, and river/sea are all under development, little hope for runway distribution</td>
<td>Runway, road, rail well-developed, minimal river/sea through Caspian ferry projects</td>
<td>Four critical forms of distribution: runway, road, rail and river/sea</td>
</tr>
<tr>
<td>Islamic impact on government</td>
<td>Theocracy</td>
<td>Islamic law-based government</td>
<td>Secular government</td>
<td></td>
</tr>
</tbody>
</table>

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3.3 BRI: opportunities and challenges for Iran

Regardless of historical relations between China and Iran, the policy of balance of powers in the international system termed “East-West conflict” and geostrategic penetration into remote areas, i.e., the Persian Gulf, has turned Iran into the center of some strategic interests of China. Thanks to such geostrategic advantages as having a route to Europe, Iran plays a pivotal role in the transit of goods after the revival of the Silk Road [16]. Therefore, Iran is the central element in the Economic Belt of the Silk Road for China [17], the project aimed to spread trans-border trade through Central Asia to Europe. Besides, Iran’s geographic location has given importance to transferring goods and building oil and gas lines throughout the country. Using this advantage, Iran gained some benefits and improved its economic status internationally and globally. In addition to its strategic position, Iran is a significant resource producer and has a good relationship with China. Iran can become a stage for a new Silk Road highway in the North-South and East-West corridors with the possibility of establishing land and sea transportation links that cross Iran. Currently, it is considered one of the shortest and fastest transit routes between Asia and Europe [18].

Given Iran’s geographic location in the West of Asia, the development of communication infrastructure in Iran is necessary to implement infrastructural connections in the “Belt and Road” Initiative. Links based on the operational plan of the Silk Road will gradually expand. Likewise, China has proposed constructing nearly 2,000 miles track railway from Urumchi, China to Tehran; if the plan is implemented, Iran will be the leading trade partner on this route (China seeking to link Iran to its New Silk Road, Deutsche Welle. December 15, 2015). Another challenge is facilitating links between the countries of the “Belt and Road,” expanding coordination in the clearance of goods and international transit. In this respect, the parties strengthened bilateral customs cooperation, known as the Joint Statement on Comprehensive Strategic Partnership between I.R. Iran, P.R. China signed by the Presidents of Iran and China in 2016, and agreed on exchanging information between them (Full text of Joint Statement on Comprehensive Strategic Partnership between I.R. Iran, P.R. China. Official website of the President of the Islamic Republic of Iran. February 23, 2016).

Besides, according to the agreement, China will transfer some of its goods to Iranian ports and then transit them from Iran to Europe through Iran’s territory. Chinese authorities also call Iran a key partner in the new Silk Road, even according to Chinese entrepreneurs like Zuoru Lin, Iran lies “in the heart of the world” in terms of China’s foreign trade and investment (Erdbrink T. For China’s Global Ambitions, ‘Iran Is at the Center of Everything’, New York Times. July 25, 2017). Thus, the Chinese seek to increase their communication and transportation links with Iran and even create a naval base on one of the Iranian islands. Accordingly, Beijing pays special attention to Iran, especially now, due to its geopolitical and geoeconomic situation, to pursue national and international interests in the new Silk Road design. In the same vein, the deputy minister of Iran said: “If they want to get the advantage
using their time and money and choose the route for trade and profitability, Iran is the best option”.

Geopolitics plays an essential role in the relations between Iran and China so that Russia, the United States, and even Saudi Arabia are watching the two countries. At present, a significant advantage of Russia is achieved by the arms trade. Therefore, although it now pays more attention to developing relations with Iran and China than in the past, the country has always been sensitive to increasing other countries’ ambitions in Central Asia and Eurasia [19].

This fear is even more significant in the case of Iran because of its religious and ideological association with the countries of the region, which is the main obstacle in Moscow’s view. The disputes between Iran and the United States are visible through Iran’s economic relations, affecting even domestic investors [20]. An example is a contract signed in 2010 between Iran and Pakistan known as the Peace pipeline, which would transfer natural gas from the South Pars gas field in Bushehr province to Nawabshah port in South Pakistan. Iran and Pakistan agreed that Iran would start exporting liquefied natural gas (LNG) to Pakistan in April 2013. However, factors such as Shia-Sunni disputes, chaos in Baluchistan, agitation and external pressure from the United States on Pakistan, and the signing of a new deal worth USD 10 bln of gas purchases from Russia caused the pipeline to stop. Finally, Chinese politicians are aware that any apparent orientation towards Iran would lead to the discontent of the Gulf countries, especially Saudi Arabia, and disturbances in the future “Belt and Road” plan [11]. It should also be considered that Iran’s cooperation in this project can be a financial and strategic help to reduce the effects of the sanctions imposed on Iran so that it can build its resistance economy to a large extent against the sanctions.

3.4 Pakistan’s role in the belt and road initiative

China, as the largest trade partner of Pakistan, signed several significant agreements with the country, especially in the field of development with Pakistan, which envisaged building an airport in Gwadar in Southwestern Pakistan, constructing several vital highways, and setting up bilateral joint research centers in the fields of technology and hydroelectric power generation [21].

In addition to commercial relations, China has started to pay attention to joint venture capital projects. They are focused around the Gwadar port, mainly on its development and equipment, construction of the coastal market highway and the Karakoram Highway, and assisting Pakistan Railways (national state-owned railway company of Pakistan) [21].

The Chinese government has also agreed to fund railway construction and equipment in Pakistan to connect its railways to China. Another central economic cooperation area between China and Pakistan, which has been on the two countries’ agenda in recent years, is a part of China’s Silk Road, known as the Pakistan-China Economic Corridor, which is beneficial for both sides. Construction of the Corridor from Gwadar port, southwest of Pakistan, to the Xinjiang province, Western China, includes three essential and parallel lines of shipping lanes, railway tracks, energy transmission lines, and road construction operations (see Fig. 2).

The China-Pakistan Economic Corridor (CPEC) is one of the most critical projects in China’s “Belt and Road” Initiative. Since its official introduction in April 2015, it has been considered a “game-changer” in the discourse of regional geopolitics. The project is the most ambitious bilateral project between China and Pakistan and has a USD 46 mln budget [11].

Pakistan’s policymakers bear the CPEC to be a significant contribution to the Pakistani economy. For China, the project will resolve the problem of connecting themselves with the Persian Gulf, Africa, Europe, and Central Asia [22]. Moreover, the CPEC is depicted as an opportunity to shape Central Asia’s economic and political order by upgrading the network
of trade routes, political cooperation, and cultural exchange. The oversized China-Pakistan economic corridor contributed to building infrastructure for Pakistan’s fundamental economic transformations, especially in transportation, transit, and construction. Besides creating added value and economic growth within Pakistan, the project will play an essential role in strengthening Pakistan’s future.

![China-Pakistan Economic Corridor](image)


The eventual addition of countries such as Iran, Turkey, Russia, and even the European countries to this Corridor would benefit Pakistan as a regional economic hub. Gwadar port is essential in transferring goods to neighboring countries, especially China, and providing access to the Indian Ocean. From this point of view, through the port of Gwadar, China also gains direct access to the Arab countries of the Persian Gulf, and hence the CPEC is a win-win project for both sides. The strategic importance of Gwadar port is that it is a gateway to the Strait of Hormuz and the Persian Gulf.

The port will be completed with a modern air defense unit, a military base, and an international airport capable of managing passenger airlines, which, according to Pakistani analysts, will be used to monitor Indian actions in the Indian Ocean, Arabian Sea, and the Persian Gulf and any possible strategic alliance of India and the United States. Gwadar port is also a part of strategic importance for China to protect both countries’ security against India [22].

Similarly, China announced that it would invest in constructing 1800 miles of highway, railway line, and an oil pipeline linking the two countries. The Corridor will be fueled by a USD 1.5 bln solar power station, the world’s largest in terms of electricity generation, and a USD 1.6 bln hydroelectric power plant [11]. As of now, 85% of China’s energy passes through the Strait of Malacca (see Fig. 3), surrounded by Singapore and Malaysia. Since Malaysia and Singapore have better relations with the United States and China has little influence there, Chinese authorities have always tried to reduce their dependence on the strait. It would involve completing the energy transmission lines from the port of Gwadar to Xinjiang and reducing dependence on the Strait of Malacca to pass a large segment of China’s energy flows.

Iran proposed that India take necessary security measures to supply the pipelines through the South Pars gas project through Baluchistan because of enormous energy requirements in Pakistan and India with energy sources of Iran and Turkmenistan (see Fig. 4). Some of these pipelines were built to link directly to the Xinjiang and Gwadar pipeline. While China sought to help the project, other countries expressed dissatisfaction with Iran and Pakistan’s strategic ambitions and called for China’s withdrawal. For example, instead of supporting pipelines, the United States has plagued Iran mainly with oil spills and threats. To counter Pakistan,
India has not considered the pipelines in proportion to its interests (Cohen A., Curtis L., Graham O. The Proposed Iran-Pakistan-India Gas Pipeline: An Unacceptable Risk to Regional Security. Heritage Foundation. May 30, 2008). Therefore, India withdrew from the Peace pipeline due to domestic and international pressure. However, in 2016 it agreed to invest USD 500 mln in Chabahar port to eliminate the need in Gwadar. The senior advisor to Pakistan’s first minister states that Pakistan does not consider Chabahar a rival regarding India’s efforts [23]. Indeed, the possibility of developing ties with Gwadar was supposedly always open to the entire world.


However, there are many economic and political differences between Pakistan and Iran:
1. Both Gwadar and Chabahar, as neighboring ports in the Indian Ocean, will undoubtedly compete with each other;
2. LNG pricing is now ignoring Pakistan’s interest in pipelines because if Iran buys Turkmen gas at low prices, it will sell it at a high price that will be beneficial for Iran and the development of the port of Chabahar [24];
3. Both countries claim to support the Islamic economy and pose as leaders of the Islamic movement and Islamic economic governance.

The “Belt and Road” Initiative covers many countries and regions in Asia and Europe, so it will inevitably involve countries influenced by the United States and India, which are relatively opposed to China’s politics and interests, and will inevitably be hindered by them. It may also hinder the development of Pakistan for the following reasons:
1. The conflict of interest between India and China may harm Pakistan. Although India has an advantage in the “Belt and Road” maritime location, China and India have not actively pursued relevant cooperation as other countries along the route, both domestically and internationally. First, the territorial dispute between China and India has not been effectively resolved. India and China have adopted a long-term strategy of shelving disputes on this issue. However, suppose the “Belt and Road” route involves sensitive border areas; in that case, relevant cooperation will be negatively affected and shelved or may even lead to conflicts and continued competition. It extends from geopolitical influence to land and water issues, especially Tibet, the core of Sino-Indian differences. The cooperation between Pakistan and China in the “Belt and Road” Initiative will expose Pakistan to India’s pressure and increase uncertainty for Pakistan in its relations with India;
2. The conflict of interest between the United States and China may harm Pakistan. As an essential player in dealing with India, Pakistan, and China, the United States has sought a critical strategic position in the “Asia-Pacific rebalancing”. The implementation of the “Belt and Road” Initiative will allow China to penetrate the Eurasian continent further, strengthen ties with Central Asian countries, further draw Pakistan to open up the route to the Indian Ocean and enhance the interconnection with resource-rich developing countries to compete with the United States [25].
Therefore, Sino-U.S. relations are increasingly conflict-ridden under the current trend of developing “new type of relations between major powers”. The cooperation between Pakistan and China in the “Belt and Road” Initiative will expose Pakistan to intense pressure from the United States and increase uncertainty in the Pakistani-U.S. relationship.


3.5 Kazakhstan participation in developing New Silk Road

As Pakistan, Kazakhstan plays a central role in developing the new Silk Road. Both countries are China’s strategic neighbors: Pakistan provided China’s access to the Indian Ocean, Kazakhstan to the Caspian Sea, whereas Russia facilitates access to Europe. The motivations behind the development and expansion of the Gwadar port and the port of Khorgas in Kazakhstan, which Kazakhstan and China consider as the most critical land port globally, are the same. Both Kazakhstan and Pakistan are concerned about China’s energy needs as they proposed a pipeline to carry oil to the Kashgar province of Western China. The construction of the China–Kazakhstan oil pipeline is a joint venture. Cooperation between the China National Petroleum Company (CNPC) and the KazMunayGas was formed to complete the main oil pipeline from Western Kazakhstan to China in 2009 (see Fig. 5). The pipeline improved Kazakhstan’s export position and allowed it to export oil directly from Central Asia to Western China [26].

In 2017, at least 12 mln metric tons of oil were extracted from the oil fields near Atasu to the CNPC Complex in Alashanko, Zhejiang, and then transferred to the refinery (China-Kazakhstan Oil Pipeline Transports 12.3 Million Tons of Crude in 2017. YiCai Global. January 3, 2018). These pipelines enabled China to import oil directly from Central Asia, bypassing Russia. Further, it would allow China to combine these flows with the Russian energy resources of Western Siberia. Similarly, during the visit of China’s President Xi Jinping to Central Asia in September 2013, China and Kazakhstan signed more than 20 energy contracts worth USD 30 bln, and the CNPC acquired an 8% share in Kashagan offshore project. This is China’s first and largest maritime property in the Caspian Sea basin and may help China complete the China-Kazakhstan pipeline [27].

China used Silk Road in the early 1990s only as a metaphor. However, in September 2013, China announced it as an official policy, and the Chinese President unveiled his plan as the Economic Belt of the Silk Road. According to the news agency (Tiezzi S. China’s ‘New Silk Road’ Vision Revealed. The Diplomat), this belt crossed the border with Kazakhstan and headed west to Persia and Turkey, to the Mediterranean and Europe. Considering the energy situation, Kazakhstan, one of the “Belt and Road”’s first advocates, enjoys a firm foothold in the “Belt and Road”. In December 2011, Kazakhstan Temir Zholy (Kazakhstan’s national railway company) completed a 180-mile rail line from Khorgas to
Almaty via the Asian Development Bank and the World Bank loan. These rail lines connected the border regions of China and Kazakhstan and were developed for freight trains, thus creating the second rail link between Europe and China via Kazakhstan. This line is supposed to translate into an international one (Pokshino) with a total length of 6950 miles from China to Kazakhstan and then via Russia, Belarus, Poland, and, finally, to Germany. Kazakhstan also intends to link transit routes to new economic zones to maximize local effects. The boom in the domestic port has slowed down due to a decline in demand by Kazakhstani consumers. However, observers believe that the domestic port is likely to remove those barriers, as the Chinese President, during his visit to Almaty in May 2017, signed a deal worth USD 8 bln between the two countries, and the two governments agreed to define and implement the new Silk Road [28].

Fig. 5. Pipelines between Central Asia (Kazakhstan) and China. Source: Map: Connecting central Asia. Financial Times. May 10, 2016. URL: https://www.ft.com/content/ee5cf40a-15e5-11e6-9d98-00386a18e39d (accessed: 20.11.2022).

China has formulated two approaches to developing the new Silk Road and accompanying the target countries: first, it buys ports from countries connected to the sea, then the country’s shipping company is attempting to buy shares in landlocked countries, for example, Kazakhstan, where the stark desert is located near the border with China and which is close to the impermeable core of Eurasia. In Kazakhstan, large Chinese cranes move containers via trains instead of ships. China and Kazakhstan now create a new global trade border. New York Times reporter Andrew Higgins said, “So far, most of the Chinese-made products that pass through Khorgos are not destined for Europe but stay in Central Asia, moving on by train and truck to markets in Uzbekistan and nearby countries like Iran. But it is Europe’s far bigger markets that, in the long run, will generate the traffic needed to make Khorgos and a second, more antiquated Kazakh railway hub near the Chinese border at Dostyk more than just regional pivots.” A Chinese gamble is a form of organizational renewal of global transportation routes and changes in Kazakhstan’s domestic policy and global politics (China’s Ambitious New ‘Port’: Landlocked Kazakhstan. New York Times. January 1, 2018).

This initiative, however, may affect Russia as Kazakhstan is becoming a pivotal point in China’s foreign policy strategy in Central Asia. However, now, Kazakhstan is against the likes of the nationalists in the Chinese circuit (Umarov T. What’s Behind Protests Against China in Kazakhstan? Carnegie Moscow Center. October 30, 2019). Large construction projects are often not in the interest of Kazakhstani, as there are weak mechanisms to guarantee the transparent distribution of state budgets. The existence of widespread corruption in the country could not reflect a government image seeking greater and freer trade; on October 27, 2014, the Head of the Borders of Kazakhstan was accused of organized crime and demanding bribes (Oka, N., 2013). Everyday corruption in Kazakhstan: An ethnographic analysis of informal practices. Interim Report for Exploring Networks in
Kazakhstan: A Multidimensional Approach, IDE-JETRO). Another multi-billion-dollar project in the Khorgos (the free zone opened in 2011) could be a warning; the Chinese built in their segment, banks, and shopping centers, and Kazakhstan set up a few counters in the desert for its commitment, where Chinese tourists bought ice cream and souvenirs (Shepard W. An Inside Look At China And Kazakhstan's 'Absurd' Cross-Border Free Trade Zone. Forbes. January 26, 2016). Many of Kazakhstan’s infrastructure projects are ineffective, and there are many reasons for the railway construction project to be derailed. However, it is a point of hope that Chinese investment in Kazakhstan and other Central Asian countries has not raised concerns about the increase in its influence in Central Asia, as Kazakhstan and China have managed to dissuade Russian concerns through active Chinese diplomacy and the phenomenal economic growth that led to the creation of the Shanghai Cooperation Organization [29].

Kazakhstan mainly faces the following challenges in participating in the “Belt and Road” Initiative:

1. There are apparent differences between Kazakhstan’s and China’s political systems, economic development levels, and civilizational identification. The differences between Central Asian countries are also increasing, and there are many political, economic, and security risks. Promoting new regional cooperation in such a diverse, heterogeneous, and risky region is a new challenge for Kazakhstan and China. The “Belt and Road” Initiative proposes a macroscopic solution, but prescribing the proper remedy to resolve various resistances, disturbances, and risks within Central Asia still involves many unknowns and uncertainties; arduous exploration is still needed.

2. Central Asia, where Kazakhstan is located, is a region where multiple external forces compete and coexist. Currently, there are various regional cooperation programs in Central Asia, such as the Eurasian Economic Union led by Russia, the New Silk Road Plan initiated by the United States, the European Union New Central Asia Strategy, and the Organization of Turkic States promoted by Turkey. Maintaining competitive and cooperative relations with the major powers in Central Asia is also a severe test for Kazakhstan and requires significant wisdom.

4 Conclusion

China’s macro policy has created a new strategy called the “Belt and Road” Initiative. Relying on its financial resources, China seeks to link Eurasia and West Asia, pursuing a twofold goal of infrastructural development: ground and sea revival of the great China dream. Through this strategy, China has opened up new cooperation goals in Central Asia and Southwest Asia, which is considered one of the most critical strategic regions. It is argued that the project’s main objective is economic, and it pursues collective interests. However, one cannot ignore Chinese geo-economic goals in this project and cooperation with Iran, Pakistan, and Kazakhstan. China has tried to start working with its close neighbors, such as Pakistan and Kazakhstan. China has created the Asian Infrastructure Investment Bank and has made considerable investments in the ports of Gwadar, Khorgos, and the Iranian railway system through it. This megaproject could be an opportunity for economic growth in these countries, but since the emergence of new security challenges and the need to find solutions to them and to find solutions for the implementation of this plan, the current conditions and efforts to benefit from this plan will necessitate the changes in the economy and policy of these countries. They have to be made to benefit more effectively from the opportunities that the strategy will provide.

Though directed by China’s national interests, the Silk Road Economic Belt can reduce underlying shortcomings and improve communication and economic growth in the three countries. However, the initiative hurriedly reinforced the pivotal policy in signing contracts,
while the bureaucracy and policy challenged its advance. Some projects may never be realized, and others may face a lengthy delay.

Development and investment will happen in these three countries, but they will find it challenging to avoid raised questions about local politics, security, and environmental impacts. Beijing’s central assumption is that economic development, along with a robust security apparatus, will be enough to manage social problems. If welfare is unequal, it does not consult with the local communities about the projects affecting them. The “Belt and Road” Initiative may exacerbate the local economy’s stratification, and regional conflicts and social tensions may be overshadowed by the national governments’ suppression. In addition, Kazakhstan and Pakistan may face risks and may turn into debt conduits due to transferring Chinese products to Europe and energy resources to the East. These countries’ challenge is to use the Economic Belt to their benefit, with regard to the regional interests of their neighbors, especially India and Russia, and benefit from Chinese trade, investment, and development projects to boost their local businesses.

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