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Prospects of Regional Cooperation Railway System in Central Asian Countries

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Abstract: *Limited natural resources, internal socio-economic and political crises, and the low level of infrastructure development, especially in the first years after gaining sovereignty, have affected the trade, transport, and logistics vulnerability of Central Asian countries. Trade between the People's Republic of China and European countries became a determining factor in developing the region's transport routes. More than 90 % of freight is delivered by sea, but the role of land routes has increased significantly since 2020. China faces the pressing issues of developing the economies of its western provinces, especially the Xinjiang Uygur Autonomous Region.*

Keywords: *Central Asian countries, China, European countries, the Silk Road Economic Belt.*

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The development of land routes coincides with the implementation of the strategic objectives for the Silk Road Economic Belt, as well as the interests of the countries whose territories these transport routes run through. The countries of the Central Asian region are striving to participate in transit and have been very active at interstate meetings, discussing cargo delivery options. This issue became especially relevant after the sharp decline in China's use of transit through the territory of the Russian Federation. Of many proposed transport routes and corridors, the most promising are the Trans-Afghan Railway and the "Middle Corridor". The successful construction of the transport and logistics will largely depend on developing relationships with Afghanistan's political leadership and the PRC's attention to infrastructure projects.

Central Asia, or as it is more commonly called, referring to the five former Soviet republics, Central Asia, is a region where no country has access to sea trade routes (Landlocked Country). Moreover, Uzbekistan is surrounded by states that also do not have access to the oceans (Double Landlocked Country) [1].

The geographical isolation of the countries of the region formed in 1991 has prepared them for transport and logistical vulnerability and acute dependence on interstate relations with their neighbors. Over the years, the post-Soviet republics of Central Asia (hereinafter referred to as CA) faced circumstances that had a very painful effect on their development: a low level of economic dynamics, a high level of poverty, limited natural resources, a difficult geographical terrain, internal problems of the states of the region, which brought the situation to armed conflicts and change of regimes, civil wars, strengthening the closedness of countries. The changing political leaderships of the Republic of Central Asia have clearly demonstrated how great the dependence of the foreign policy situation on the personal attitude of the leaders towards the leadership of neighboring countries [2].

Trade and transport links in Central Asia Since the early 2000s, foreign (Western) researchers and international research institutes have created a body of work substantiating the need to overcome the transport isolation of the countries of Central Asia, which included both Afghanistan and Mongolia, as discussed in Report of the Organization for Economic Co-operation and Development (OECD) 20191. Close attention to the region, and especially to Uzbekistan after the change of political leadership in 2017, was shown by the research division of the Institute of Central Asia and the Caucasus at Johns Hopkins University (USA) [3]. In 2017–2018, the Institute prepared and published a series of works on the socio-political reforms of Uzbekistan, geopolitical processes in Central Asia in the context of the influence of the European Union and the United States on the Central Asian region, as well as the religious factor in Kazakhstan [4]. The head and founder of the Institute, Frederick Starr, is also the author of the concept and narrative of "Greater Central Asia" (CA countries and Afghanistan). At the official level, the US approach to this definition of the region began to be articulated in 2005, and in 2006 the US State Department launched the Central Asia Infrastructure Integration Initiative. Landlocked countries trade 30% less than maritime powers and are 1.5% behind in economic development. The proportion of logistics costs to GDP in developing countries also remains high. While industrialized countries have been able to reduce this figure from 15-20% to 10% since the 1980s (through better supply chain management and inventory reduction), in developing countries this figure may exceed 30%3. Analysis of the quality of the transport and logistics infrastructure, are often caused by the lack of comparable data for analysis [5]. Compared to the 2010s, the situation with access to information in the region has changed little, and in some areas even worsened, since international institutions stopped updating annually calculated ratings. However, the Logistics Performance Index (LPI) for the countries of the Central Asian region for 2018, which was calculated by the World Bank, indicates that, compared to 2014, only Tajikistan has worsened its position in the ranking. Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan have improved the overall quality of the logistics infrastructure.

The World Economic Forum Global Competitiveness Report 2019 does not consider Turkmenistan and Uzbekistan in its Transport Infrastructure Quality Assessments, despite the significant liberalization of the latter's information policy. Kazakhstan is ranked 77th in terms of the quality of transport infrastructure (85th in 2012), Kyrgyzstan is 129th (93rd in 2012), Tajikistan is 111th (83rd in 2012). 2012). The objectivity of the assessments of the above indices raises fair doubts. However, the traditional discrepancy between world rankings and the real state of affairs is understandable and is associated with difficulties in obtaining data for analysis from the field, especially in forms suitable for global comparisons. The trade connectivity of the countries of Central Asia is characterized by the share of export and import operations within the region in the total volume of foreign trade operations of each republic[6]. Taking into account that individual data for the region are aggregated according to mirror statistics, nevertheless, some features are obvious. So, for example, for Kazakhstan, the share of trade operations with the countries of the region is small. For Tajikistan, on the contrary, its neighbors in the region annually account for more than 40% of export operations. About a quarter of Kyrgyzstan's exports go to Central Asia, while the share of imports in 2017–2020 varied from 15.6% to 18.9%. Over the same period, Uzbekistan gradually increased imports from the region. The peak share of exports to the countries of the Central Asian region was noted in 2018 - 15%.

In addition to geographic location in relation to transport communications, the indicator of trade and transport connectivity also takes into account trade costs, the increase in which reduces the connectivity of countries. The Report of the Secretariat of the United Nations Conference on Trade and Development for 20124 qualifies the overall trade and transport connectivity of the countries of Central Asia as low. Transit and transport costs, according to various estimates, reach from 60 to 80% of the cost of imported goods [7]. Researchers attribute the high costs of land transport to the fact that countries experiencing transport isolation difficulties export less than they import. In addition, the volume of trading operations does not allow reducing costs due to trading volumes. Remoteness from world trade centers, poor quality of transport infrastructure, time spent on crossing the border, as well as high transport costs, reduce the level of trade and transport connectivity of the Central Asian countries and their ability to integrate into global industrial supply chains[5].

Thus, the Eurasian space, which has gone through a tremendous experience of reconfiguring supply chains due to the COVID-19 pandemic, subsequent lockdowns and border closures, is now very noticeably reconfiguring again. The agenda, which in 2022 directly affects the development of transport and logistics in the Central Asian region, is primarily the events around Russia, Ukraine, the state of sanctions or their absence, as well as the position of individual countries in relation to Russia. This thesis, on the one hand, is overloaded with relativistic meanings. On the other hand, it is the state of this agenda that determines the configuration of supply chains, routes and modalities of transportation, the state, and conditions for the functioning of market participants (carriers) and institutions that provide financial settlements. In addition, technical factors also affect the delivery map, such as a lack of containers and fitting platforms, a ban on the transshipment of Russian cargo in certain ports, the likelihood of a technical default by transport companies due to the inability to pay obligations in foreign currency, local bans on the use of labor of workers with passports of certain states and so on. The mentioned circumstances are the same new determinants for the development of transport and logistics networks of the Central Asian corridor, as well as the high motivation of the republics of the region in the context of anti-Russian sanctions to intensify the modernization and construction of their own transport infrastructures. It is clear that there will be little success in increasing trade connectivity in Central Asia in the coming years. Much will depend on the vector of relations being built with the political leadership of Afghanistan, as well as on the attention of the PRC to infrastructure projects in the current period.

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