DANUBE AND THE NEW SILK ROAD

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AIMS AND OBJECTIVES OF THE "ONE BELT, ONE ROAD" INITIATIVE

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ABSTRACT

China's 'One Belt, One Road' initiative puts new emphasis on the development of the system of international relations, and it is expected to contribute to the further displacement of the gravity center of the world economy and the expansion of intercontinental trade flows. Increased attention to the proposed project could be explained not only by its scale and supra-regional territorial coverage, but also with an ambiguous attitude to it in potential member countries, as well as by uncertainty of content, which allows experts to find different interpretations of its goals and objectives. Over time, it becomes increasingly clear that China is seeking to expand the scope of 'One Belt, One Road' (OBOR) by the realization of various projects in partner countries, deliberately giving them the initiative for the development of investment proposals. Having succeeded in creating the financial basis of this strategy and reducing the number of possible political risks, the Chinese authorities are rewarded not only with the growing interest to OBOR in the partner countries but also with the increasing competition between them for transportation routes development. This eventually will allow China to control the critical elements of an extensive network of ground transportation in Eurasia, which will be used for the intercontinental trade, especially for deliveries to remote areas of the hinterland (although the prospects to compete with sea transport remain non-obvious). We should not underestimate the other political and economic benefits of OBOR initiative that modestly silenced in official statements and documents. But at the same time while assessing the strategy we should refrain from the alarmist predictions about the formation of a new world order and hegemonic aspirations – at this stage, Chinese authorities consider OBOR as an opportunity to address the crucial problems of socioeconomic development, resource provision and the reduction of regional disparities. Neighboring countries, regardless of their regional ambitions and economic weight, have a chance to take advantage of externalities that will arise during the implementation of the new Chinese project.

Key words: One Belt, One Road; Silk Road; China; Eurasia; aims; problems; possibilities.

1. OFFICIALLY RECOGNIZED AIMS AND OBJECTIVES

The name of the new initiative was chosen based on known historical parallels and emphasizing the ideological component of the contemporary positioning of China. It should be noted that metaphorical expression "silk road" (in the context of international transport corridors of historical value) has come into scientific use relatively recently – in the last quarter of the 19th century.[1] China's OBOR initiative assumes implementation of integration projects in both landlocked countries and countries that facing the sea. In this regard, cooperation will be developed in the frames of 'Silk Road Economic Belt' (SREB) and '21st Century Maritime Silk Road' (MSR). In September-October 2013 during the visits of Xi Jinping to Kazakhstan and Indonesia, the idea of SREB and MSR was officially announced for the first time. In his speech in the "Nazarbayev University", Chinese President suggested to "joint efforts" to create SREB, since it "will be very beneficial to the peoples of all countries", and in the speech at the APEC summit in Bali, he urged Southeast Asian nations to support the idea of MSR. However, only in March 2015 on the "Boao Forum for Asia" the details of the above-mentioned concepts were presented. In 2014, OBOR was officially named as a key component of the

[1] For the first time the ancient trade routes that linked China with other countries were named "silk routes" ("Seidenstraßen") by German geographer and geologist F. von Richthofen in the first part of his book "China: The results of my travels and the studies based thereon" (1877). The first schematic picture of these routes were made, presumably, by ancient Greek cartographer Marinus of Tyre in the 2nd century BC, and therefore on the map of Central Asia von Richthofen designated "the Silk road of Marinus". This expression was addressed in 1880s in the number of works of famous scientists, including French geographer J.E.Reclus.

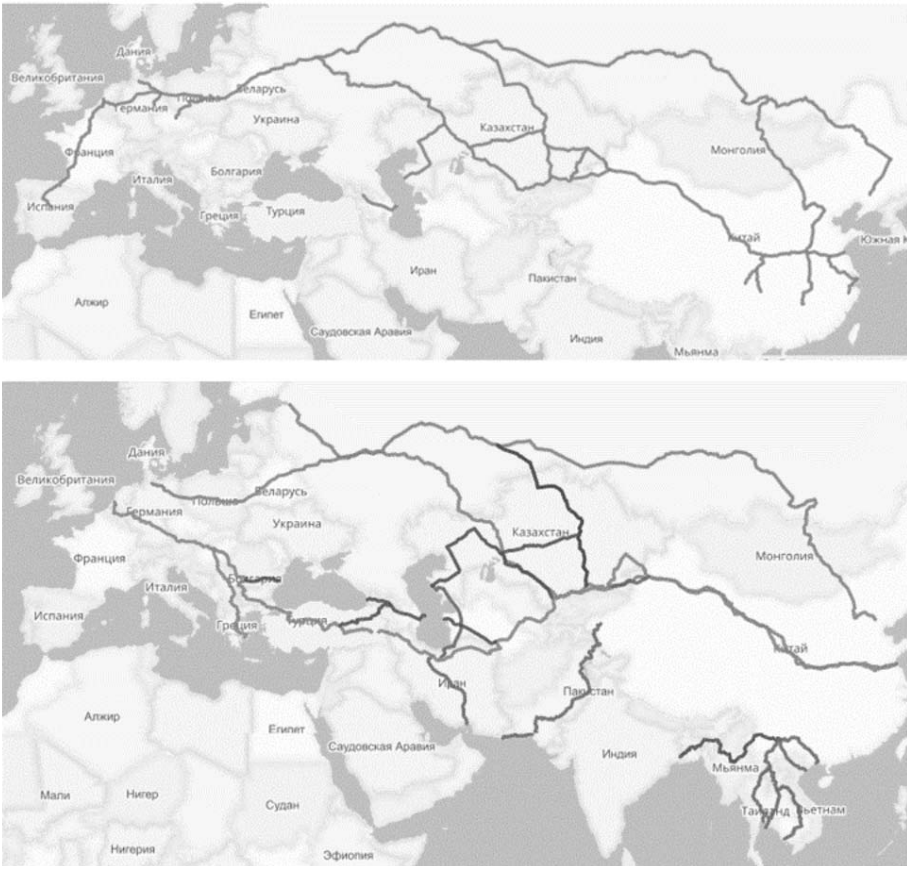
China's foreign policy concept. Its implementation should ensure the realization of the long-term development strategy of China presented by Xi Jinping in 2012. Just two weeks after taking office, the new General Secretary of the CPC introduced the country's development plan for decades to come that was called "the dream of the great revival of the Chinese nation" ("Chinese dream"). In particular, by 2021 it is intended to build the "moderately well-off *society*" (*xiǎokāng* in the Confucian tradition), and by 2049 – the "rich, strong, democratic ... and socialist modern country". In 2015, the need for building the middle-class society was once again assigned by Xi Jinping to strategic goals ("The Four Comprehensives" program). Key provisions of the OBOR initiative are contained in a report prepared by three Chinese official institutions and published in March 2015 with State Council authorization (Vision and Actions…, 2015). OBOR main principles, possible routes, mechanisms and priorities for cooperation are described in it in quite a general form. Among these priorities are intergovernmental coordination of economic policies, modernization of transport infrastructure, promotion of trade and mutual investment, financial integration, the development of humanitarian ties. The leitmotif of the report is an appeal to potential partner countries for closer cooperation in the political and socioeconomic sphere, which should be based on the mutual trust and "win-win" ("positive-sum") principles. In addition, the report aims to convince the leadership of the neighboring countries in the absence of utilitarian purposes. It was written in a very stilted and lofty style: for example, it is argued that the initiative "embodies the dreams of the world community and its desire for beauty" and will be "a major contribution to the development of humanity", as well as contribute to the "economic prosperity", "contacts between civilizations" and "peaceful development". The majority of Chinese experts share the official position described in the report. They emphasize that China will undoubtedly respect the interests of partner countries, follow the principles of equality and mutual benefit, and, that is especially important, stick to the policy of neutrality and non-interference in the internal affairs of other states. Later on, Xi Jinping experts refute the assumption of hidden geopolitical aims of China, including the pursuit of its leadership to the creation of zones of influence in the region or to enhance the country's role in international relations. It is suggested that China should not and will not dominate or act from a position of strength in negotiations with its partners, and the approach "morality above the interests" will be the main principle of foreign policy (Han, 2015; Van, 2014; Zhong

Sheng, 2014; Zhuochao, 2015). The OBOR programs are expected to be wide-ranging in order to change them depending on the preferences of the partner countries. In one of his speeches in 2015, Xi Jinping said that it will "not be a solo for China but a *real chorus* comprising all countries along the routes". The phrase was quickly picked up: the Chinese officials and experts have developed it in the idea of "symphony" of equal partner countries (Swaine, 2015). However, taking into consideration the economic power of China, its role as a cohesive country in the framework of OBOR is undeniable: the PRC, for instance, accounts for 17% of global GDP (PPP), 13% of world exports and 10% of imports. The scale and significant territorial coverage are among the main characteristics of OBOR mentioned in the official publications. It is estimated that at least 60 countries with a total population of more than 4 billion and the total GDP of 21 trillion dollars (almost 3/5 of the world population and 28,5% of world GDP) will be involved in OBOR projects. The implementation of the ambitious plan started quickly after its first announcement: just a few months after Xi's visits to Kazakhstan and Indonesia the number of negotiated investment contracts reached three hundred. According to the decision of the State Council, the total investment is expected to reach an astronomical sum – 4 trillion dollars. As of mid-2016, official Chinese sources say that OBOR partner countries were planning to implement more than 900 projects worth 890 billion dollars. However, it is necessary to underline that the Chinese authorities try to use all the options to increase the number of international agreements associated with OBOR. It is noteworthy, that the OBOR initiative is widely interpreted by officials and experts since it still defines just a general framework and lacks specific details. Russian experts point to the low speed of the development of relevant topics in China, despite the creation of specialized research centers. The initiative is often linked to any large-scale investment project in China or in its potential partner countries. In addition, the governing bodies have not yet approved the land and sea cargo transportation routes (and that fact explains the absence of relevant and comprehensive maps). The main objective is more or less clear – to create a new image of China, seeking to unite and "inspire" by its ideas as many countries as possible. All this serves the purpose of the Chinese leadership to declare its readiness to consider various options for trade and investment cooperation with partner countries. The competition between the projects of industrial and infrastructure development proposed by partner countries promises significant political and economic benefits to China, as well as could strengthen its bargaining position. Thus, a low level of specification of OBOR is not a miscalculation of the Chinese leadership and a general approach deliberately characterizes this strategic plan. Such attitude will allow responding quickly to situational changes and making necessary adjustments to the system of relations with the partners.

2. THE ANALYSIS OF POSSIBLE AIMS AND OBJECTIVES

The nature of strategic planning in China at the beginning of the 21st century meets the growing role of the country in international relations and strengthening its position in the world economy. The Chinese leadership puts emphasis on strategic goals and objectives laid out in the official OBOR report. The decisiveness of the Chinese authorities to realize this ambitious plan arouses not only the applause and encouragement in potential partner countries, but also serves as a reason for opposition and even open resistance by the other global and regional players. However, participating (or planning to participate) states seek to reduce the risks and critically analyze the proposals coming from China. In addition, the lack of well-defined routes of SREB and MSR becomes an additional factor of increased competition for Chinese investment between the neighboring countries (see Picture 1). It is incorrect to speak about the atmosphere of mutual distrust, but the former experience of cooperation with Chinese partners is the basis for the emergence of various kinds of speculations about the real objectives pursued by China. In this section, we have identified and analyzed 12 key aims and objectives of OBOR, which differ in many aspects, including the scale (from local and national objectives to global ones).

Picture 1. Map of the "Silk Road Economic Belt" existing (above) and planned (below) routes



Source: author's own work

1. "One Belt, One Road" as an element of long-term strategy to achieve global leadership in economy and international relations

China takes an active part in shaping a new world order, which will be based on the principle of multipolarity. A widespread approval about the completion of the US hegemony era and the emergence of a new center of power is based on the fact of constantly increasing the role of China in the development of the world economy and the system of international relations. China's economic and foreign policy ambitions have long gone beyond the Asian region, which is confirmed by the content of official strategies. Special attention is given to OBOR that serves as 'umbrella' concept due to its comprehensiveness, supra-regional territorial coverage and considerable scale of investment projects. The implementation of this initiative will contribute, in the figurative expression of one of the Western experts, to China's transformation "from an international agenda follower to an agenda setter" (Djankov, 2016).[2] Strengthening geoeconomic and geopolitical position of China, combined with the intention to find new "growth poles" in the internal areas of the country, indicate the need for updating and critical rethinking of "Heartland" theory. Interestingly, the modern interpretation of this theory may correspond with the approaches to the perception of China as the "Middle Kingdom" (*zhōngguó*). The followers of Sinocentrism theory adapted to geopolitical realities clearly evaluate the significance of the new land trade routes of SREB to getting back to the "Middle Kingdom" influence.

2. Promotion of the "openness policy" and the development of relations with regional partners

The OBOR initiative is aimed, inter alia, to improve relations with the other countries in the region and to form a positive image of China as a neighboring country. The officials of the PRC are trying to convince partners that regional leadership will not later become regional dominance. So-called Chinese "neighborhood diplomacy" is based on inclusiveness and win-win principles, as well as a rejection of formation of spheres of influence. In addition, characteristics of the initiative are obviously linked to the concept of openness to the outside world. The need for improving the image should not be underestimated, since there are numerous examples of public discontent with the expansion of Chinese capital – from Kazakhstan to Greece (The new trade routes: Silk Road Corridor, 2016). It is noteworthy, that the Chinese hope to oppose the "Sinophobia" with new projects of economic cooperation: according to the international-relations expert Yan Xuetong, "the

[2] Chinese expert on international relations Fu Mengzi described this process as the transition from a strategy of "entering the world economic order" to a strategy of "changing this order".

country needs to "purchase" friendly relationships with its neighbours" (Where all Silk Roads lead, 2015). Thus, the Chinese officials have a very sober assessment of the principles of bilateral relations with the neighboring countries and are likely to seek to rectify the situation.

3. Creating a framework and stimulation of economic growth in the transition to a new model of economic development

The current position of the PRC in the world economic system is largely the result of the economic transformation of the late 1970s, known as Chinese reform and opening-up policies. The predominance of the external factors of economic development has become even more pronounced since the introduction of "Going out" strategy in 1999-2000.[3] As a result, the expansion of capital and merchandise export volume became the base of economic growth. Investment activities of Chinese companies abroad were encouraged, especially in the mining industry (e.g. in Africa and Latin America). Transnational companies (TNCs) that were created with the support of the state had to provide the growing economy with mineral resources and to help to build the geo-economic power of China.[4] The "Going out" strategy remained a priority even before the change of leadership of the CPC on its 18th National Congress in 2012, although in the late 2010s there were attempts to shift to a more balanced foreign trade policy. The slowdown of economic growth ("new normality" by Xi Jinping) was the impetus for the development of a new course: in 2001-2007 GDP growth rates rose from 8,3 to 14,2%, but in 2010-2015 they decreased from 10,6 to 6,9%. According to the new economic paradigm, in order to adapt the national economy to the new conditions of development China needs to replace external factors of growth (external demand for Chinese goods and capital) for the internal ones (domestic demand). In the literature, one can find the explanation of the transition from extensive to intensive management methods, implying structural changes in the economy and the emergence of innovative industries

[3] It should be noted that the "Going out" strategy was preceded by "Bringing in" policy based on FDI attraction in the coastal special economic zones and the other "growth poles".

[4] The "Going out" strategy in the case of Chinese TNCs is often called the "Going global" strategy.

(Avdokushin, 2015; Han, 2015; Luzyanin, 2015; Rodemann, 2014). However, some experts dispute the Chinese rejection of outward-oriented economic growth model and are convinced that the structure of GDP formation only becomes more balanced (Sárvári, 2016). The OBOR initiative assumes a reduction in the level of disparities in the development of the country's coastal and hinterland areas, which intensified during the implementation of the "Going out" strategy. Stimulating domestic demand, coupled with the development of new industrial centers along the SREB transport corridors, should be the answer to another challenge facing national economy – the loss of price competitive advantage of Chinese goods. The rapid growth of the labor costs (by 12,8% per year in 2006-2015) is the main reason for the relocation of labor-intensive industries by both Chinese and foreign companies, mainly from the eastern coastal areas of China to the South and Southeast Asia. Thus, the Chinese leadership faces not an easy task to redirect the externalization / offshoring: to reorient the companies that close factories in the east of China to the internal areas, where the cost of labor is relatively low.[5] The development of projects in the framework of OBOR may also indirectly stimulate the external demand for Chinese goods and services – due to welfare growth in the partner countries. The partners of China hope that Beijing will not eventually transform its "win-win" principle into more practical "join or lose".

4. Solution of the problem of overcapacity and overproduction

The problem of overproduction in China dates back to the late 2000s – early 2010s. It is a consequence of a number of trends – from the deterioration of the world economic situation to the emergence of the negative effects of so-called stimulative policy and excessive development of infrastructure projects. Accelerating of production growth in conditions of a continuous slowdown in demand has led to a steady decline in the wholesale price index (from the beginning of 2012). Under these circumstances, it is critical to find capacious foreign markets or participate in major infrastructure projects abroad, such as the construction of transport objects within SREB. That is

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[5] In the conditions of loss of competitiveness Chinese authorities are planning to concentrate on the technological modernization of the economy and the development of knowledge-intensive industries in 10 priority areas ("Made in China 2025" strategy).

why the OBOR initiative is considered by some economists mainly as the mechanism to "let off steam" from overheated markets. According to some estimates, the highest level of overproduction in cement, aluminum and steel industries, as well as in metal equipment manufacturing[6] (Djankov, 2016; The New Silk Road, 2015; Vinogradov, 2015). It is obvious that the implementation of large-scale construction projects in the frames of SREB and MSR will allow exporting surplus goods and contributing to capacity utilization.[7]

5. Reduction of the level of differentiation in the socio-economic development of the coastal and inland regions of China

Among the most crucial problems of modern China are the significant interregional differences in the level of economic development and high spatial concentration of production. For example, four populous coastal provinces Guangdong, Jiangsu, Shandong and Zhejiang, occupying only 5,6% of the country's total area, produced 36,8% of GDP in 2015. In turn, the share of the vast Northwest and Southwest regions in the national economy does not exceed 5,9 and 10,5% respectively. In the direct-controlled municipalities of Beijing, Shanghai and Tianjin GDP (PPP) per capita in 2015 reached 30 thousand dollars, in the provinces of Jiangsu and Zhejiang – 25 and 22 thousand dollars, while in Gansu, Yunnan, Guizhou and Tibet Autonomous Region the figures of this indicator varied between 7 and 9 thousand dollars. The level of difference between provinces in terms of disposable income is even more significant – up to 4,5 times. In order to eliminate the existing

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[6] Prevention of potential crises in these sectors is of particular importance, taking into consideration the influence of China on the world prices for construction materials. For instance, in the mid-2010s China's share in total cement production reached 60%, manufacturing of steel and steel products – 50%, primary aluminum – 47%, refined lead – 42%, zinc – 41%, tin – 40% (Samburova, 2016).

[7] In this regard, it should be stressed that Chinese infrastructure projects abroad are usually implemented on the basis of the principle of low localization: China is not only a source of debt capital, but also get additional benefits due to favorable conditions (the Chinese workers and management, the use of building materials produced in PRC, etc.). Thus, 70% of loans of "China Development Bank" and "The Export-Import Bank of China" to foreign companies was provided with the condition of purchase of Chinese equipment and use of Chinese labor force (Djankov, 2016).

imbalances in the first half of the 2000s, China implemented "Go West" policy, providing the measures for acceleration of inland regions' development (incl. the formation of a new industrial and transport infrastructure). The main idea is to shift the center of gravity of the economy westward, and therefore the reallocation of mobile factors of production (labor and capital) is needed. The creation of new transportation routes and "export gates" on the western borders of the country will definitely contribute to this process. Outstripping development of hinterland infrastructure acquires added significance in the conditions of externalization (offshoring) process – the relocation of labor-intensive manufactures from China abroad. The PRC is still not threatened by the probable loss of the "world's factory" status, but the price competitive advantage of Chinese products, resulting from the use of cheap labor, gradually come to naught. The average annual wage has increased in 2000-2016 from 8 to 62 thousand yuan (but the growth rates have been decreasing since the early 2010s). Increased costs and tougher labor laws force the manufacturers of consumer goods (textile, knitwear, clothing, shoes, toys, etc.) to relocate production to the countries of South and South-East Asia.[8] The outflow of capital is the most noticeable in the "industrial core" of China – from the coastal provinces of Guangdong, Fujian, Zhejiang, Jiangsu and Shandong. Taking into consideration the high degree of spatial concentration of certain industries, it may lead to the spread of industrial crises and social tensions in the single-industry towns. The internal areas with a relatively low cost of labor can attract at least part of relocated enterprises, but it is necessary to develop production, transport and social infrastructure, as well as to solve security problems and to create close-to-border trade and logistics centers. In the future, the role of such centers should play fast-growing transshipment points "Khorgos" and "Alashankou" in the Xinjiang Uyghur Autonomous Republic (XUAR). The region is in the focus of attention of developers of routes within SREB: the development of the territories close to the border with Kazakhstan and the use of Urumqi as an important transportation hub can help in the solution of economic problems and reduction of the intensity

[8] According to China Labour Bulletin, in 2016 the cost of labor in PRC was at a comparable level with Malaysia and the Philippines. The average wage in Bangladesh was 4 times lower than in China, in Vietnam and Cambodia – 2 times lower, in Indonesia – 1,5 times lower. For comparison, in Taiwan the figures of this indicator is 2,5 times higher.

of Xinjiang ethnic confrontation. The role of Xinjiang in such a case would be more in line with the transport function of "export harbors" of the eastern provinces, but its transformation into a leading area of domestic demand (as some authors claim) could unlikely happen. Among the most interesting ideas on the formation of new "growth poles" in the hinterland is the opening of special economic zone in Lanzhou in 2012.[9] There is a plan for construction of new commercial and residential objects (up to 1 million people will live in the new quarters in 2030). The role of Lanzhou as a transportation hub increased in 2014 after the opening a high-speed railway to Urumqi with the operating length of almost 1,8 thousand km. The city should become an important transit point for the planning transport corridors – motorway "Western Europe – Western China" (Lianyungang – St. Petersburg) and railway "New Eurasian Land Bridge" (Lianyungang – Rotterdam) (see Picture 2). The spontaneous formation of new industrial centers and agglomerations along the routes of SREB is unlikely, despite the optimistic forecasts contained in many reports and articles. Transport corridors of SREB will perform the mainly transit function, and it is noteworthy, that now the traffic is predominately one-way – goods are transported from east to west. Apparently, these corridors can expect the role of extraterritorial objects weakly involved in the economic processes in the regions through which they pass. In turn, the multimodal transport hubs of SREB and even cross-border transshipment points (a kind of "forced stop" points for cargo trains) have a much greater potential for industrial development. Our assessment can be illustrated by the principles of use of existing "Silk Roads" linking China to Western Europe (see Picture 3). For example, the Polish experts have lamented the lack of economic effects of goods transportation across the country, because there is no need for loading and unloading operations involving transit trains (Szczudlik-Tatar, 2013).

[9] "Lanzhou New Area" located in the economically underdeveloped Gansu province has become fifth of twenty existing special economic zones.

Picture 2. The "Silk Road Economic Belt" planned routes
(fragment of the map: Central Asia and Europe)

Source: author's own work

Picture 3. The "Silk Road Economic Belt" existing routes
(fragment of the map: China and Europe)

Source: author's own work

6. The development of foreign trade potential through modernization and creation of new objects of transport infrastructure, as well as formation of integrated transport systems

Projects of SREB and MSR should contribute to the development of the foreign trade potential of the Chinese economy, and since that it is important to modernize land and water transportation objects in China and in the partner countries of Central, Southeast and South Asia. It is known that up to 2/3 of global transport volume is carried by sea freight. If we consider the trade between China and the EU only, the sea freight accounts for 96% of transport volume or 80% in terms of cargo value (Rodemann, 2014). Thus, land routes of SREB only in the long-term and under certain conditions can become a real alternative (and not a secondary complement) to maritime trade routes between Europe and East Asia. The main advantage of the railway and road transport is the speed of delivery of goods, while sea container transportation is much cheaper. Cargo transportation from China to Western Europe by railways of existing "Silk Roads" takes (depending on the route) from 12 to 18 days, and by sea – from 30 to 40 days. From the other side, container-shipping costs are 15-40% lower. Therefore, the differentiated approach is preferable: to use different means of transport and routes, depending on the characteristics of the cargo (size, weight, storage conditions, etc.) and location of markets (the proximity of the harbor or hinterland areas).[10] The transport infrastructure of China is developing faster in comparison with the neighboring countries. In 2009 China has overtaken Russia by the total length of railways (121 thousand km) and now ranks second in the world. The length of high-speed railways in the PRC (19 thousand km) is more than in the other countries of the world

[10] SREB projects could also reduce the level of dependence on limited number of supply routes. For example, over 80% of China's oil import (and 85% of imports in general) is transported by sea via the Strait of Malacca (so-called "Malacca Dilemma"). The alternative is the transshipment of Middle Eastern oil via the Pakistani port of Gwadar recently modernized by China. The usage of railway and an oil pipeline from Gwadar to Kashgar will significantly shorten the distance (by 90%) and reduce transportation time.

taken together. By the total length of motorways, (123 thousand km) China is also the global leader. Among the top twelve seaports, eight is situated in China, although at the beginning of the 2000s only two Chinese ports were on the list of the biggest ports in the world. It is obvious that partner countries face difficulties to keep up the pace with Chinese speed of infrastructure modernization. Overproduction crisis in China could be an important factor in investment activity in the transport sector of the countries of Central, South and South-East Asia. The intensification of mutual trade is possible only under the condition of further integration of national transport systems and their coordinated development.

7. Expanding into new markets in order to export Chinese goods and to import mineral raw materials

In this work, we have already analyzed the problems concerning the level of dependence on raw materials and export orientation of some Chinese industries. In the context of the development of OBOR projects, many scientists make assumptions about possible shifts in the territorial structure of China's trade. Some predict a rise in the share of the European countries with the realization of SREB and MSR, while others believe that trade between China and the five Central Asian republics will grow even faster (Van, 2014). China's foreign trade turnover with the Central Asian countries increased rapidly: in the early 1990s it was about 0,5 billion dollars, by 2010 it reached 30 billion dollars, and by 2014 –50 billion dollars. The positive dynamics, above all, was a result of the trade growth with resource-rich Kazakhstan and Turkmenistan (about 1/2 and 1/4 of the total turnover). It should be noted, that in 2008 China has become the main trade partner of the Central Asian countries, pushing Russia into the second place. As for the mutual trade between China and the EU, the volumes are much larger (126 billion dollars in 2002; 521 billion dollars in 2015). Approximately 2/3 of the turnover is the Chinese export to the EU. China is the second trade partner of the EU countries (its share increased in 2002-2015 from 7 to 15%), and in 2005 it has become the main exporter of goods to the EU. The branch structure of China's trade with the SREB member countries is generally characterized by complementarity. The features of the geographical location of some countries define their dependence on export and import operations with China, while it is unlikely that the OBOR projects will contribute to the diversification of the territorial structure of their trade. The dependence of Central Asian republics on the import of Chinese products is rather high: in Kyrgyzstan and Tajikistan import from China accounts for 1/2 of the total import volume, in Kazakhstan – 1/3, in Uzbekistan – 1/5. The economies of the other partner countries are also largely focused on the consumption of Chinese goods: the share of the PRC in the import structure of Mongolia reaches 2/5, of Vietnam – 1/3, of Iran and Pakistan – 1/4. New supply routes of mineral resources will strengthen the position of China in the export structure of the neighboring countries. Their economic growth depends on the consumption of the raw materials by Chinese companies. For example, Mongolia sends to China more than 9/10 of its total export volume, Kazakhstan – 1/5, Turkmenistan – 2/3, Iran – 1/3.

8. Prerequisite for the development of economic integration in Eurasia

In the long term, the implementation of the OBOR initiative can contribute to the creation of new integration associations in Eurasia and the improvement of the functioning of existing ones. Under certain conditions, it can lead to a decrease in the number of cross-border barriers to the movement of goods and capital. The expectations from the possible integration of SREB and MSR partner countries are often exaggerated – one can notice just the rise of interest in enhancing the integration processes. Currently, China has 14 free trade agreements (FTA), which have been already signed. The most important is China – ASEAN agreement that entered into force in 2010. Besides that, ASEAN member states, China, India, Japan and several other countries are negotiating the creation of a Regional Comprehensive Economic Partnership (RCEP). Much attention is paid to the suggestion on the development of economic cooperation between The Eurasian Economic Community (EEC), The *Shanghai* Cooperation Organization and ASEAN, which has repeatedly expressed by Russia and Kazakhstan leadership. The Chinese authorities, in turn, claim to form a free trade area among the member countries of SREB. The thesis about the benefits from the proposed formats of regional economic integration is highly controversial, and since that we cannot expect the breakthrough in negotiations. Much depends on China: according to Li Keqiang, the free trade regime within SREB is a "long-term plans".

9. Contribution to the process of regional monetary integration and growing importance of yuan in international financial transactions

Since the late 2000s – early 2010s the Chinese leadership has repeatedly tackled the problem of dollarization of world economy and addressed the issue of making the yuan regional and global exchange currency (Djankov, 2016; Titarenko, 2015). The displacement of the dollar from the international financial markets was supposed to carry out by intensification of trade settlements in yuan and provision a reserve-currency status. In 2015, the IMF decided to include the yuan in the list of reserve currencies (10,9% in SDR basket of currencies) in recognition of the success of Chinese financial reforms. Since the late 2000s, China has begun to carry out currency swaps with the ASEAN countries. The reduction of transaction costs and application of preferential tax treatment should encourage companies to make trade settlements in yuan. The Chinese currency internationalization process can be influenced by the proposal to OBOR countries to make settlements in national currencies. In this connection, it is necessary to remind of the efforts of the Russian leadership to realize the ambitious plan to create a monetary union within the EEC. It is doubtful that China will back the projects of monetary integration in Eurasia, in which it cannot play a leading role.

10. "One Belt, One Road" as an ideological milestone. Binding element of socio-economic and foreign policy concepts of the new Chinese leadership

The new leaders of China, as well as their predecessors, pay attention to the development of the theoretical basis explaining domestic and foreign policies and strive to make their own contribution to the concept of Chinese socialism. In this paper, we have already analyzed the place of the OBOR initiative in the ideological system of contemporary China. In particular, it defines a foreign policy vector, and its implementation should help to achieve the "Chinese Dream" goals (Lo, 2015). The basics of this concept are also reflected in the 13th Five-Year Plan (2016-2020) and in the national development strategy, presented on The *Third Plenary Session* of the *18th CPC Central Committee (2013).* In addition, OBOR has the characteristics of an "umbrella" concept, because it brings together a large number of approaches in the conventional boundaries of the main idea.

11. The development of humanitarian cooperation in the framework of "soft power" strategy

In the official report of the State Council, development of humanitarian ties between the OBOR countries is described as "people-to-people bond". It is connected to a wide range of joint activities – from cooperation in the field of culture and science, including the exchanges, to the development of tourist routes and creating a network of sister cities. The Chinese authorities do not conceal the interest in improving the country's image as a political and economic partner – "to foster… friendly public opinion" (Vision and Actions…, 2015). The set of mechanisms of humanitarian cooperation between the OBOR countries should be considered from the standpoint of the "soft power" strategy. For example, some Chinese experts urge to increase the number of professionals sent abroad (for the exchange of experience) in order to create in partner countries the "layer" of skilled managers experiencing loyalty towards China (Swaine, 2015; Titarenko, 2015). With the aim of formation of pro-Chinese elites in partner countries, the PRC is expanding its presence in the field of education: the authorities support the allocation of scholarships (up to 10 thousand annually) and grants, the opening of the Chinese language centers, the expansion of the Confucius Institutes network, etc.

12. "Turning risks into opportunities": the improvement of security and reduction of tensions between the Eurasian countries

One of the main objectives of the OBOR initiative is a promotion of socio-political dialogue between the partner countries through economic instruments. Inter-ethnic and interstate conflicts in Eurasia should be considered as the most serious risks to SREB and MSR projects, but from the other hand, the willingness to work together can be the first step to normalize relations and reduce the level of militarization. The PRC declaratively refuses to interfere in the internal affairs of other countries, and the Chinese leadership expects the same from them. In 2014, Xi Jinping proposed a "new concept of Asian security" – the regional security problems should be solved without the external intervention. However, with the expansion of the area of Chinese economic interests the failures in non-intervention policy occur more and more often (e.g. the "triangle" China – Sudan – Darfur). It will be increasingly difficult for China to maintain neutrality in the relations with SREB and MSR countries, especially with the growth of Chinese investment in their economies. "Immaturity" of political and economic systems of host countries obviously carries additional risks for Chinese investment. Development of new transportation corridors in Eurasia and China-induced transformation of the global financial system are evaluated differently in the Triad countries: if European countries are involved in these processes, the USA and Japan try to confront them. China considers the American "pivot to Asia" concept as a part of "policy of containment". There are numerous examples: the exclusion from negotiations about Trans-Pacific Partnership (TTP), blocking of the Asian Infrastructure Investment Bank (AIIB) foundation, the development of the "New Silk Road" project, etc. (Lo, 2015; Rolland, 2015). In China, there are fears about the US influence on the spread of secessionism (Xinjiang, Tibet, Inner Mongolia) and even a possible blockade from the sea – in accordance with the time-tested principles of "anaconda" doctrine proposed by A.T.Mahan. The development of transcontinental supply routes may be one of the responses to the possible "deterrence in the east". Mutual contacts with the OBOR possible member states should help to solve security problems by joining forces in the fight against the so-called "three evil forces" – terrorism, separatism and religious extremism. The implementation of many projects of the official Beijing is difficult due to the activities of secessionist movements both in the country and abroad. Transport corridors of SREB, for example, must pass through potentially insecure areas (Xinjiang, Balochistan and Waziristan in Pakistan, Kachin and Shan territories in Myanmar). Security cooperation with the countries of SREB and MSR could reduce the level of terrorist threats emanating from Central and South Asia, and help to counter piracy in the South China Sea and the Strait of Malacca. It is still unclear, whether the implementation of the OBOR initiative could improve bilateral relations with the countries involved in territorial disputes with China (Spartly Islands and Paracel Islands with Vietnam, Scarborough Shoal with the Philippines). ASEAN states and India have expressed concern about the Chinese projects of port infrastructure modernization in Pakistan (Gwadar), Bangladesh, Myanmar, Australia (Darwin) and Sri Lanka (Hambantota). Some Western experts are convinced of the existence of the Chinese containment plan (aimed at India) – the so-called "String of pearls" strategy. In their opinion, the control of the strategically important ports in the Indian and Pacific Ocean will be the starting point for the deployment of a network of naval bases. One can mention the other risks for OBOR implementation, such as possible exacerbation of conflicts between third countries in the new areas of Chinese economic expansion. The example is the creation of "China – Pakistan Economic Corridor" passing through the northern part of Kashmir (Gilgit-Baltistan) claimed by India. By investing in this disputed territory, China, in fact, recognizes the right to Islamabad to control it, and it drives a new wedge in relations between Pakistan and India.

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