
Russia in Competitive Space of the Great Silk Road

Abstract

The article deals with the question of revival of the Great Silk Road (GSR). In its competitive space, there is an interaction of the Chinese concept of the Great Silk Road, the American concept of the New Silk Road (NSHP), the Russian concept of the Eurasian Economic Union and a multilateral concept of the Shanghai Organization of Cooperation. In these circumstances, the question of finding of optimal foreign policy and foreign economic strategy, allowing to avoid an open confrontation with the main centers of power, as well as efficient use of the potential of cooperation between them becomes the most urgent for Russia.

Key words: Silk Road, New Silk Road, Russia, China, USA, European Union, Eurasian Economic Union, Shanghai Cooperation Organization.

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In the beginning of the XXI century, the revival of transport communications in the space of the Great Silk Road (GSR) assigned to Russia a number of geopolitical and geo-economical tasks, the solution of which determines the success of the Russian integration associations. Thus, in connection with the internationalization of world economic linkages and the intensification of the world trade, there is a significant growth of the role of transport communications, passing through the Eurasian continent and crossing the space of such integration associations as the Eurasian Economic Union, the European Economic Union, the Shanghai Cooperation Organi-

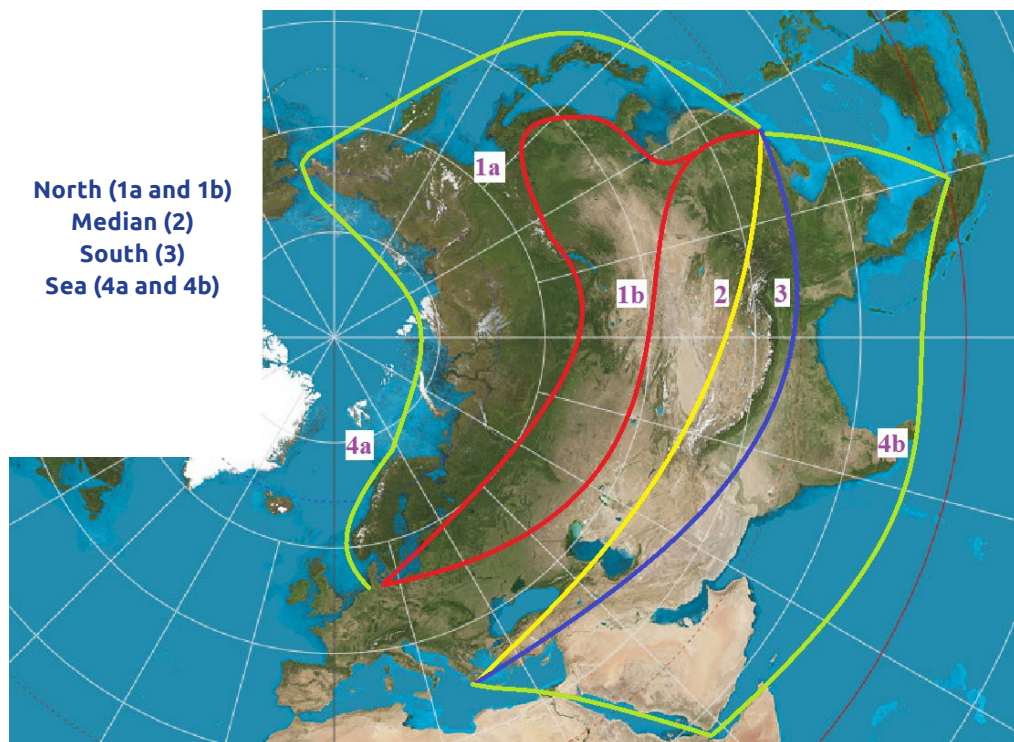
zation, the Association of South-East Asian Nations etc.

Historically in Eurasia for more than twenty centuries existed and successfully operated the so-called Great Silk Road, which had been of significant impact on the processes of struggle for power and economic prosperity of various States.

During the Empire of Alexander the Great they began to lay down or improve transcontinental transportation and sea routes between the Greek, Egyptian, Persian, Indian and Chinese producers, and consumers.

However, the development of the trade ties and the intensity of the flow of goods and capitals regularly decreased because of

**Figure № 1. The International Transport Corridors of the Great Silk Road.
North (1a and 1b) Median (2) South (3) Sea (4a and 4b)**



military conflicts and political contradictions between the Eurasian powers. One of the first significant decrease of the through flow capacity of the Silk Road was caused by the withdrawal of the Romans from the Middle East in the VII century and the beginning of the activation of the Arab expansion in the region. During the numerous Byzantine-Iranian wars, Persia blocked the caravan routes, in order to cause economic damage to the Byzantine Empire. In the period of VIII–X centuries instead of the Persian piece of the Great Silk way the river routes of the East European Plain were used, which was dominated by the Khazars and the Vikings. The increase in the number of products and enrichment at the expense of trade with the East led to a significant lamination in these lands, and the construction of numerous military and trading fortresses, which later became states such as volga Bulgaria, Khazar khanate and the Old Russian State.

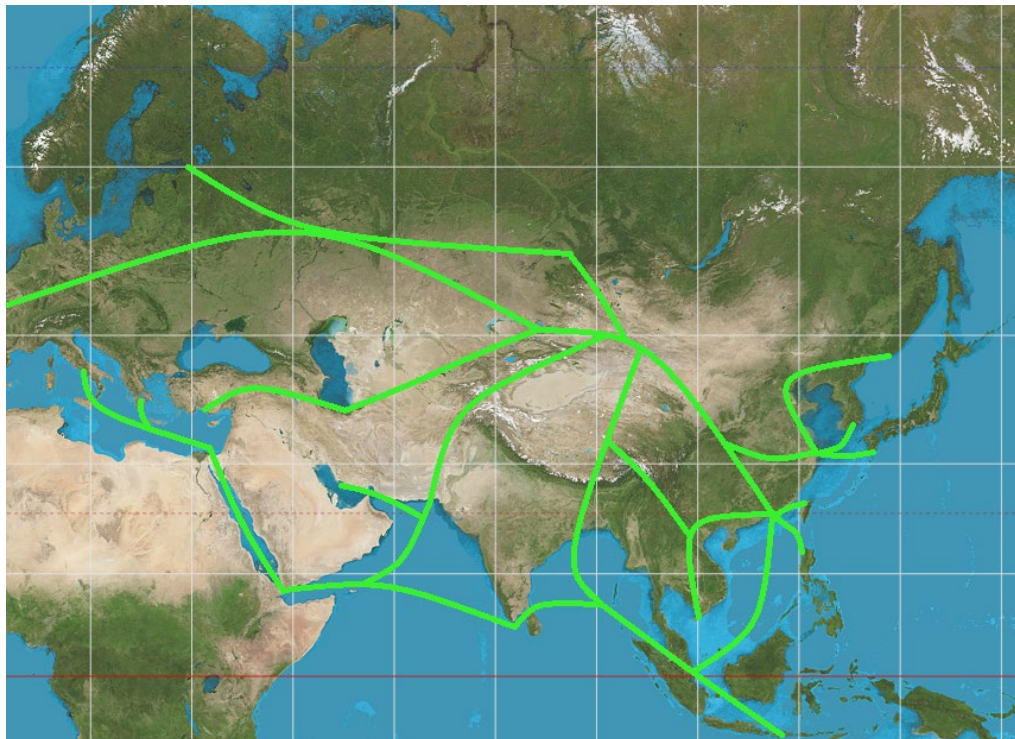
In VI–VII centuries as a result of Persian-Byzantine wars one of the branches of

the Great Silk Road passed through the territory of the North Caucasus. It was caused by the attempt of Persia to limit Byzantine trade through imposing heavy taxes on Greek merchants. That was why, the caravans from China and Central Asia went around, skirting the Caspian Sea from the North.

The expansion of the Mongol Empire in the XIII century, which territory included large areas of Eurasia, led to the revival of land commerce in the space of the Great Silk Way. In the XIV–XV centuries trading empires of the Venetians and the Genoese began to build transport communication in its European part and fortify them with the help of trading fortresses on the shores of the Adriatic, Aegean, Marmara and the Black seas.

By the fifteenth century, the Silk Road was in decline due to the renewed military conflicts in Central Asia, in particular, the invasion of the Turkmen tribes and conquests of Tamerlane, which stimulated the development of maritime trade subsequently leading

**Figure 2. The Chinese concept
of the «New Silk Road»**

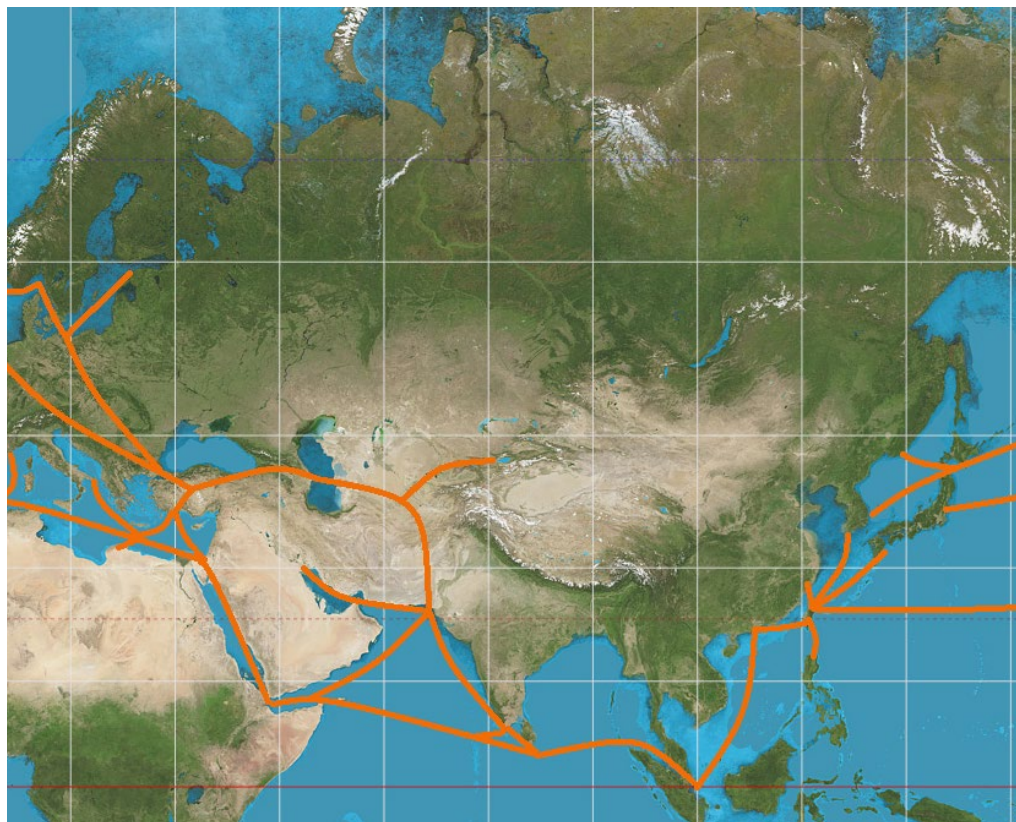


to the Great geographical discoveries. The evidence of the presence of definite interest of China to the development of the maritime components of the Great Silk Way became the Chinese travels of the Admiral Zheng He in the Persian Gulf and to the coast of Africa in the mid-fifteenth century. A century later, the Turkish Empire and the Grand Duchy of Moscow had occupied almost all the space from the Arctic Ocean through the Middle East and North Africa almost to the Strait of Gibraltar, using the possibilities of overland Asia-European trade. European states had to begin to seek alternate trade routes. As a result, the development of oceanic communications appeared the most promising strategic direction of international trade in the XV century. High speed, the possibility to carry large loads, the relatively low price of the maritime movement began to cause the decline of the value of the Great Silk Way by the end of the XV century.

The revival of the Great Silk Road began with its scientific comprehension in the

fundamental work «China» of the German researcher Ferdinand Richthofen in 1877. In the XX century, the Great Silk Way, already out of function, played a crucial role in the history of China during the civil war, when in 1939, the government of China asked the Soviet Union to build a new automobile road, partly coincident with the North direction of the silk road which later helped China to survive in the struggle with Japan.

In the twenty-first century, the Great Silk Road begins to gain a radically new content within the framework of the four international transport corridors: 1) North, passing through the territory of China, Kazakhstan, Russia, Belarus and the European Union (EU); 2) Median, passing through the territory of China, Kazakhstan, Uzbekistan, Turkmenistan, Azerbaijan, Georgia, Turkey and European Union; 3) South, passing through the territory of China, India, Tajikistan, Uzbekistan, Turkmenistan, Iran, Turkey and the European Union; 4) Two Sea corridors — envelope the Eurasian conti-

**Figure 3. The American concept
of the «New Silk Road»**

nent in the South and in the North and go up to the states of the European Union (Fig. № 1).

The greatest interest to Russia present the corridors 4A, 1A, 1 b. As for China, the most perspective are the corridors 2, 3, 4b, that does not exclude the increase of China's interest in the corridors 4A, 1A, 1b in the case of growth of conflict in Central, South and South-East Asia.

Conflicts associated with the growth of terrorist activation in the Middle and South Asia together with the effects of the «Arab spring» in the Middle East and North Africa, today are threatening not only China's national security, but also the national security of Russia. They can potentially block the transit route from Asian — Pacific Region to Europe.

The fact is that the territory of Russia can be crossed with the Eurasian Land Bridge (corridors 1a and 1b), which will connect the West coast of the Pacific ocean through the

Trans-Siberian railroad with the European part of Russia and further with the European Union. The southern branch of the Eurasian Land Bridge (corridors 2 and 3), starting in China, continuing in Kazakhstan and running through Russia, can also be an international transport corridor to the territory of the EU. The project and construction of the above two transport routes concerned Washington. Moreover, the stronger U. S. trafficked traded in the Affairs of South and Central Asia, the more intensive strategic cooperation between Russia and China. The main regional integration project of Russia in the space of the Great Silk Road became the Eurasian Economic Union, created as an economic and in perspective a political Union between the former Soviet republics, including Belarus, Kazakhstan, Kyrgyzstan, Armenia and Russia. An important step towards the formation of the Eurasian Economic Union was the cre-

ation in 2010 of the Customs Union, signed by three members — Russia, Kazakhstan and Belarus. Kyrgyzstan and Armenia joined it in 2014. Tajikistan has announced that it is going to consider the question of accession to the Union, but the process of its accession depends largely on the membership of Kyrgyzstan in connection with the lack of a common border with Kazakhstan.

On the one hand, the Russian vision of the regional integration is partly contrary to the concept of the US revival of the Great Silk Road. If the United States consider the Eurasian Economic Union as an attempt of the former Soviet republics to recreate the Soviet Union, Russia sees in the American concept of the New Silk Road (NSR) an attempt to weaken ties within Eurasia. The American concept of the New Silk Road includes the creation of a regional energy system in South (Afghanistan, Pakistan, India) and Middle Asia, further development of trade in these regions, the diminution and harmonization of customs rules, as well as, in the perspective, the convergence of socio-political systems of these states on the principles of democracy. In this sense, the American concept can be considered as a method of confrontation with Russian and, to some extent, Chinese influence on the countries of Middle Asia, by its political and ideological orientation to the countries of the region.

On the other hand, it is easy to find mutually beneficial points of contact between the Chinese concept of the Great Silk Road (GSR) and the Russian vision of further development of the EEU, its harmonization with the GSR. Therefore, China in the face of the Chinese President XI Jinping in 2013 put forward the strategic concept of the development of GSR, as well as «The Community of Common Destiny China-ASEAN» and «Maritime Silk Road of XXI century» (Fig. № 2). Thus, China has offered to form the world's largest economic zone covering, more than thirty countries of Eurasia with the population of more than three billion people, providing up to a quarter of the world exports. China, unlike the USA, does not seek to create a separate

format for the development of Middle and South Asia, and vice versa, is interested in the development of transport and energy communications throughout the GSR, which start in China and spread through Middle Asia, Iran, Kazakhstan, the Caucasus, Turkey and Russia to the EU countries. The boundaries can be extended to Western and Southern Asia and to Central and Eastern Europe.

However, Russia in the process of Eurasian integration in the framework of the EAEU format does not intend to recreate the USSR or to displace the US from Eurasia. The Eurasian Economic Union for Russia is the project aiming at restoring of its geopolitical and geo-economical presence in Eurasia and particularly in Middle Asia, as well as at maximizing of the mutual benefits from international trade. Recent conflicts, the most sharp in Ukraine, actualized the issues of a flexible format of cooperation in Eurasia, the search for reasonable, beneficial to all participants, regardless of geopolitical ambitions, economic alternatives, built on a pragmatic and real, in terms of financial security, basis.

The establishment of the Shanghai Cooperation Organization (SCO) in 2001 was an important feature of the strategic convergence between Russia and China. Today SCO includes not only the Middle Asian republics (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan), but also India, Pakistan, indicating to a certain intersection of the SCO and the approaches of Russia, China and India, concerning the development of the Silk Road with the American concept of NSR (Fig. № 3). However, among the priorities of Russia in this organization there is no task of competition with the United States in Eurasia, as well as the activities of the SCO are not anti-American. The main Russian priorities include the increasing of the role of SCO as a mechanism for regional security, launching of multilateral economic projects, deepening of cultural ties. Russia is ready to establish relations of the SCO with the Eurasian Economic Union, to expand cooperation with other international organizations, especially the UN, which also is interested in

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the strengthening of cooperation with the SCO, in ensuring of stability in the region.

The Shanghai cooperation format in the Eurasian space contributes significantly to the revival of the Great Silk Road. Thus, in 2014, the SCO countries signed the agreement on creation of favorable conditions for international road transport, which aimed at the formation of international transport network of road routes, including the transport corridor from Europe to Western China. In the case of its full-scale launch, the opportunity of direct land connection of the ports of the Yellow Sea with the ports of the Leningrad region will appear, and significantly will expand the capabilities of the transit of Chinese goods to Europe and Russian goods to South-East Asia, bypassing such risky transit regions like South Asia and Asia Minor, and the Middle East. The countries of the SCO in the nearest future are planning to adopt the program for the coordinated development of roads.

One of the strategic priorities of Russia in the framework of the revival of the Great Silk Road is the economic development of Siberia and the Far East, which becomes the most evident on the background of the rapid growth of the Asia-Pacific region, particularly of China. Russia has developed a number of state strategies and programs for the integrated development of Siberia and the Far East oriented to the export to the countries of the APR, and with the extension of the Trans-Siberian Railroad. It is important to consider, that the Russian Far East is located in the Northern part of the APR and possesses both land and sea exits to the region. The aggregate GDP of Asia Pacific Countries is more than fifty trillion dollars. In case the vol. of Russian exports rises to at least two percent of the GDP of the Asia-Pacific region, the Gross Regional Product of Siberia and the Far East will double. The export model of the economy of Siberia and the Far East of Russia will work in case of creating a number of free economic zones on their territory on the model of Singapore, involving the production of large transnational corporations. In the SCO framework there should be created the

territories of advanced development in Siberia and the far East, promote the revival of the GSR and the Chinese Eastern Railway, and to carry out the transition to payment in rubles with the countries in the Asia Pacific region, in particular, with the Northern areas of China and North Korea. Russia's chairmanship in the SCO in 2014 opened new prospects for the development of Siberia and the Far East region. The conceptual basis of POR should be the conditions for the implementation of business that meet all the international standards and competitive relationships with key business centres of Asia Pacific Region.

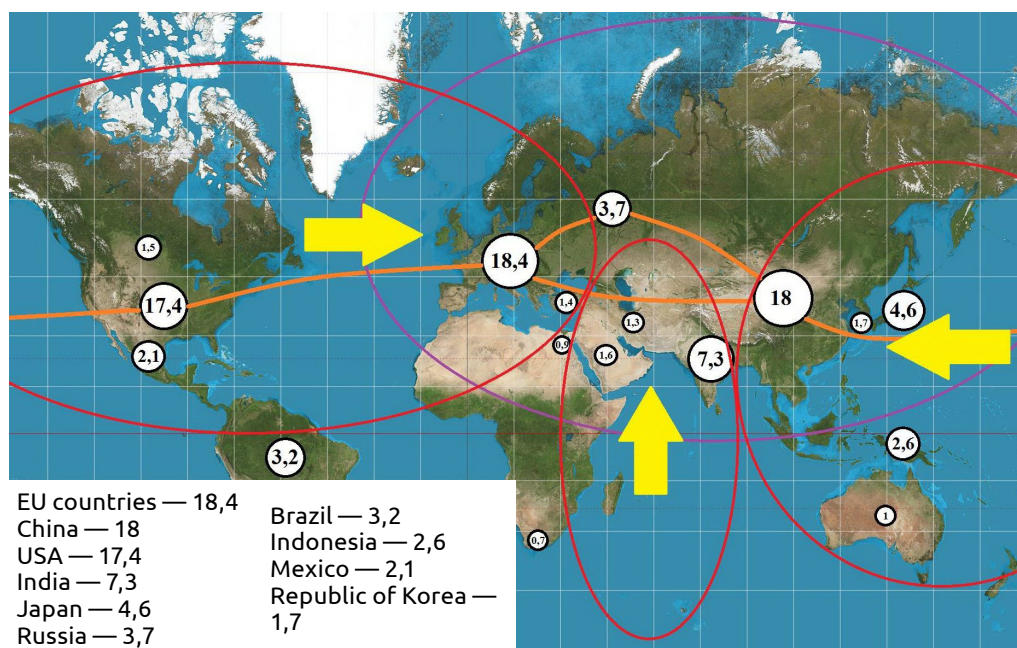
The geopolitical role of Russia traditionally has been to strengthen the civilization- economic and transport links between Asia and Europe. At the present stage, Russia defends the idea of the revival of the Chinese Eastern Railway, attracts significant funds to the modernization of the Trans-Siberian Railway, consolidates the cooperation with North and South Korea, where one of the segments of the Great Silk Road can be launched. The negotiations with North Korea has already started on the transition to payments in rubles, on the long-term visas to Russian citizens working in the companies-investors, on granting Russian investors full access to mobile communications and internal Internet on the territory of the DPRK.

Russia is also attracting Chinese investors to the projects of the development of the system BAM — Trans-Siberian Railway, particularly, to the completion of the BAM with underwater tunnels, connecting the Sakhalin Island with the mainland and, perhaps even with the Japanese island of Hokkaido. The implementation of this plan would allow to create the highway Japan — Western Europe, the development of which would give the impetus to the economic development of the Far East.

However, this project has a very uncertain future because of the territorial claims of Japan.

Russia through the prism of the Chinese vision of the GSR still does not represent a strategic market (ranking 15 of the major trade partners of China in 2015, behind

Figure 4. Countries by GDP (PPP) in trillion USA \$.



Germany, the UK, Brazil, Thailand and India), but proves a strategically important transit territory (the vol. of China's foreign trade exceeds four trillion dollars, and the vol. of Russian-Chinese trade will approach 100 billion \$ only by 2020). However, because of the continuing instability in the Middle East and in the Caucasus, the transport arteries on the territory of Russia are of paramount importance and contribute to the substantial development of the Russian economy. The domestic economy receives a boost from the construction or modernization of the Russian part of the planned Beijing Main Container Road, which begins on the Eastern coast of China, passing through Kazakhstan, merges with the highways of Russia and Belarus, having the opportunity of a partial reorientation to the southern Crimean direction. The role of the understudies will play Trans-Siberian Railway, BAM and other railways, modernized with the Chinese participation.

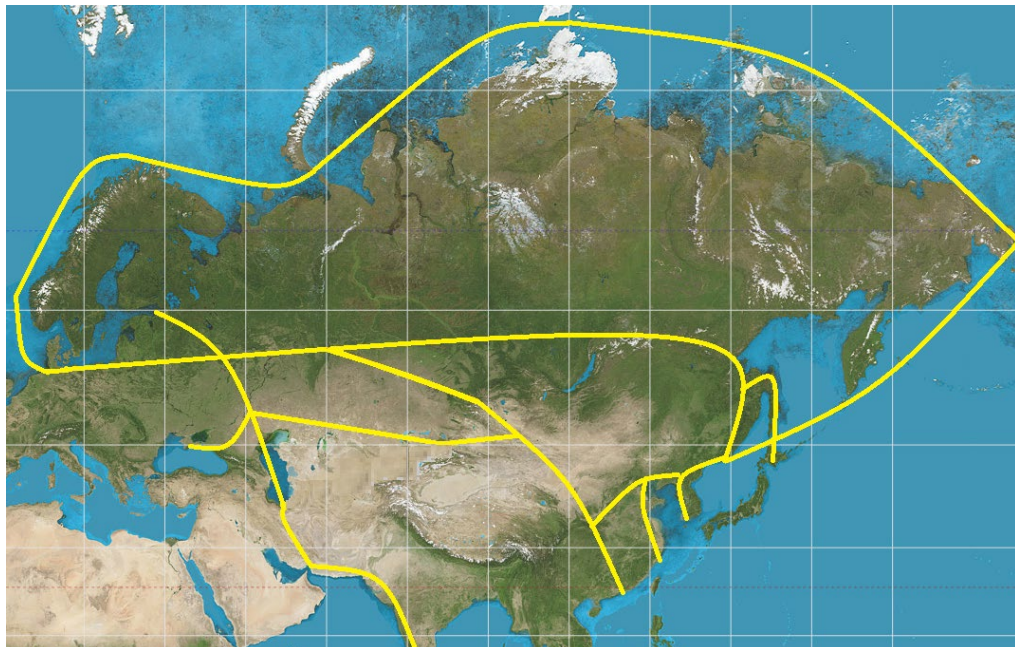
Further development of transit potential of Russia is experiencing a number of challenges and threats from the border regions, connected with the foreign activity of Western countries, which is particularly sensitively

perceived by China, dependent of the international transport communications. So the accession of the EU to the US sanctions against Russia, concerning events in Ukraine, showed to China how the EU can act in the prejudice of their economic interests and reduce the space for mutually beneficial cooperation.

Moreover, the activities of the United States in the Asia Pacific Region also bring new risks to Russia and China, if the Transatlantic Free Trade Area under the leadership of the United States will be implemented practically. Along with the Trans-Pacific Free Trade Zone, it is designed to create a field of global Commerce, free from unwanted for the US economies.

Restrictions in mutual trade between Russia and the EU contributed much to the intensification of Russian-Chinese trade, causing the appearance of industrial and subindustrial niches for Chinese goods in the Russian market, which appeared after the introduction of the sanctions by the Western states. It is pushing China to increase the vol. of trade with Russia and invest to major infrastructure projects, as well as to continue military-technical cooperation in the condi-

Figure 5. Prospects of the development of the Great Silk Road in the context of the realization of the national interests of Russia



tions of the growing international tension. The relevant agreements between Russia and China increase the number of joint projects in high technological branches of science and industry with favorable consequences for mutual development.

Confrontational dynamics of the relations between Russia and the West causes some harm to the development of the Russian terrestrial section of the Silk Road, but allows to strengthen Russian-Chinese cooperation, and to redirect the traffic flows of the Southern terrestrial section of GSR, bypassing Russia and to intensify the development of the Northern Sea Road, as well as the Chinese strategy of «Strings of Pearls» (sea section of the Great Silk Road, passing through the South China Sea, the Bay of Bengal, the Arabian and the Red seas with access to the Mediterranean sea). At the same time, China is closely following the geo-economic steps of Russia, particularly the attempts to maintain its economic presence in Ukraine and in Eastern Europe, as well as to create the Eurasian Union based on the Eurasian Economic Union. It is easy to explain the re-

luctance of China to have Russia as a competitor in the Central Asia for after the rejection of the Chinese initiative of creating a free trade zone between the members of the Shanghai Cooperation Organization, Russia has continued to develop its project of a free trade zone of the Eurasian Economic Union that was cautiously received in China.

In the beginning of XXI century, the unwillingness of some states in the space of the Great Silk Road to change the status quo can be a major obstacle to its successful implementation. The practical use of certain initiatives and projects is criticized by the authorities of the states that are not ready to trade liberalization, empowerment of the private sector or opening of their economies. However, staying on the sidelines and not able to use the opportunities introduced in the framework of the Silk Road, eventually they will endanger their status quo. For example, not all the countries of Central Asia have access to the open sea, so without the transregional and interregional cooperation it is extremely difficult to achieve the rapid economic development.

Further development of the Eurasian Economic Union in conditions of the realization of the Chinese concept of the Great Silk Road can become a valuable strategy of economic development of Russia and of its integration into the world economy. These initiatives should focus on the developing of mechanisms to facilitate the continental trade between Asia and Europe, facilitate economic development and stabilization in the South and Middle Asia, and the integration of Russia with the economies of Southeast Asia, and Europe.

The United States objectively assessing the prospects of the strengthening of transport communications between Russia, China and EU (together about 40.1 % of the world GDP), tend to reduce the dependence of its European allies in EU and NATO on Russian energy and Chinese goods. Therefore, they seek to strengthen political, economic and military unity of the transatlantic community, in particular NATO. For these purposes, The United States are promoting two major foreign policy initiatives: one, the concept of NSR, and the other is the intention of America to increase its military presence in the Asia-Pacific Region (Fig. № 4).

The arrows show the directions of the realization of USA concept of the New Silk Way and its intersection with the space of Chinese concept of the Great Silk Road and of the EU and SCO.

However, if we consider bilateral contacts between Russia and China, they are not always characterized by cooperative interactions, particularly in the institutionalization process of the EEU and the Chinese approach to the development of the SCO and the GSR. The creation of the Eurasian Economic Union in 2015 affected the interests of China in the Central Asia and weakened the economic prospects of SCO development, which could lead to serious political difficulties in the Russian-Chinese relations. However, the weakening of Russia by the actions of the West is not included in geopolitical plans of China, and the success of the Eurasian economic project will strengthen Russia, which is more important for China than a tactical loss

in the Central Asia. However, there is also the possibility of US-Russian cooperation (another strategic «reset»), based on a common understanding of the need to prevent the overgrowth of the economic expansion of China in Eurasia into the geopolitical dominance in the region to the detriment of the long-term interests of Russia or the United States.

Considering the China-American rivalry in the Middle Asia, it is important to note that the China-American relationship is too important for both countries, so China and the US are trying to refrain from confrontation and adhere the policy of cooperation: any problem can be adjusted within the emerging system of mutually beneficial tandem, the economic «Chimerica» in the global space.

It should be noted that China would strive to strengthen its economic and political presence in the Central Asia. On this road, it will be hard to China to avoid the exacerbation of economic competition, in particular in the energy sector, with Russia. The attempts of Russia and the Central Asian countries to negotiate the international trade cooperation can also be in conflict with the economic interests of China, especially concerning the joint supply of raw materials and the attempts of Russia and Central Asian countries to negotiate international trade cooperation, especially in terms of joint raw materials delivery to China. Nevertheless, Russia and China maintain mutual interests in terms of security and limitations of US influence on regional processes. Thus, between the two centers there are mismatches on the line economy-security, 'which can serve the base for building of the strategy of Russia in Central Asia.

It is necessary to evaluate objectively the potential of China, USA, EU and other actors in the process of implementing of their vision of the Silk Road. Despite of the significant achievements of China in Central Asia and those of the United States in the European and Asian regions, there remains a large number of unresolved issues that complicate the relations between China and the United States with the countries of the region. One of the most pressing issues for China are serious

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internal challenges it faces now, particularly, unfavorable demographic trends, social stratification, environmental pollution, the need for political reforms, the crisis of traditional values and others. In its turn, the USA have to reform American leadership in Eurasia, which intensified after the collapse of the Soviet Union, but at the same time, begins to weaken due to the successful economic rise of China.

Therefore, Russia should increase the capacity of regional integration in the format of the EAEC, and seek to harmonize relations with the SCO, and China GSR project and the American NSHP, to look for opportunities of mutually beneficial cooperation with European partners. The Position of Russia in the competitive space of the Great Silk Road will take place within three most probable scenarios:

1. «State», involving efforts to revive the Great Silk Way within the framework of the EAEU and the development of Euro-Asian transport links, with the support of national

governments (Fig. № 5). Each of the transit states in the implementation of this scenario would seek to achieve benefits for national transportation carriers and other market participants and the economy as a whole;

2. «Regional» implying close regional, including bilateral cooperation of Russia, China, etc., including the implementation of the prospective integration projects (harmonizing the EEU and the SCO), in order to benefit the geographical location and transport communications, the harmonization of the transportation process and elimination of various barriers for carriers and cargoes in the International trade;

3. «International», providing the development of the terrestrial transport bridge between Europe and Asia involving the US, EU and other countries and various international organizations and transnational corporations.

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