

## The Belt and Road Initiative in Central Asia: Trade, Influence and Rivalries

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Global powers such as China, Russia and the EU are engaged in a strategic contest for influence in Central Asia. As they compete, the region is skillfully navigating complex diplomatic spaces, leveraging their strategic position to maximise economic opportunities and maintain their political autonomy.

The China-Kyrgyzstan-Uzbekistan (CKU) railway project, set to begin in 2025 and end in 2031, marks a significant shift in trade dynamics between China, Central Asia (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan) and Europe, yet many doubt that such an ambitious timeline is realistic due to the technical, financial and geopolitical hurdles involved. By reducing the time needed to transport goods from two weeks to one, this railway corridor could, according to the Chinese government, **transform global supply chains and strengthen Central Asia's strategic status**. However, this initiative raises many concerns about the increasing economic dependence of Central Asian countries on China and this country's expanding influence in the region. Those corridors (air, road and rail) would also cross the Caspian Sea, allowing them to bypass Russia but increasing the risk of saturation at Baku Harbor.

This strategic brief examines China's expanding network of goods transport corridors linking Kazakhstan and Kyrgyzstan to Europe. As key arteries of the BRI, these corridors are not just trade routes: they represent a strategic push to deepen China's influence in Central Asia and beyond. How do these infrastructure developments reshape regional dynamics, economic dependencies and geopolitical alignments?

**China's Growing Influence in Central Asia.** – Since the BRI's launch in Astana in 2013, China has significantly bolstered its economic and diplomatic ties with the five Central Asian countries. Through substantial investments, China has established itself as a key

player in the region. Kazakhstan, the primary recipient, received \$1.62 billion in 2023, ranking 6<sup>th</sup> globally for Chinese direct investment. Uzbekistan ranks 15<sup>th</sup> with \$322 million. Cooperation between Kazakhstan and China has deepened in the last few years, focusing on new technologies, energy and transport infrastructure modernisation. In 2022, China emerged as a significant trade partner for Kazakhstan, accounting for 28% of its imports, closely following Russia at 29%, thereby highlighting China's growing influence in the country's economy. However, these partnerships have raised **serious concerns about potential "debt traps,"** a phenomenon observed in infrastructure development in East Africa and the Indo-Pacific. By the end of 2023, Kyrgyzstan owed Exim Bank \$1.7 billion, with China accounting for 36.7% of Kyrgyzstan's external liabilities. Attempts by the government to suggest alternative solutions, such as swapping debt for investment in ecological projects, have not met with the expected response from the Chinese authorities. This situation puts Kyrgyzstan in a precarious position, where it has to balance the economic opportunities offered by cooperating with China against **the risks of increased dependence** on its main trading partner.

China's presence in Central Asia is also reflected in its **extensive soft power** through education, culture, media, diplomatic initiatives and historical narratives such as the ancient silk roads. Since the 2000s, approximately twenty Confucius Institutes have been established to promote the Mandarin language and Han culture. Central Asian students can also benefit from

studying at Chinese universities if they learn Mandarin, and in the long term can contribute to the dynamism of economic exchanges with China.

**Trade Reconfiguration.** – There are nine crossing points between China and Kazakhstan and Kirghizstan<sup>1</sup>. **Kazakh border crossings handle over half of the railway traffic between China and Europe.** Improved transshipment infrastructures have reduced average train handling time by 30 to 50%. From Xinjiang Province, air freight links also now serve major urban centers of Central Asia. The launch of the China-Kirghizstan-Uzbekistan project should also increase traffic from central and western China by up to 20,000 containers per year, while the current annual container traffic is approximately 5,000 containers.

Despite expectations of a decline in Russia's economic presence in the region since the Ukraine conflict, Russia still accounts for a third of Central Asia's foreign trade. In November 2023, the **creation of a new central corridor**, adopted by the members of the Shanghai Cooperation Organisation (SCO) will link Kyrgyzstan to Russia via Uzbekistan and Turkmenistan. Another corridor, Belarus-Russia-Kazakhstan-Uzbekistan-Afghanistan-Pakistan, should also help to develop regional multimodality.

Faced with these two players, the European Union has allocated €10 billion to the Global Gateway initiative to coordinate investment in the development of infrastructure connectivity in Central Asia, the Southern Caucasus and Turkey. Trade between EU member states and Central Asia has thus increased considerably since the war in Ukraine, with trade between Kazakhstan and the EU alone reaching \$44.2 billion in January-November 2024, an increase of 17.7% compared to the previous year. The **EU's substantial investments demonstrate its commitment to strengthening its economic presence** and positioning itself as a viable alternative to foreign influence in the region.

**Geostrategic Rivalries.** – Traffic between the European Union and Russia via Central Asia enables companies to **circumvent sanctions**, particularly for technological goods used in drone and missile production. The threat of European sanctions places Central Asian states in a complex situation, as they navigate their different partnerships. This only strengthens China's presence, offering stability in these conflicts. **Turkey is also another key actor** supporting the development of the BRI and transport connections through the Middle Corridor. Its influence remains relative, but the country is crucial to maintain the connection to Europe from the Caspian Sea. Turkey's engagement with the BRI is partly motivated by a desire to reduce its reliance on Western

1. There are also border crossings with Tajikistan, such as the the Karasu-Kulma Pass, although they are much less active and secured.

institutions such as NATO and the European Union, raising concerns about the country's long-term alignment. Turkey's economic pivot to Asia, driven by a desire to diversify trade, is further reshaping regional connectivity and geopolitical dynamics.

China's non-interference strategy enables it to develop economic partnerships without encroaching on a region still described as Russia's traditional sphere of influence. **Russia maintains a strong military presence** through the Collective Security Treaty Organisation (CSTO), providing equipment and training. As an example of Russia's strong influence, President Putin was the first to be called by President Tokayev during the deadly events in Kazakhstan in 2022 for armed forces to intervene. **China's military involvement in the region remains limited**, with only a military base in Tajikistan, occasional joint exercises, officer training and arms assistance and exports. Nevertheless, security cooperation is primarily conducted with the SCO (against criminality and terrorism) but also with the People's Armed Police. China's involvement in this sector of the region is slow and cautious. According to some Chinese academics, Central Asia is mostly seen as a buffer zone to Europe, the main objective being to limit Western influence.

While China's interests in Central Asia are primarily economic, there is a risk that infrastructure development may increase the dependence of Central Asian states on China. These corridors generate economic activity, but their benefits for local economies remain limited: growth largely favors China and reinforces regional dependence. The corridors' economic impact is extremely limited and primarily serves China's interests. European companies face challenges competing with China's influence despite various EU initiatives. One opportunity remains in fostering cooperation with local populations. Nevertheless, Sinophobia continues to rise daily. Meanwhile, support for Ukraine has triggered protests, though these have largely been suppressed by Central Asian governments. In the long term, this new market for China could become a genuine transit hub for Europe, creating a diversified network for Chinese imports and exports and serving as an alternative to EU support. With Central Asia leaning toward China in response to the war in Ukraine, and Russia exploring a potential U.S. rapprochement, will Beijing and Moscow deepen their partnership or drift into competition? ■

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