



ХАЛҚАРО МУНОСАБАТЛАР // МЕЖДУНАРОДНЫЕ ОТНОШЕНИЯ // INTERNATIONAL RELATIONS

ZANG HONGYUAN

Lanzhou University PhD Candidate

**Problems and prospects of the project of china-kyrgyzstan-uzbekistan railway**

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**Annotation.** *It is necessary to consider the possible mutual benefits not only for the three states that are directly involved in the project, but also the benefits for enhanced regional integration. This article will provide a number of recommendations for problems and prospects of the project of China-Kyrgyzstan-Uzbekistan Railway.*

*The need for such transport links should be seen in the light of both Uzbekistan's and Kyrgyzstan's economic under-development and having enhanced transport links to the wider world could go a long way towards revitalizing these struggling economies. For both landlocked states, (in Uzbekistan's case 'Double Landlocked') connecting to the outside world has been a big issue since gaining independence from the Soviet Union in 1991. Central Asia inherited a railway network that in many cases left the newly independent states with transport infrastructure gravitating more towards Moscow than with the rest of the region (or even with other parts of their own countries). Additionally, in the case of Kyrgyzstan more than Uzbekistan.*

**Key words:** *problems, prospects, project, China-Kyrgyzstan-Uzbekistan Railway, economic, trade.*

**Annotatsiya:** *Ushbu maqolada bevosita ishtirok etadigan uchta davlatlar bu borada bo'lgan o'zaro manfaatlarni, balki mintaqaviy integratsiyani kuchaytirish uchun imtiyozlarni ham ko'rib chiqish kerak. Ushbu maqolada Xitoy-Qirg'iziston-O'zbekiston temir yo'li loyihasining muammolari va istiqbollari bo'yicha qator tavsiyalar beriladi.*

*Bunday transport aloqalariga bo'lgan ehtiyoj O'zbekiston va Qirg'izistonning iqtisodiy tomondan rivojlanmaganligi va butun dunyo bilan transport aloqalarini kengaytirish ushbu gullayotgan iqtisodiyotni tiklash yo'lida uzoq yo'lni bosib o'tishi mumkinligi nuqtai nazaridan ko'rib chiqilishi kerak. Ikkala dengizga chiqmagan davlatlar uchun ham tashqi dunyo bilan bog'lanish 1991 yilda sovet Ittifoqidan mustaqillikka erishgandan beri katta muammo bo'lib kelgan. Markaziy Osiyo temir yo'l tarmog'ini meros qilib oldi, bu ko'p hollarda yangi mustaqil davlatlarni mintaqaning qolgan qismiga (yoki o'z mamlakatlarining boshqa qismlariga) qaraganda ko'proq Moskva tomonga cho'zilgan transport infratuzilmasi bilan tark etdi. Bundan tashqari, O'zbekistondan ko'ra ko'proq Qirg'iziston uchun ahamiyati katta.*

**Tayanch so'zlar:** *muammolar, istiqbollar, loyiha, Xitoy-Qirg'iziston-O'zbekiston temir yo'li, iqtisodiy, savdo-sotiq.*

**Аннотация:** *В этой статье необходимо учитывать взаимные интересы трех непосредственно вовлеченных стран, а также преимущества укрепления региональной интеграции. В данной статье представлен ряд рекомендаций по проблемам и перспективам железнодорожного проекта Китай-Кыргызстан-Узбекистан.*

*Необходимость таких транспортных связей следует рассматривать в свете того факта, что Узбекистан и Кыргызстан экономически слаборазвиты, и расширение транспортных связей с остальным миром может иметь большое значение для возрождения этих быстро развивающихся экономик. Для обеих стран, не имеющих выхода к морю, связь с внешним миром была серьезной проблемой с момента обретения независимости от Советского Союза в 1991 году. Центральная Азия унаследовала сеть железных дорог, которая во многих случаях оставила новые независимые государства с транспортной инфраструктурой, которая протянулась больше к Москве, чем к остальной части региона (или другим частям их собственных стран). Кроме того, для Кыргызстана это важнее, чем для Узбекистана.*

**Ключевые слова:** *проблемы, перспективы, проект, железная дорога Китай-Кыргызстан-Узбекистан, экономика, торговля.*

**Introduction.** *The China-Kyrgyzstan-Uzbekistan railway project has been moving at a snail's pace since the first initiative in the mid-1990s. There have been several events in the right direction in recent years, including a number of high-level meetings between the participants about the proposed route,*





funding and timing of the project. In addition, as a result of other regional developments, Uzbekistan apparently changed its stance on regional integration after the death of its long-time leader, Islam Karimov, in 2016.

It is encouraging to see that the actions of the current leader of Uzbekistan, Shavkat Mirziyoyev, are promoting closer integration in the previously disintegrated region, which could help bring the stalled railway project to completion.

However, to complete this project, a large amount of work must be done and significant difficulties must be overcome. It can be argued that the main obstacle to the implementation of this project is the many unanswered questions. For example, about how much Kyrgyzstan, perhaps the key country in this project will benefit from this ambitious project.

The China-Kyrgyzstan-Uzbekistan railway project has moved at a snail's pace since first envisioned back in the mid-1990s. In recent years, there has been some traction in the right direction with a number of high-level meetings between the participants regarding the proposed routing, financing and timing of the project. Furthermore, other regional developments have seen Uzbekistan apparently transform its stance towards regional integration since the death of its long-time leader Islam Karimov in 2016. Encouraging signs on the part of its current leader, Shavkat Mirziyoyev, have tentatively started to lay the foundations for greater integration in this most disintegrated of regions, a move that could assist in getting this stalled project finalised. However, today, there is still an enormous amount of work to be done and significant hurdles to mount if this project will ever see completion. It can be argued that the primary barrier to implementing this project are the many unanswered questions over how much Kyrgyzstan, arguably the lynchpin for the whole endeavour, stands to benefit from this ambitious project. Among Bishkek's many concerns over the proposed railway are spiralling construction costs and what many regard as the limited local economic benefits that this railway will bring to Kyrgyzstan. Furthermore, there is a growing concern among numerous countries that have taken on large Chinese debts about their future ability to pay back these loans and what will happen if they cannot.

The aim and objects. In Kyrgyzstan, there is already evidence of a lingering, and perhaps growing, general suspicion of the Chinese migratory and business presence in the country. With levels of debt that are already straining the state budget and with additional finance expected to come from Chinese lenders, there are not unrealistic fears of Kyrgyzstan falling into a 'debt-trap' scenario. Given the political, economic and social implications this could have in a country that has been deeply divided in its very recent past the government could be put in a very awkward position if things were to backfire. Such fears will need to be genuinely assuaged in order to fully realise what could be a 'win-win' for not just the three states directly involved, but a boon for wider regional integration. This article will conclude by making a number of recommendations in order to inform stakeholders in Kyrgyzstan of possible ways in which they can overcome what must be seen as highly legitimate concerns. A Railway 20+ Years in the Making The original routing of this project in broad terms proposed the construction of a new rail link from Kashgar in China's Xinjiang province to the city of Andijan in Uzbekistan via Kyrgyzstan's Naryn and Osh oblasts. If completed, an enormously important rail link would be established between not only the three countries directly involved but would thereby establish an unprecedented era in Eurasian connectivity. Such a rail link would potentially enable these states to link with Turkmenistan, and the newly inaugurated Turkmen-Afghan 'Lapis Lazuli' railway, to the ports of the Caspian and onwards to Europe, and even to Iran and the open sea.

The need for such transport links should be seen in the light of both Uzbekistan's and Kyrgyzstan's economic under-development and having enhanced transport links to the wider world could go a long way towards revitalizing these struggling economies. For both landlocked states, (in Uzbekistan's case 'Double Landlocked') connecting to the outside world has been a big issue since gaining independence from the Soviet Union in 1991. Central Asia inherited a railway network that in many cases left the newly independent states with transport infrastructure gravitating more towards Moscow than with the rest of the region (or even with other parts of their own countries). Additionally, in the case of Kyrgyzstan more than Uzbekistan, a lack of funds to maintain or expand rail services in





the era since independence, coupled with what has been at times, particularly frosty relations between the leaders of Post-Soviet Central Asian countries, have left a legacy that has not been at all good for regional connectivity. Indicative of this is the 2018 World Bank Logistics Performance Index which places Kyrgyzstan and Uzbekistan 108th and 99th respectively out of 160 countries. While a vast improvement on 2014, both states lag significantly behind Kazakhstan (71st); making it the favored option for international freighters moving East-West cargo. Thus, there's lots of scope to improve integration between these states and one of the ways to do this is through large scale transport infrastructure projects like the proposed China – Kyrgyzstan – Uzbekistan railway. BRI and Alternative Routes Of course, this project should also be seen in the light of the China-sponsored Belt Road Initiative (BRI). Announced in 2013, BRI is a collection of infrastructure projects aimed at enhancing connectivity between China and Europe, in which the building and upgrading of Eurasian railway infrastructure is apparently an integral part. Although the China-Kyrgyzstan-Uzbekistan railway project predates BRI by almost two decades, both regimes in Tashkent and Bishkek have tried to link the project to these ambitious Chinese plans. At the moment, there are several BRI routes that are proposed in addition to the Maritime Silk Route. The China – Kyrgyzstan – Uzbekistan railway could potentially be the key piece in the central route connecting China with Iran-Turkey-Europe. Five and a half years on from the announcement of BRI, Central Asia's importance as a region has seldom been more tangible. For its part, Uzbekistan has generally been a keen supporter of the trilateral railway project. In recent years China has helped build, (and mostly fund), key transport infrastructure projects such as the Pap-Angren railway, which connects Uzbekistan's populous Fergana Valley almost with the capital, Tashkent.

Methods. Furthermore, given the obvious desire of Mirziyoev to maintain high economic growth, create employment and lift the general standard of living in Uzbekistan in order to cement his own political position, he has signaled that Uzbekistan is open for business. A number of recent high-profile foreign trips, including to Berlin, Paris and Beijing, saw trade and investment topping the agenda. As testament to this, Mirziyoev's visit to China in May 2017 saw approximately 100 agreements made totaling some US\$20 billion. So far, so good. However, if only things were so clear-cut regarding Bishkek's view of the proposed railway. One of the chief obstacles in concluding this project has been the proposed route the railway will take on its Kyrgyz section. In its original feasibility study way back in 1998, the engineering firm Gibb took as their brief that the railway would cross the 'Chinese frontier at Irkeshtam and then turn north at Sary-Tash to pass through Osh before heading directly to Andizhan, a total distance of some 600 km'. However, over 20 years later, even this seemingly simple task of finalizing the route seems to be clouded in uncertainty. As recently as July 2017, then Kyrgyz leader, Almazbek Atambayev (commenting on a similar route, with trains going to the southern Kyrgyz city of Jalalabad rather than Osh), noted that such a route would be of little benefit to Kyrgyzstan, saying "We don't need a railroad that goes through the territory of Kyrgyzstan without making even one stop,".

With this in mind, he proposed an alternative route, "A little bit longer, but it would go from the At-Bashi district and from there through Kazarman and head south." In proposing such a route, Atambayev was keen to highlight the economic benefits that this could potentially bring to the economically depressed towns along the way. Given the concentration of economic growth, including a thriving garment industry in and around the Chui Valley where the Kyrgyz capital Bishkek is situated, it makes sense in terms of long-term economic planning to disperse economic development to other regions of the country. Such development would not only potentially stem the flow of economic migrants from rural areas of Kyrgyzstan abroad to places like Russia and Turkey, but perhaps also the significant in-country migration towards the capital with the concurrent pressures that this brings on housing, land and other key services/resources in Bishkek. China seems to prefer the more direct route which would only make one significant stop either around Osh or Jalalabad before reaching Uzbekistan. Like many China-funded infrastructure projects around the world, China would quickly gain something tangible from this. Having a direct rail link to Uzbekistan, Chinese manufacturers would have easier access to Central Asia's most populous country and 30 million





potential customers. This would tie in with Beijing's policy of encouraging China's SME's to seek opportunities abroad due to market saturation within China and a general desire to restructure the economy towards producing higher-value added goods.

The installation of the railway could therefore play an important part in servicing the relocation of such businesses from China to Central Asia. Furthermore, according to Bruce Pannier, the railway would allow state owned China National Petroleum Corp, (CNPC) to be able to fully exploit Uzbekistan's Mingbulak oil field and its 30 million tons of oil, which at the moment, is only accessible by road. Although a marginal amount given China's overall needs, this also links with China's energy-security strategy to diversify its oil import routes. The railway would also allow China to exploit Kyrgyzstan's untapped mineral deposits including gold and rare earth metals. And this is really the crux of the matter, both Uzbekistan and China stand to gain something tangible over the short term, but for Kyrgyzstan the potential benefits remain vague. What's more, is the cost that Kyrgyzstan would have to bare in bringing this project to fruition. Given Kyrgyzstan's challenging mountainous terrain, with stretches of railway travelling at over 3000m and entailing the construction of nearly 50 tunnels and more than 90 bridges, such projects are not cheap. Original projections stood at around the US\$2-3billion mark.

However, this is now estimated to have at least doubled, not least because of the add-on proposed by Atambayev, which he claimed "is \$1.5 billion more expensive but it is economically advantageous". However, such gains would not be seen in the immediate short-term. Gibbs also proposed that if Kyrgyzstan charged 'European' transit fees, the investment and operating costs could be recouped in approximately 15 years after completion. However, this estimate was costed when alternative rail links, most notably, via Kazakhstan, did not exist. Competing with the well-established Kazakh lines, which already provide cost efficient transshipment services at both the Khorogos and Druzhba rail terminals, could potentially mean a rail tariff war, thereby cutting Kyrgyzstan's transit revenues and undermining the long-term financial viability of the whole project. Furthermore, there is the problem over how Kyrgyzstan will fund its section of the proposed railway. Presumably this money will come from Chinese lending organisations. However, the implications of Kyrgyzstan taking on more Chinese debt are particularly salient at the time of writing. Impoverished Kyrgyzstan has an estimated foreign debt of \$4.4 billion, more than one-third of which is owed to China. Further still, Kyrgyzstan annually spends over 10% of its state budget servicing this debt. This money looks set to increase over the coming years meaning there will be even less money for essential government services. For a government in such a position, investments of this magnitude are not to be taken lightly.

Analysis and results. Fears of increasing indebtedness also come at a time when a growing number of countries around the globe, heavily indebted to China, are having trouble repaying their loans. Contemporary accounts are rife with examples of countries falling into so-called 'debt-trap' scenarios with serious implications for the governments and people of recipient states. Such examples include Sri Lanka's Hambantota Port, which China acquired on a 99-year lease when Sri Lanka was unable to pay its debts triggering widespread protests in the country. In addition, there are similar concerns regarding Kenya's Mombassa Port, which was cited in one report as collateral for a multibillion dollar loan to fund a railway project in the country. Such a scenario in the Kyrgyzstan railway context, where Kyrgyzstan has to cede land, or mineral rights to China, would have disastrous implications for not only the government of the day in Bishkek, but also long-term Kyrgyz bilateral relations with China, and China's general reputation within the Central Asian region. There are already a growing number of reports pertaining to the rising anti-China feelings in Central Asia. Recent examples of this sentiment manifesting itself include protests in Bishkek in January 2019 and have been stoked by conservative groups within Kyrgyzstan like Kyrk Choro (Forty Knights), who cite the high number of illegal Chinese migrants in Kyrgyzstan as a particular grievance.

Whether this claim is valid is a debated point, but considering that Chinese-funded infrastructure projects around the world usually demand that Chinese firms and labour be used, the Kyrgyz government will have to balance expectations among Kyrgyz workers of being employed in this project with the realities of doing business with Chinese companies. Therefore, in order not to alienate







the Kyrgyz public, it is paramount the government is seen to be putting the interests of Kyrgyz people first. With two former Prime Ministers on trial for corruption (one regarding the refurbishment of Bishkek's primary power station which was carried out by a Chinese company) it is imperative that future business deals with China are seen to be conducted in as transparent a manner as possible. President Sooronbay Jeenbekov, Kyrgyzstan's current leader, who incidentally is currently embroiled in a power struggle with his predecessor, while generally defending China's reputation against attacks by its critics, will have a hard time maintaining the public's trust if China is perceived to be adding to the already high corruption levels within Kyrgyzstan. Conclusion for many, it is clear that Kyrgyzstan is in dire need of infrastructure development that can help spur its economic growth. One of the ways to do this is through investing in its transport infrastructure, thereby helping to restore regional economic integration and bolster trade. The country is well situated to gain from BRI and as one analyst put it, "Kyrgyzstan, like the rest of Central Asia, needs to integrate into global markets and for a small, landlocked state, becoming a stop on China's planned road to Europe is an opportunity not to be missed".

However, the China-Kyrgyzstan-Uzbekistan railway project in many ways appears likely to bring more risks than returns to Kyrgyzstan and this perhaps explains why successive Kyrgyz regimes have showed a good deal of hesitancy over its implementation. A summary of such risks includes the ever-mushrooming estimated costs of the project and only vague projections of the direct economic benefits the railway will bring to Kyrgyzstan. However, it is the probability that such a project would add significantly to the already substantial Kyrgyz government debt to China and potentially lead to a 'debt trap' scenario that is perhaps the biggest risk. In a worst-case scenario, such high levels of indebtedness leading to Kyrgyzstan giving up ownership of the railway, (or land or mines) would not only undermine Kyrgyz sovereignty but seriously jeopardise the government in Bishkek by adding to the perception that the government is putting the interests of China ahead of Kyrgyz people. Given Kyrgyzstan's turbulent recent history and its vibrant and open civil society, if such a large-scale project goes wrong this could have dire consequences for political stability in the country. The following points are two possible inter-related recommendations that could mitigate such risks and help the project succeed.

1. Kyrgyzstan could attempt to diversify its lending partners for the railway. By bringing aboard partners like the Asian Development Bank (ADB), EU, Japan or India for example, Bishkek could mitigate falling into a 'debt-trap' scenario vis-à-vis borrowing money from China to pay for the railway project, with all the disastrous political consequences this could have for the government of the day in Bishkek. Alternative partners may see the railway as an opportunity to balance against China's presence in Central Asia and so be inclined to lend significant capital to Kyrgyzstan. While China may be sensitive to the likes of India or Japan expanding their influence in the region such a development would ultimately test how sincere China's claims are that the BRI is a true 'win-win' project for all where everybody is welcome to get involved.

2. During the genesis of this project it has been claimed that one of Bishkek's major concerns was that the railway would exacerbate the north-south divide within Kyrgyzstan as the 'railroad would disproportionately increase economic benefits to Kyrgyzstan's secessionist southern provinces, thus providing them with greater leverage against the centre'. While this is a very valid point, there are possible solutions that would reduce such a risk. The original feasibility study conducted by engineering firm Gibbs was tasked with developing a North-South line as well as the East-West one. Such a line could thereby link Bishkek- Balykchi-Kochkor- Kara-Keche-Kazarman and would tie in nicely with Atambayev's proposal for the railway to make several stops within Kyrgyzstan on its East-West trajectory with Kazarman becoming a hub for both routes. This Y shaped line would thereby link the country together in a more cohesive way offsetting fears the railway would disproportionately benefit one part of the country more than others. Furthermore, a North-South line, in conjunction with an East-West line, would reduce heavy road transport and the concurrent deterioration of the highway between Bishkek and the south of the country and also save what has been estimated at "US\$50m a





year shipping traffic between Bishkek and JalalAbad over a circular route via Kazakhstan and Uzbekistan”.

Of course, this is an even more ambitious proposal, but it would make more economic sense in the long term by bringing holistic development to neglected parts of Kyrgyzstan. Such a project should be seen as a long-term investment and could be completed in piece-meal stages. Lastly, the funding for both lines should be sought from diverse channels, helping mitigate Kyrgyzstan’s dependency on any one partner, reducing the risks of the Kyrgyz government alienating its public and allowing it to maintain good relations with its lenders. Such a strategy may therefore assist in the overall viability of this project.

Bishkek has a number of concerns about the proposed railway project, including rapidly rising construction costs and what many see as the limited local economic benefits the railway would bring to Kyrgyzstan. In addition, among the many countries that have received large loans from China, there is growing concern about the repayment of these loans and the consequences if the debt is defaulted. There are already grounds in Kyrgyzstan that point to a persistent, and perhaps growing, suspicion of a Chinese migration and business presence in the country.

With a level of debt beyond the capacity of the state budget and pending additional funding from Chinese creditors, Kyrgyzstan's fears of falling into a debt trap are well founded. Given the political, economic and social implications of such funding in a country that has been very divided in the recent past, the government could be in a very difficult position if the consequences were negative.

In general, the original route of this project involved the construction of a new railway line from Kashgar in the Chinese province of Xinjiang to the city of Andijan in Uzbekistan through the Naryn and Osh regions of Kyrgyzstan. If completed, not only will a critical rail link be created between the three countries directly involved in the project, but it will also mark an unprecedented milestone in the Eurasian transport network.

Theoretically, such a railway line could link these states with Turkmenistan and the newly created Lapis Lazuli transport corridor between Turkmenistan and Afghanistan, as well as with the ports of the Caspian Sea and further to Europe and even Iran and the high seas.

The need for this type of transport links should be considered from the point of view of the low level of economic development of Uzbekistan and Kyrgyzstan. Expanded transport links with the rest of the world will greatly revive the troubled economies of these countries. For both landlocked states, communication with the outside world has been a big problem since gaining independence from the Soviet Union in 1991.

Central Asia inherited a rail network that in many cases provided the newly created states with transport infrastructure that gravitated more toward Moscow than the rest of the region (or even other parts of its own countries). In addition, Kyrgyzstan, more than Uzbekistan, faces a shortage of funds to maintain or expand rail links in post-independence. This is combined with periodically cold relations between the leaders of the post-Soviet countries of Central Asia, which did not contribute to the development of transport links in the region.

This is indicated by the World Bank's Logistics Performance Index for 2018, in which Kyrgyzstan and Uzbekistan rank 108th and 99th, respectively, among 160 countries.

Despite significant improvement in 2014, both countries lag far behind Kazakhstan (71st), which has emerged as a favourable option for international east-west carriers. Thus, there are many opportunities to improve integration between the two countries, one of which is a major transport infrastructure project such as the proposed China-Kyrgyzstan-Uzbekistan rail link.

This project, of course, must be considered from the point of view of the funded China's "One Belt, One Road" initiative (Economic Belt of the Silk Road - SREB). Announced in 2013, this initiative is a combination of infrastructure projects aimed at expanding transport links between China and Europe, an integral part of which is the construction and modernization of the Eurasian railway infrastructure.

China, Kyrgyzstan and Uzbekistan have signed a long-anticipated agreement to push ahead with construction of a railroad linking their countries that will, if completed, establish a shorter route to





Europe bypassing sanctions-hit Russia. The three governments signed the agreement on September 14 on the sidelines of a summit of the Shanghai Cooperation Organization (SCO) in Uzbekistan.

The document does not set out a roadmap for construction of the CKU link, which was first mooted a quarter of a century ago but had struggled to get off the ground until Russia's invasion of Ukraine breathed new impetus into it. But it does move the project one step closer to reality, by laying out terms for a feasibility study for the Kyrgyz leg, which is the missing link to connect existing railroads in China and Uzbekistan, to be completed by the first half of 2023.

The news was announced by the transport ministries of Kyrgyzstan and Uzbekistan, which signed the agreement with China's National Development and Reform Commission. The costs of the study will be shared equally, the Kyrgyz Ministry of Transport and Communications said. The ministry's statement appeared to confirm earlier reports that a route has finally been agreed, after years of wrangling. Kyrgyzstan had pushed for a route that would serve more populated areas further north but appears to have settled on a route restricted to the south, from which it will reap benefits – from job creation for construction of the line and transit fees.

The railroad will begin at Torugart, where there is an existing road crossing from China, and continue north through the settlements of Arpa and Makmal to Jalal-Abad, where it will link up with Uzbekistan's rail network. Makmal is the site of a goldmine operated by a Sino-Kyrgyz joint venture with majority Chinese ownership. It is here that the gauge will switch from the 1.435-meter track used in China and Europe to the 1.520-meter track used in the former Soviet Union, The Economist reported recently.

The 280-kilometer route will cost \$4.1 billion, to be funded either via direct investment or public-private partnership, the newspaper quoted Kyrgyz Transport Minister Erkinbek Osoyev as saying. The cost estimate is conservative compared to previous estimates of double that for a railroad that will pass through challenging mountainous terrain requiring a series of tunnels – reportedly 90 of them – to be built.

China will also need to build 160 kilometers of track to feed into the new line, according to The Economist. If ever completed, the new link could continue south through Turkmenistan into Iran and onward to Turkey, the gateway to Europe. That would shorten the route from China to Europe by 900 kilometers and cut eight days off the travel time, The Economist calculated.

China has cautiously agreed on the need to advance plans to build the railroad, while warning that it will not foot the whole bill. Uzbekistan has in recent times embraced with zeal a project it sees as part of a grand scheme to improve transport and trade links westward from Central Asia to Turkey and onward to Europe, on a route that bypasses internationally isolated Russia.

For its part, Uzbekistan tends to support the trilateral railway project. In recent years, China has helped build (and mostly finance) major transport and infrastructure projects, such as the Angren-Pap railway, which connects Uzbekistan's densely populated Fergana Valley with the capital, Tashkent. In addition, given Mirziyoyev's clear desire to achieve high economic growth, create jobs and improve living standards in Uzbekistan in order to strengthen his own political position, he signalled that Uzbekistan is open for business.

Recent top-level overseas trips, including to Berlin, Paris, Beijing and the UAE, have demonstrated that trade and investment are top of the agenda. To confirm this, Mirziyoyev's visit to China in May 2017 ended with the signing of nearly 100 agreements totalling \$20 billion.

However, 20 years later, even this seemingly simple task of finalizing the route proved to be problematic. In July 2017, then-president of Kyrgyzstan Almazbek Atambayev (commenting on a similar route in which trains go to the southern city of Kyrgyzstan, Jalalabad, and not to Osh) noted that such a route would be unprofitable for Kyrgyzstan, saying "we have such a road that does not will make a single stop on the territory of Kyrgyzstan, is not needed." Taking this into account, he proposed an alternative route, "a route that is slightly longer, but enters from the At-Bashi district and from there goes south through Kazarman."

In proposing such a route, Atambayev wanted to highlight the economic benefits it could potentially bring to the underdeveloped cities along the route. Given the concentration of economic





growth, including the flourishing clothing industry, in the Chui Valley, where the capital Bishkek is located, it makes sense from a long-term economic planning point of view to direct economic development to other regions of the country.

Such development could not only stop the flow of economic migrants from rural areas of Kyrgyzstan abroad, namely to Russia and Turkey, but also quite possibly significant internal migration to the capital, as well as the burden of such migration on housing, land and other key services/resources in Bishkek.

China seems to prefer the shortest route, which includes one significant stop near Osh or Jalalabad in front of Uzbekistan. As with many other Chinese-funded infrastructure projects around the world, China will quickly reap tangible benefits from this project.

A direct rail link to Uzbekistan will help Chinese manufacturers gain easier access to Central Asia's most populous country and 30 million potential customers. This will be in line with Beijing's policy of urging SMEs to seek opportunities abroad due to market saturation in China itself and a general desire to repurpose the economy towards higher value-added products. Therefore, the construction of the railway could play an important role in the relocation of such types of business from China to Central Asia.

In addition, according to Bruce Pannier, the railway will allow the state corporation China National Petroleum Corp. (CNPC) to fully develop the Mingbulak oil field in Uzbekistan with a reserve of 30 million tons of oil, which currently has only a transport access. While a small number given China's overall needs, it is also linked to China's energy security strategy of diversifying oil import routes. The railway will also allow China to develop Kyrgyzstan's untapped mineral deposits, including deposits of gold and rare earth metals.

It is clear to many that Kyrgyzstan is in dire need of infrastructure development that can help it stimulate its economic growth. This can be done through investment in its transport infrastructure, thereby helping restore regional economic integration and facilitating trade. The country is conveniently located and could benefit from the SREB initiative and, as one analyst put it, "Kyrgyzstan, like the rest of Central Asia, should integrate into world markets and, as a small continental country, should not miss the opportunity to become a transfer point on the planned route China to Europe".

However, in many respects, the China-Kyrgyzstan-Uzbekistan railway project may bring more risks than benefits to Kyrgyzstan, and this probably explains the fact that all subsequent governments Kyrgyzstan has doubts about its implementation. Such risks include rapidly rising estimated project costs and vague estimates of the railway's direct economic benefits to Kyrgyzstan. However, there is a possibility that such a project would substantially increase Kyrgyzstan's already substantial debt to China and could lead to a "debt trap", which is perhaps the biggest risk.

At worst, such a high level of debt that would force Kyrgyzstan to relinquish ownership of the railway (or land or deposits) would not only undermine Kyrgyzstan's sovereignty, but also put the Bishkek government at risk, increasing confidence that the government was China is above the interests of the people of Kyrgyzstan. Given Kyrgyzstan's turbulent recent history and its sensitive and open civil society, if such a massive project does not go according to plan, the consequences for political stability in the country could be disastrous.

The China-Kyrgyzstan-Uzbekistan Railway Corridor, generally referred as CKU, is expected to start in 2023 after completion of feasibility study this year. The project was dormant since 1997. However, amid shifting supply chains in the wake of the Russian special military operation in Ukraine, the CKU has been revitalized.

Therefore, all three parties to the project have reaffirmed their interest to implement the project. The CKU Railways would boost trade and connectivity not only for China, Kyrgyzstan and Uzbekistan, but its offshoot benefits would also be available for the entire region.

This railway corridor would be 523 kilometers long, with 213 kilometers in China, 260 kilometers in Kyrgyzstan comprising nearly 90 tunnels and then 50 kilometers in Uzbekistan. The CKU Railway would curtail a distance of 900 kilometers from China to Europe and the Middle East, besides reducing







a shipping time of seven to eight days. The route would stretch from Kashgar Rail Terminus (connected to China's national rail network) in Xinjiang province of China to the Andijan city in Uzbekistan via Naryn and Osh oblasts (regions) of Kyrgyzstan. The approximate cost of the railways is \$4.5 billion that is likely to be shared by the member states or international and regional organizations.

The CKU route will become the southern part of China-Europe freight train, and link China, Kyrgyzstan and Uzbekistan to Central and Eastern Europe via Iran and Türkiye. From Uzbekistan, the CKU railways can connect with Uzbekistan-Turkmenistan rail to the Turkmenbashi port on the Caspian Sea. At Turkmen port, it can bisect with either Baku port in Azerbaijan and onto markets in Georgia, Turkey and the Black Sea EU nations of Bulgaria and Romania, or it can move south to Iranian Caspian ports such as Anzali or to Iranian port at Chabahar. From there, maritime access leads to the Middle East, East Africa and South Asia.

In anticipation of increased trade activity with this rail link, Kyrgyzstan plans to develop as a light manufacturing and processing hub for Central Asian trade. The Wildberries e-Commerce platform of Russia has already started operation in the country. Both China and Uzbekistan desire the shortest route through the mountainous Kyrgyzstan, but Bishkek wants a longer CKU route through main population centers for spillover effects like new jobs and export opportunities for local products. The transit fees from the corridor could contribute to substantial recovery of Kyrgyzstan's economy.

The objective of the Pap-Angren Railway Project of Uzbekistan is to reduce cost and link domestic markets with international markets. After connecting CKU with Pap-Angren, Uzbekistan would become a key hub for the projects of regional interconnectivity. CKU can link with the Trans-Afghan corridor (Termez-Mazar-e-Sharif-Kabul-Peshawar) leading to the sea ports of Karachi and Gowadar in Pakistan, and it can also cross Turkmenistan up to the Caspian Sea, Azerbaijan and Turkey. Uzbekistan's recent trade agreement with the UK and European Union cover thousands of products that can now be exported duty free. These trade agreements would be a magnet for foreign investors looking to set up Uzbek facilities for export manufacturing. In addition to the CKU corridor, Uzbekistan already has regional connectivity in the north to Kazakhstan and onto Russia and in the west to Turkmenistan and the INSTC. Potential for CKU would be further enhanced, if it is connected with the recently reopened Pakistan-Iran-Turkey Rail Freight Line while rail connectivity from Pakistan to China is already planned as a part of China Pakistan Economic Corridor (CPEC).

Conclusion. Once CKU gets underway, it can also connect with the existing freight road, rail and air to Kazakhstan. Currently, Uzbekistan has observer member status and is expected to join Eurasian Economic Union (EAEU) soon. The EAEU comprising Russia, Kazakhstan, Kyrgyzstan, Belarus and Armenia, has free trade agreements with a number of countries. The CKU can also link with the Quadrilateral Transit and Trade Agreement (QTTA) along with Pakistan, China and Kyrgyzstan that is an alternative gateway for Central Asia to the warm waters of Gowadar port. Uzbekistan is already seeking membership of QTTA.

However, the participating countries of the CKU corridor have to cope with challenges of meeting higher cost, mountainous tracks in Kyrgyzstan needing the boring of over 90 tunnels, harsh weather conditions of winter, rail gauge difference with China, political instability of Kyrgyzstan, logistical and technical issues, before the proposed rail route becomes a reality.

In a nutshell, the CKU railway corridor presents a number of strategic and economic opportunities for the member countries China, Uzbekistan and Kyrgyzstan as well as the regional organizations and states. The Chinese side of CPEC begins from Kashgar, which is the starting point of CKU. It means Uzbek and Kyrgyz exports could reach Pakistani markets. Through CKU, China gets the chance to diversify its trade routes and gives resilience to China-EU trade relations. In the first five months of 2022, the EU became the second biggest trade partner of China with a trade volume of \$328 billion. New business opportunities in Kyrgyzstan and Uzbekistan would bring prosperity and avert civil unrest. This would help China in stabilizing its western borders. The CKU corridor would certainly boost the Middle Corridor, also called Trans-Caspian International Transport Route (TITR) that has gained popularity after choking the supply chain of the North Corridor via Russia.



