Following the disintegration of the Soviet Union in 1991, the political leaders in the Central Asian republics (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) strengthened their power by establishing strong presidential regimes that have kept powerful elites in the society. These networks have played a big role in influencing the control of resources through state organs, hence challenging post-Soviet economic development and putting the Central Asian republics at the bottom list of Transparency International’s Corruption Perceptions Index (2016). As Central Asian republics transitioned into market-oriented economies after their independence, the region experienced major socio-economic turmoil that exacerbated negative growth, including the civil war in Tajikistan (1992-1997), violence in Uzbekistan (2005), the Tulip Revolution in Kyrgyzstan (2005), and leadership changes in Turkmenistan and Uzbekistan (1992, 2016).

Notwithstanding intermittent periods of economic crisis that brought to the fore issues of corruption, World Bank data showed Central Asia posting an average regional annual GDP of USD454.04 billion in 2016 from USD407.57 billion in 1991. While this unprecedented growth is attributed to economic reforms, Central Asian republics are still placed in the world’s low and middle income groupings. Amidst China’s increasing global assertiveness, and the economic and political struggles that each republic faces, Central Asia needs to reflect on its development path.

On 7 September 2013, Chinese President Xi Jinping presented in Kazakhstan a proposal to bring about closer Eurasian economic ties and mutual cooperation through the “Silk Road Economic Belt”, a land-based route connecting Europe and Asia via Central Asia. A month later, the Chinese president presented in Indonesia a similar sea-based deal dubbed as the “21st Century Maritime Silk Road Initiative” that passes through Southeast Asia, Africa and the Middle East. These land and maritime connections are collectively known as the Belt and Road Initiative (BRI), which according to China’s National Development and Reform Commission, seeks “to promote policy coordination, facilitate connectivity, unimpeded trade, financial integration and people-to-people bonds.” Due to its expansive inter-continental scope, the BRI is expected to have substantial implications for global trade and order. To date, no official list of participating countries has been announced, but the number is continuously increasing and includes Central Asian republics.

Its vast raw material resources and geo-strategic position accord Central Asia an indispensable role in the realization of BRI’s vision. In return, the BRI provides opportunities to a region in need of massive infrastructure investments. Central Asia will not forgo these opportunities given that it is also faced with politico-institutional and socio-economic difficulties. In this vein, China presumes that economic advancement, aided by BRI, will mitigate these problems.

Boon or Bane?

Assessing the economic, political, social, cultural, and ecological impact of the BRI on Central Asia merits critical attention. China has taken steps to promote the BRI in Central Asia, including Pres. Xi Jinping’s visit to the republics and the establishment of the USD40 billion Silk Road Fund in 2014. The Central Asian republics’ receipt of Chinese fund could not only be construed as a good business and development opportunity, but also as a challenge to the Western
economic model that underscores policy and systemic changes. China’s economic model, by contrast, largely promotes public infrastructure and focuses on economic prosperity. Chinese economic support for basic infrastructure and joint ventures have a positive impact on Central Asia’s overall economic progress. While transport corridors in the region may boost trade and infrastructure projects, they may also prove harmful to the economy. By extending large loans, China not only brings the republics into its strategic loop but also exposes them and other participating countries to credit and other security threats that some are already dealing with. This, in turn, may worsen debt levels and further weaken credit standing. Given the scale of spurious government transactions in the region, there is also a likelihood of misusing Chinese investment. However, this risk may be minimized as funds will remain among Chinese companies implementing the BRI.

As China impinges upon Russia’s traditional sphere of influence, Chinese influence over Central Asia may also exacerbate geopolitical tension. Given the local’s animosity toward China, which stems from the cultural tension in Xinjiang province, dissenters may notice Chinese projects in the region. This security risk may be aggravated by the threat of Islamic fundamentalism. News reports show that recent terrorist attacks in New York, St. Petersburg, Stockholm, and Istanbul have links to Central Asia. The International Crisis Group explains that poverty, marginalization, and unemployment are crucial factors that have contributed to the radicalization of young Central Asians, especially those from Uzbekistan, Kyrgyzstan, and Tajikistan, who have joined jihadist groups in the Middle East.

Constructing a vibrant economic zone through traditional trade routes is noteworthy, but it should also consider the fragile ecology in the region. The drying of the Aral Sea perhaps best illustrates how human activities in Central Asia impact on the environment, which also has consequences on the life in the region. Given the thorny issue of water-sharing among the republics, China is likely to shun water projects in Central Asia. China may be more interested in the region’s water politics if water were a commodity, such as for agricultural enterprise or trade channel. With greater value placed on the region’s petroleum products, China would spare itself from regional tension arising from a water dispute.

The BRI seeks to build on the legacy of the traditional Silk Road as a venue for peaceful trade and harmonious cultural exchange. While the BRI is framed as a noble endeavor based on mutual benefit principle, many scholars consider the initiative as China’s strategy to strengthen global economic leverage and assert its global leadership role. The great concern for Central Asia lies in BRI’s probability of worsening existing problems given the economic and socio-political environment of the region. Corruption entrenched in the political system, unemployment and social inequality, Islamic fundamentalism and ethnic tensions, and ecological degradation in Central Asia challenge China’s aspiration for Eurasian connectivity. China must convince many stakeholders, beyond public relations, that economic benefits far outweigh the costs.

Considerations for the Philippines and Southeast Asia

The Philippines and Central Asian republics share a similar worldview vis-à-vis public infrastructure investment, and consider China as an infrastructure development partner. The Asia Development Bank (2017) reports that the Philippine public investment infrastructure has remained relatively low despite improved public finances. As such, the current administration raised public infrastructure budget allocation, supported by a comprehensive tax reform package.

China supports the Philippines’ infrastructure development initiatives by committing Php375 billion in loans and grants for the construction of Mindanao and North Luzon railways, Kaliwa Dam hydro-power facilities, Chico River irrigation project, and the upgrading of two Pasig River bridges. Although these are not considered BRI projects, the Philippines must observe China’s BRI dynamics in Central Asia. While the Philippines will benefit from these infrastructure investments, the country may also be exposed to credit security threats like the countries in Central Asia. The Philippines’ debt burden may exacerbate over time, given the high rates that China may impose.
Akin to Central Asia, the Philippines and its neighbors in Southeast Asia play a strategic role in the BRI as they will serve as transit corridors. While Central Asia will serve as land bridge to Europe, Southeast Asia will connect Chinese ports to Europe via the South China Sea. The example of Central Asia implies that the Philippines and other BRI participants in the Southeast have to critically assess BRI’s economic, political, social, cultural and ecological implications. Faced with similar risks, Central and Southeast Asian countries may find it beneficial to exchange best practices and insights. Such will aid in expanding perspectives on the complexities of BRI and its impact on partner countries.

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