

**КАВКАЗ В МЕЖДУНАРОДНОЙ ПОЛИТИКЕ**

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**CHINA'S GROWING PRESENCE IN THE CAUCASUS AND ITS  
NEIGHBOURHOOD: NEW SILK ROAD****ARGUN BAŞKAN**

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**Abstract.** “One Belt, One Road” (OBOR; also referred as the Belt and Road Initiative – BRI; New Silk Road) of the People's Republic of China is an ambitious amalgamation of mega-projects spanning through not only Eurasia (from China to the European Union) but also parts of other continents. Caucasus is one of the transit areas. The article aims to examine the workings of the OBOR with a focus on the Caucasus (Russian Federation's North Caucasus and the South Caucasus). Even if it does not hold a decisive central position, the Caucasus is not a negligible area in Eurasian and wider world politics. Its location between Russia, Eastern Europe, Central Asia and the Middle East is now being more appreciated by China. It is clear, on the other side that China is getting more and more important for the Caucasus. The question is about the maximum level and scope of this influence. As to the North Caucasus the focus of Chinese involvement seems on touristic infrastructure so far. Pretty much everybody agrees that Chinese influence (both geopolitical and economic) is on the rise in the South Caucasus. China bears almost no ethno-political, religious, ideological and historical burden and debts in the Caucasus. This gives China an exceptional flexibility. All South Caucasus countries perceive Chinese investments positively regarding economic and regional stability. China also refrains from expressing strong opinions about local conflicts. So, assessing the Caucasus in wider Eurasian transformations like in the massive case of the OBOR, one may find that in some ways, the OBOR enforces and completes cooperative elements in the region (e.g. Turkish-Georgian-Azeri partnerships). In some other ways, it underlines the existing disagreements and exclusions (e.g. Abkhazia, Armenia). Given the fact that the Caucasus is only one of the many transit hubs in the OBOR, attitudes of regional actors seem to be relatively more critical for the level of the region's mostly positive or negative interaction with the OBOR. Generally speaking, the OBOR provides rather opportunities than problems in the case of the Caucasus to the extent it would make the Caucasus further approach the EU cooperation space which is along with China itself one of the two pillars of the OBOR.

**Keywords:** International Relations; Russia; China; Europe; Caucasus; Turkey.

## РАСТУЩЕЕ ПРИСУТСТВИЕ КИТАЯ НА КАВКАЗЕ И ЕГО ОКРЕСТНОСТЯХ: НОВЫЙ ШЕЛКОВЫЙ ПУТЬ

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**Аннотация.** «Один пояс, один путь» (ОПОП; также обозначаемый как Инициатива одного пояса и пути – ИПП; Новый шелковый путь) является амбициозной амальгамой мега-проектов Китайской народной республики, простирающихся не только через Евразию (от Китая до Европейского союза), но также частью через другие континенты. Кавказ является одной из транзитных ареалов. Цель настоящей статьи – исследовать воздействие Нового шелкового пути, фокусируясь на Кавказе (Российском Северном Кавказе и Южном Кавказе). Хотя он не занимает ключевого центрального положения, Кавказ нельзя считать и малозначительным регионом в евразийской и мировой политике. Его расположение между Россией, Восточной Европой, Центральной Азией и Ближним Востоком вызывает все больший интерес со стороны Китая. Очевидно, с другой стороны, что Китай приобретает все более важное значение для Кавказа. Вопрос заключается в том, каковы возможные пределы и масштаб этого значения. Что касается Северного Кавказа, то китайское участие пока сфокусировано на туристической инфраструктуре. Но практически все согласны, что на Южном Кавказе растет геополитическое и экономическое влияние Китая. Китай на Кавказе почти полностью свободен от этно-политических, религиозных, идеологических обязательств и давления исторического груза. Это позволяет ему проявлять исключительную гибкость. Все страны Южного Кавказа позитивно воспринимают китайские инвестиции как фактор экономической и региональной стабильности. Китай также воздерживается от выражения твердых позиций относительно местных конфликтов. Таким образом, рассматривая место Кавказа в более широких трансформациях в Евразии, таких как масштабный проект ОПОП, можно обнаружить, что в некоторых отношениях он усиливает и придает завершенность элементам сотрудничества в регионе (например, Турецко-Грузинско-Азербайджанскому партнерству). В некоторых других отношениях он оттеняет существующие разногласия и отчужденность (например, Абхазия, Армения). Поскольку Кавказ является только одним из многих транзитных хабов на Новом шелковом пути, преимущественно позитивное или негативное взаимодействие региона с проектом ОПОП в большей степени определяется подходом региональных акторов. В целом для Кавказа ОПОП создает скорее возможности чем проблемы в той мере, в какой приближает Кавказа к пространству сотрудничества ЕС, которое является, наряду с самим Китаем, одной из двух опор ОПОП.

**Ключевые слова:** международные отношения; Россия; Китай; Европа; Кавказ; Турция.

### Introduction

If globalization needs an iconic symbol, “One Belt, One Road” (OBOR; also referred as the Belt and Road Initiative – BRI; New Silk Road) of the People's Republic of China (PRC; hereinafter, China) would be a strong candidate whose ultimate performance is yet to be witnessed. The OBOR is China's biggest outreach to the European Union (EU) area. In some ways, it is the symbolic rebirth of the historical Silk Road. The OBOR presents new opportunities and challenges for the

world, especially the direct participants. In this context, Caucasus is one the transit areas. In this article, I aim to examine the workings of the OBOR with a focus on the Caucasus (Russian Federation's North Caucasus and the South Caucasus) with complementary references to Turkey and Iran as well. I will also give a few assessments on the roles of the U.S., the EU, India and Japan.

### **Major aspects of the OBOR** *Launch of the OBOR*

In broadest terms, the OBOR takes its roots from the late 1990s. Since then, Beijing has been trying to establish solid contacts with Caucasus, Central Asia and the EU. It encompasses transportation of people, goods and services in the geographically most diversified manner possible [Ghiassy and Zhou 2017: 4]. Announced in 2013, the OBOR [Soric 2017] is a massive and ambitious amalgamation of land, maritime, and, to a lesser extent, air transportation projects between China and the EU. It also encompasses several locations in Africa.

Based on the speech Chinese President Xi Jinping at the 2017 Opening Ceremony of The Belt and Road Forum for International Cooperation<sup>1</sup>, some noteworthy points are as follows as I categorized them under subtitles in brackets:

#### [Historical and Philosophical Background]

*“Generation after generation, the silk routes travelers have built a bridge for peace and East-West cooperation. [...] The ancient silk routes spanned the valleys of the Nile, the Tigris and Euphrates, the Indus and Ganges and the Yellow and Yangtze Rivers. [...] Egyptian, Babylonian, Indian and Chinese civilizations [...] Buddhism, Christianity and Islam and homes of people of different nationalities and races. [...] Jiuquan, Dunhuang, Tulufan, Kashi, Samarkand, Baghdad and Constantinople as well as ancient ports of Ningbo, Quanzhou, Guangzhou, Beihai, Colombo, Jeddah and Alexandria stand as living monuments to these past interactions. [...] civilization thrives with openness and nations prosper through exchange. [...] More importantly, the exchange of goods and know-how spurred new ideas. For example, Buddhism originated in India, blossomed in China and was enriched in Southeast Asia. Confucianism, which was born in China, gained appreciation by European thinkers such as Leibniz and Voltaire. Herein lies the appeal of mutual learning. [...] History is our best teacher. The glory of the ancient silk routes shows that geographical distance is not insurmountable. If we take the first courageous step towards each other, we can embark on a path leading to friendship, shared development, peace, harmony and a better future. [...]*

#### [Major Global Challenges]

*Never have we seen such close interdependence among countries as today, such fervent desire of people for a better life, and never have we had so many means*

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<sup>1</sup> Full text of President Xi's speech at opening of Belt and Road forum. 14.05.2017 // Belt and Road Forum for International Cooperation: website. URL: <http://www.beltandroadforum.org/english/n100/2018/0306/c25-1038.html> (Date of Access: 27.08.2018).

*to prevail over difficulties. In terms of reality, we find ourselves in a world fraught with challenges. Global growth requires new drivers, development needs to be more inclusive and balanced, and the gap between the rich and the poor needs to be narrowed. Hotspots in some regions are causing instability and terrorism is rampant. Deficit in peace, development and governance poses a daunting challenge to mankind. This is the issue that has always been on my mind.*

[Transportation and Connectivity]

*In the autumn of 2013, respectively in Kazakhstan and Indonesia, I proposed the building of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, which I call the Belt and Road Initiative. [...] I have said on many occasions that the pursuit of the Belt and Road Initiative is not meant to reinvent the wheel. Rather, it aims to complement the development strategies of countries involved by leveraging their comparative strengths. We have enhanced coordination with the policy initiatives of relevant countries, such as the Eurasian Economic Union of Russia, the Master Plan on ASEAN Connectivity, the Bright Road initiative of Kazakhstan, the Middle Corridor initiative of Turkey, the Development Road initiative of Mongolia, the Two Corridors, One Economic Circle initiative of Viet Nam, the Northern Powerhouse initiative of the UK and the Amber Road initiative of Poland. We are also promoting complementarity between China's development plan and those of Laos, Cambodia, Myanmar, Hungary and other countries. China has signed cooperation agreements with over 40 countries and international organizations and carried out framework cooperation on production capacity with more than 30 countries. [...] Building roads and railways creates prosperity in all sectors. We have accelerated the building of Jakarta-Bandung high-speed railway, China-Laos railway, Addis Ababa-Djibouti railway and Hungary-Serbia railway, and upgraded Gwadar and Piraeus ports in cooperation with relevant countries. A large number of connectivity projects are also in the pipeline. [...] Total trade between China and other Belt and Road countries in 2014-2016 has exceeded US\$3 trillion, and China's investment in these countries has surpassed US\$50 billion. Chinese companies have set up 56 economic cooperation zones in over 20 countries, generating some US\$1.1 billion of tax revenue and 180,000 jobs for them.*

[Finance and Budget]

*[...] The Asian Infrastructure Investment Bank has provided US\$1.7 billion of loans for 9 projects in Belt and Road participating countries. The Silk Road Fund has made US\$4 billion of investment, and the 16+1 financial holding company between China and Central and Eastern European countries has been inaugurated. With distinctive focus, these new financial mechanisms and traditional multilateral financial institutions such as the World Bank complement each other.*

[Geopolitics]

*[...] As we often say in China, "The beginning is the most difficult part." [...] First, we should build the Belt and Road into a road for peace. The ancient silk routes thrived in times of peace, but lost vigor in times of war. The pursuit of the Belt*

*and Road Initiative requires a peaceful and stable environment. We should foster a new type of international relations featuring win-win cooperation; and we should forge partnerships of dialogue with no confrontation and of friendship rather than alliance. All countries should respect each other's sovereignty, dignity and territorial integrity, each other's development paths and social systems, and each other's core interests and major concerns.*

*Some regions along the ancient Silk Road used to be a land of milk and honey. Yet today, these places are often associated with conflict, turbulence, crisis and challenge. Such state of affairs should not be allowed to continue. We should foster the vision of common, comprehensive, cooperative and sustainable security, and create a security environment built and shared by all. We should work to resolve hotspot issues through political means, and promote mediation in the spirit of justice. We should intensify counter-terrorism efforts, address both its symptoms and root causes, and strive to eradicate poverty, backwardness and social injustice.*

[Transportation and Connectivity]

*Second, we should build the Belt and Road into a road of prosperity. [...] Industries are the foundation of economy. [...] Finance is the lifeblood of modern economy. Only when the blood circulates smoothly can one grow. [...] Infrastructure connectivity is the foundation of development through cooperation. We should promote land, maritime, air and cyberspace connectivity, concentrate our efforts on key passageways, cities and projects and connect networks of highways, railways and sea ports. [...] Third, we should build the Belt and Road into a road of opening up. Opening up brings progress while isolation results in backwardness. [...] We should build an open platform of cooperation and uphold and grow an open world economy.*

[Science and Innovation]

*[...] Fourth, we should build the Belt and Road into a road of innovation. [...] We should pursue the new vision of green development and a way of life and work that is green, low-carbon, circular and sustainable. [...] Educational cooperation should be boosted, more exchange students should be encouraged and the performance of cooperatively run schools should be enhanced. [...] In the cultural, sports and health sectors, new cooperation models should be created to facilitate projects with concrete benefits. Historical and cultural heritage should be fully tapped to jointly develop tourist products and protect heritage in ways that preserve the distinctive features of the Silk Road. We should strengthen exchanges between parliaments, political parties and non-governmental organizations of different countries as well as between women, youths and people with disabilities with a view to achieving inclusive development. [...] We will actively promote supply-side structural reform to achieve sustainable development, inject strong impetus into the Belt and Road Initiative and create new opportunities for global development.*

[Geopolitics]

*[...] We are ready to share practices of development with other countries, but we have no intention to interfere in other countries' internal affairs, export our own*

*social system and model of development, or impose our own will on others. In pursuing the Belt and Road Initiative, we will not resort to outdated geopolitical maneuvering. What we hope to achieve is a new model of win-win cooperation. We have no intention to form a small group detrimental to stability, what we hope to create is a big family of harmonious co-existence.*

[Science and Innovation]

*China has reached practical cooperation agreements with many countries on pursuing the Belt and Road Initiative. These agreements cover not only projects of hardware connectivity, like transport, infrastructure and energy, but also software connectivity, involving telecommunications, customs and quarantine inspection. [...] The Chinese railway authorities will sign agreements with their counterparts of related countries to deepen cooperation on China-Europe regular railway cargo service.*

[Finance and Budget]

*[...] China will scale up financing support for the Belt and Road Initiative by contributing an additional RMB 100 billion to the Silk Road Fund, and we encourage financial institutions to conduct overseas RMB fund business with an estimated amount of about RMB 300 billion. The China Development Bank and the Export-Import Bank of China will set up special lending schemes respectively worth RMB 250 billion equivalent and RMB 130 billion equivalent to support Belt and Road cooperation on infrastructure, industrial capacity and financing.*

[Development Aid]

*We will also work with the AIIB, the BRICS New Development Bank, the World Bank and other multilateral development institutions to support Belt and Road related projects. We will work with other parties concerned to jointly formulate guidelines for financing the Belt and Road related development projects. [...] In the coming five years, we will offer 2,500 short-term research visits to China for young foreign scientists, train 5,000 foreign scientists, engineers and managers, and set up 50 joint laboratories. [...] In the coming three years, China will provide assistance worth RMB 60 billion to developing countries and international organizations participating in the Belt and Road Initiative to launch more projects to improve people's well-being. We will provide emergency food aid worth RMB 2 billion to developing countries along the Belt and Road and make an additional contribution of US\$1 billion to the Assistance Fund for South-South Cooperation. China will launch 100 "happy home" projects, 100 poverty alleviation projects and 100 health care and rehabilitation projects in countries along the Belt and Road. China will provide relevant international organizations with US\$1 billion to implement cooperation projects that will benefit the countries along the Belt and Road. [...] We will also develop a network for cooperation among the NGOs in countries along the Belt and Road as well as new people-to-people exchange platforms such as a Belt and Road news alliance and a music education alliance.*

**[Participants and Enlargement]**

*The Belt and Road Initiative is rooted in the ancient Silk Road. It focuses on the Asian, European and African continents, but is also open to all other countries. All countries, from either Asia, Europe, Africa or the Americas, can be international cooperation partners of the Belt and Road Initiative.”*

As seen above, the OBOR is basically about trade transportation infrastructure in any case. However, it is also intended to address secondary and complimentary issues more or less in a comprehensive manner.

**Objectives**

Basically, its rationale is to cut down the mainstream maritime transit time (some 30-40 days) and costs down to some 15 days between China and the EU [Uysal, 2016: 55]. From Beijing's viewpoint, the profits the OBOR remain as: (1) cutting down the time for the delivery of Beijing's commercial goods, particularly as Beijing enhances its goods to more sophisticated levels and considering the developing e-commerce market; (2) dropping Beijing's perils in sea trade prohibition resulting from Washington's supremacy in important chokepoints in the sea routes around East Asia; (3) enabling growth in China's interior provinces, particularly Xinjian; (4) dealing with surplus production issue [Inan, Yayloyan 2018: 28]. OBOR is alternative means for Beijing to deal with the surplus bulk issue, even though not in the manner that several spectators think. When Beijing proclaimed the OBOR, some experts categorized it as an action by Beijing to export surplus manufacturing. Reportedly, the OBOR was even initially created as a not so ambitious export framework in the first place [Cai 2017: 12].

**Tools**

Under the OBOR China is making bilateral deals with the participating countries. Actually, formal or technical frameworks and regulations barely exist. As a noteworthy exception, though, the OBOR was incorporated into the Chinese constitution in 2017 [Shepard 2017b]. OBOR based pipelines would not totally replace maritime transportation but they would help to diversify China's options and lessen the country's strategic vulnerability. This would be especially helpful in case of a conflict-like situation between a US-led alliance and China. Plus, if all goes as expected, the OBOR would be a best case of China's peaceful foreign policy intentions in line with official statement [Rolland 2017: 112-113].

**Funding**

Beijing has vowed to devote huge funds for the OBOR. In 2014, Beijing set up USD 40 billion Silk Road Fund – with common-venture from the State Administration of Foreign Exchange, Beijing Venture Corporation, Foreign sale-Import Bank of Beijing and Beijing Development Bank – to invest in OBOR ventures. Plus, Beijing as well as founded two development banks – the Asian Logistical Venture Bank (AIIB) with USD 100 billion and the New Development Bank (NDB) with a overall venture of USD 50 billion, indicating Beijing's enthusiasm to needs to bear the TASK. In May 2017, at the OBOR Forum in Beijing,

Beijing proclaimed a capital increase promising an additional USD 24 billion [Inan, Yayloyan 2018: 23]. Despite opposition from the US, participation of key European countries, South Korea and Australia in China's AIIB contributed to the legitimacy of the bank. Another win for Beijing was its ability to block Taiwan's application to join the bank [Danner 2018: 17-18].

### **Challenges**

There are a number of challenges before the OBOR: (1) financial sustainability of the OBOR's funding by China and other participants [Shepard 2017b]; (2) geopolitical rivalries in the OBOR area [Krakowska 2018]; (3) coordination of numerous projects in about 60 countries [Shams 2017]; (4) possible negative side-effects of the OBOR over existing problems in the OBOR countries (e.g. weak governance, corruption, lack of transparency, human rights violations, environmental pollution) [Shams 2017]. The OBOR also creates dependencies for the long term. Chinese loans would bring heavy debt burden (also called as "debt trap") for the participating countries. The OBOR would also trigger or worsen socio-political problems. For instance, the handling of the China-Pakistan economic corridor (CPEC) project causes multi-level problems (e.g. land grabbing and forced internal migration) in Pakistan. So, China may be underestimating such local or international risks [Shams 2017]. All in all, the OBOR looks like a "very complex endeavour" [Van der Leer 2018: 7] for skeptics.

### **Russian Federation and the OBOR**

Even though relations between the Russian Federation (RF; hereinafter, Russia) and China are essential for both sides, Russian route is not the dominant one for OBOR. The following factors motivate Russia to work with China to deal with: (1) global geopolitical challenges; (2) rise of the Asia-Pacific region; (3) economic problems in Russian eastern territories and the Central Asia. Yet, Russia has worries about: (1) whether Chinese presence would also gain a military dimension to protect key infrastructure in these regions; (2) Russian demographic decline in the Russian Far East in sharp contrast to the large Chinese demographic bloc [Avdaliani 2017a]. Indeed, from China's point of view, Georgia and even Russia are small entities [Roehrs-Weist 2018]. (3) China-led upgrading of Iranian-Uzbek railway connections and full operationalization of Baku-Tbilisi-Kars (BTK) line [Yan 2017] as exemplary alternative transportation routes that would considerably bypass (if not totally eliminate) Russia-based transportation options.

In contrast to Beijing, Moscow's involvement in international rules is pointedly inferior because of stricter expectations on a worldwide level, weaker economic tools, and low levels of unification with international commerce flows. Consequently, international intergovernmental and commercial predictability is not critically important for Moscow. According to Kaczmarek, ambiguity benefits Moscow to display its power [Kaczmarek 2018: 244].

According to the analysis of Charaia and Papava [Charaia, Papava 2018: 126-127], Russia has launched the Greater Eurasian Partnership (GEP) in association with the Eurasian Economic Union (EAEU). The rationale is to combine economic issues with geopolitical ones to strengthen Russia's position vis-à-vis China's clear

economic advantages. From an cautiously optimistic perspective on the eventual compatibility of the OBOR and the GEP, Li [Li 2018: 94, 97-98] points that:

*“For [the GEP] to succeed, it must strictly adhere to WTO [World Trade Organization] rules [...]. [p. 94] [...] Russia and China would also enjoy certain opportunities with the creation of the [GEP]. First, their economies complement each other greatly [...]. Of course, the process [...] cannot progress smoothly at all times [...]. First, Russia is concerned that China’s enormous economy could hurt the integration processes of the EAEU [...]; second, after the SCO [Shanghai Cooperation Organization] admits new member countries, Indo-Chinese and Indo-Pakistani disagreements could have a negative impact [...] within the SCO; and so on. Nevertheless, it is realistic to link the Greater Eurasian Partnership [...] with the Belt and Road Initiative. [p.98]”*

On the other hand, the International Crisis group has a more pessimistic perspective. According to its assessment, Russia seems to be interested in partially counter-balancing the Chinese dominated OBOR with a more local and vague model called as “Greater Eurasia” under the Eurasian Economic Union (EEU). Additionally, Kazakhstan seems a bit more welcoming towards Western elements in the region to balance Russia and China, Uzbekistan seems to prefer tighter trade norms in cooperation with Russia and China [International Crisis Group 2017].

In a simplistic conclusion on this matter, I think that multi-party and institution-centred relations between Russia and China seem generally more difficult to manage in comparison to mere bilateral Russian-Chinese relations. The details of wider Eurasian institutional cooperation mechanisms somewhat goes beyond the scope of this paper at this point.

**Table 01: Russian and Chinese Attitudes Towards Mutual Cooperation**

	Level of Russian Willingness	Level of Chinese Willingness
Jointly limiting the influence of the U.S.	High	High
Coordination in the Central Asia	Medium	High
Coordination in the Caucasus	Medium	High
Coordination in the Korean Peninsula	High	High
Further internationalization of the Former Soviet Space	Low	High
Note: (+) denotes mostly supportive attitudes. (-) denotes mostly non-supportive attitudes.		
Source: Interpretatively compiled from [Avdaliani 2017a].		

### China and the Caucasus

Even if it does not hold a decisive central position, the Caucasus is not a negligible area in Eurasian and wider world politics. Its location between Russia,

Eastern Europe, Central Asia and the Middle East is now being more appreciated by China, and, to a lesser extent, even by India and Japan. As in many other condense, multiethnic settings squeezed between larger neighbors, the Caucasus host delicate acts of geopolitical and economic cooperation and competition at the same time. As Babayan [Babayan 2016: 12] notes, local policy goals and shifts are in an uneasy interaction with those of the neighboring countries and great powers.

From wider historical perspective Caucasus and China had already contacts via the historical Silk Road. This contact eventually faded as the historical Silk Road lost its importance. In the Soviet period, Caucasus and China reestablished minimal relations thanks to communist internationalism. Much of the Post-Soviet era saw little impulse in the contacts. Indeed, the OBOR is practically a radical breakthrough in comparative terms. However, even within the OBOR, Caucasus-Chinese trade volume figures are not top cases in China's global engagement [Hovhanesian, Manasyan 2014: 6-7]. Actually, China is asymmetrically more important for the Caucasus than the other way around. This should be considered normal at some point considering China's economic capacity which roughly catches up even with that of the US and the EU.

It is clear that China is getting more and more important for the Caucasus. The IMF is expecting the continuation of large Chinese investment to both the Caucasus and Central Asia under the OBOR framework in the next ten years [Kleiman 2018]. The question is about the maximum level and scope of this influence. Michael Eric Lambert even argues that China would single-handedly shape the future of the region [Roehrs-Weist 2018]. However, current economic outlook has its limits. Chinese trade with Central Asia has a larger volume compared to that with the Caucasus and even Russia [Devonshire-Ellis 2015]. Chinese investments in Central Asia are generally large-scale infrastructure projects that are backed by special loans from China's state-owned banks [Yan 2017].

According to Rinna's more moderate political projections which contrast with Lambert's views, China does not view the Caucasus as a special sphere of influence, and, is unlikely to turn into the dominant power in the region. Compared to the Central Asia, South Caucasus has less significance per se. Two major causes are the Caucasus's geographical distance from China, and, regional freight security risks. Whereas China has clear economic expectations, it is much less likely to engage in regional political or military tasks (e.g. peacekeeping operations) [Rinna 2015]. Beijing's key interests in the Caucasus appear to be: (1) continuation of the geopolitical status quo in the North Caucasus; (2) geopolitical neutrality of the South Caucasus; (3) prevention of the rise of anti-status quo radical ideologies [Babayan 2016: 12].

China is considerably more active in Central Asia than in Caucasus. For China, Caucasus is one of the neighborly transit routes between Central Asia and Europe. Meanwhile the EU has a similar perception of the Caucasus regarding overall reach to Central Asia and, then, China. China's primary interest is to see the Caucasus as a open route to the EU. Furthermore, unlike the EU and Russia, China does not seem to have strong preferences in the domestic politics and regime types of the polities of the Caucasus. Additionally, China's overall relationship with Russia is a mix of

cooperation and competition [Boonstra 2015: 22].

### North Caucasus

The table provided below presents a summarized outline and chronology of China's recent involvement in the North Caucasus. The focus seems on touristic infrastructure so far.

<b>Table 02: A Basic Chronology of Events</b>		
Date of Announcement	Participants and Sector	Sources
06.2012	Tourism: Russian company Northern Caucasus Resorts (NCR OJSC) signed a contract with French Caisse des Depots et Consignations to develop tourism infrastructure.	[Baronin, Kolpakov 2013]
17.05.2013	Tourism: Russian company Northern Caucasus Resorts (NCR OJSC) and Chinese Dalian Wanda Group Corporation and China Oceanwide Holdings Group signed a Memorandum of Intent for the development of resorts in Northern Caucasus federal district, the Krasnodar territory, the Republic of Adyghey, Caspian Lowland in Dagestan, Sochi, Arkhyz in Karachay-Cherkess Republic. Earlier, some potential South African, French and Turkish investors had proposed smaller amounts for investment.	[Baronin, Kolpakov 2013]
06.2014	Macroeconomy: Georgia signed an association agreement with the EU.	[Soric 2017]
01.2015	Macroeconomy: Armenia joined the Eurasian Economic Community (EEC)	[Devonshire-Ellis 2015]
05.10.2016	Air travel; Tourism: Airports of Mineralnye Vody and Mahachkala have signed a memorandum with five Chinese tour operators for regular flights.	Regnum.ru <sup>1</sup>
01.2017	Multi-Sectoral: Georgian government and private Chinese companies agreed on the management of the Poti Free Industrial Zone (FIZ).	[Yan 2017]
05.2017	Multi-Sectoral: Georgia and China signed a free trade agreement (FTA).	[Soric 2017]
2018	Transportation; Energy: The Chinese-led Asian Infrastructure Investment Bank (AIIB) has loaned USD 600 million Azerbaijan for construction of Trans-Anatolian Natural Gas Pipeline Project (TANAP) gas pipeline, and, USD 114 million Georgia for Batumi road project.	[Poghosyan 2018]

<sup>1</sup> Kitai i Kavkaz svyazhet vozdushnyi «Velikii shelkovyi put'» [China and the Caucasus will connect the air “Great Silk Road”]. 05.10.2016 // Regnum.ru – information agency: website. URL: <https://regnum.ru/news/2188676.html> (Date of Access: 30.04.2018).

10.04.2018	Air Travel; Tourism: A Chinese airline company expressed intention to start Mineralnye Vody-Beijing and Mineralnye Vody-Shanghai flights.	TASS <sup>1</sup>
05.07.2018	Agriculture: Some locals in Chechnya publicly protested Chinese companies for using poisonous pesticides in agriculture.	Кавказ.Реалии <sup>2</sup>
03.08.2018	Tourism: Kabardino-Balkaria and China signed three co-operation agreements over trade, tourism, agriculture.	Interfax <sup>3</sup> ; РИА Новости <sup>4</sup> ; Московский Комсомолец <sup>5</sup>
09.08.2018	Tourism: Foreign tourism journalists from Turkey, Azerbaijan, China, Saudi Arabia, the United Arab Emirates, Hungary, the Czech Republic, Italy and France visited Karachay-Cherkessia and Kabardino-Balkaria.	Svali.ru <sup>6</sup>
Note: All projects presented in this table are backed by public authorities in general.		
Sources: Compiled from the sources shown inside the table above.		

### South Caucasus

Pretty much everybody agrees that Chinese influence (both geopolitical and economic) is on the rise in the South Caucasus. The debate is about the impact and scope of that engagement. Krakowska [Krakowska 2018] points that regional countries may follow mainly four paths of adaptive leaning rather towards: (1) the West; (2) Russia; (3) China; (4) neutrality.

South Caucasian economies are expected to show some grow between 2018

<sup>1</sup> Ekspert: Kitai mozhnet stat' krupneishim investorom dlia kurortov Kavkazskikh Mineral'nykh Vod. 10.04.2018 // TASS – Russian news agency: website. URL: <https://tass.ru/v-strane/5109240> (Date of Access: 30.04.2018).

<sup>2</sup> Zhiteli Chechni uvereny, chto rabochie iz Kitaya ikh travyat [Residents of Chechnya are sure that workers from China are poisoning them]. 05.07.2018 // Kavkaz.Realii – the project of the North Caucasus service of Radio Liberty: website. URL: <https://www.kavkazr.com/a/29341748.html> (Date of Access: 30.04.2018).

<sup>3</sup> KBR i Kitai podpisali tri soglasheniya o sotrudnichestve [KBR and China signed three cooperation agreements]. 03.08.2018 // Information agency Interfax: website. URL: <http://www.interfax-russia.ru/South/print.asp?id=955030&sec=1679&type=news> (Date of Access: 30.04.2018)

<sup>4</sup> Kitai khochet razvivat' kontakty s regionami Severnogo Kavkaza [China wants to develop contacts with the regions of the North Caucasus]. 03.08.2018 // RIANovosti.ru – news agency: website. URL: <https://ria.ru/politics/20180803/1525908197.html> (Date of Access: 30.08.2018).

<sup>5</sup> Yurii Kokov protsitiroval Konfutsiya na vstreche s kitaiskoi delegatsiei [Yuri Kokov quoted Confucius at a meeting with the Chinese delegation]. 04.08.2018 // Moskovskii Komsomolets – Network edition “MK – Caucasus” kavkaz.mk.ru: website. URL: <https://kavkaz.mk.ru/economics/2018/08/04/yuriy-kokov-procitiroval-konfuciya-na-vstreche-s-kitayskoy-delegaciey.html> (Date of Access: 30.04.2018).

<sup>6</sup> Zarubezhnye zhurnalisty uvereny, chto Kavkaz mozhnet stat' populyarnym u inostrannykh turistov [Foreign journalists believe that the Caucasus could become popular among foreign tourists]. 09.08.2018 // Svali.Ru – tourist portal. URL: <http://www.svali.ru/index.php?index=11&ts=180809105447&cntr=73> (Date of Access: 30.08.2018).

and 2013. Azerbaijan would gain more in the process if oil prices keep rising<sup>1</sup>. All South Caucasus countries perceive Chinese investments positively regarding economic and regional stability. This perception is underlined by the economic stagnation in Russia and the EU area [Poghosyan 2018; Rinna 2015; Sanamyan 2016]. However, the EU represents a stronger economic area in the middle to future term. Despite its weaknesses, Russian economy is still too big to ignore for the whole former Soviet area.

### *Georgia*

As clearly seen in the pioneering case of Georgia, South Caucasian countries' special economic relations with the EU and Russia make them more attractive for China. Indeed, Georgia has signed free trade agreements with the EU, Russia and China [Yan 2017]. Georgia is also seeking to benefit from partnerships between the OBOR and the Eurasian Economic Union (ECU)<sup>2</sup> [Escobar 2017; Soric 2017; Krakowska 2018]. Georgia's Anaklia deep water port on the Black Sea is another important unit within the OBOR [Yan 2017]. Unlike Georgia, Abkhazia, on the hand, has much limited prospects to benefit from Chinese investments as China does not recognize Abkhazia's independence [Pender 2017]. South Ossetia is in a similar situation.

### *Armenia*

Following the Georgian case, Armenia, too, provides access both to the EU and Russia, especially North Caucasus and South Russia. Armenia can benefit from its membership in the ECU [Poghosyan 2018; Devonshire-Ellis 2015]. In the South, Armenian-Iranian railway project is also attractive for Chinese funding [Keshishyan 2015]. Armenian-Chinese relations are expected to continue to develop in the coming years [Avdaliani 2017b].

### *Azerbaijan*

Azerbaijan steps ahead with its key involvement in both the Trans-Caspian International Transport Route (TITR) [Poghosyan 2018] and the BTK [Bora 2017]. The BTK railway is a complementary extension [Keshishyan 2015]. These projects are not original OBOR elements but they integrated into the OBOR. Meanwhile, despite its geologically convenient location, Armenia has been excluded from these projects due to the decisive opposition of Azerbaijan [Krakowska 2018]. Clearly, Azerbaijan-Armenian dispute over Karabakh is a key obstacle before further regional cooperation.

Turkey, Azerbaijan and Georgia have been engaged in intensive cooperation in mega transportation projects, which excludes Armenia because of political disputes.

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<sup>1</sup> World Bank Expects Robust Growth In The Caucasus Through 2020. 07.06.2018 // Bne Intellinews – Business news from Eastern Europe, Eurasia, the Middle East and Africa: website. URL: <http://Www.Intellinews.Com/World-Bank-Expects-Robust-Growth-In-The-CaucasusThrough-2020-142964/> (Date of Access: 30.04.2018).

<sup>2</sup> The American-Backed “Belt And Road” Port In Georgia. 22.02.2018 // Maritime Executive: website. URL: <https://www.maritime-executive.com/article/the-american-backed-belt-and-road-port-in-georgia> (Date of Access: 30.04.2018).

These projects also partially include Central Asia. Major examples are: Baku-Tbilisi-Ceyhan oil pipeline (BTC); Baku-Tbilisi-Erzurum (BTE) / South Caucasus Pipeline (SCP); and the Baku-Tbilisi-Kars railway (BTK) [Inan, Yayloyan 2018: 10-11].

So, OBOR is more beneficial for some entities than others in the Caucasus. However, one crucial common element has to be noted. In all bilateral contacts China appears as the dominant exporter/investor which imports little from the Caucasus or Former Soviet space in general [Yan 2017].

### **Diplomatic and military aspects**

Considering the limited scope of this article, my focus here is rather on the civilian and economic aspects of Chinese engagement in the Caucasus however it is necessary to consider parallel diplomatic and military aspects as well. Some highlights are: (1) current Chinese presence in the Caucasus is clearly economic oriented. However, China may develop some autonomous security related initiatives in the future in ways which may not totally overlap with Russian interests [Avdaliani 2017a]. (2) China bears almost no ethno-political, religious, ideological and historical burden and debts in the Caucasus [Rinna 2015]. This gives China an exceptional flexibility. Likewise, Russia (North Caucasus) and all South Caucasus polities respect Beijing “One China” policy over Taiwan (Republic of China – ROC). China also refrains from expressing strong opinions about local conflicts (e.g. Abkhazia, Karabakh) [Sanamyan 2016; Krakowska 2018]. (3) Armenia appears as the most eager polity to establish military partnership with China in order to lessen its military dependence on Russia [Sanamyan 2016; Avdaliani 2017b].

Last but not least, as something to keep mind, Wertsch [Wertsch 2013] succinctly underlines wider historical background about pretty much everything in the Caucasus:

*“There are deep historical roots for just about everything in the Caucasus. [...] Western commentators often refer to conflicts that followed the break-up of the Soviet Union in 1991. People from the region find this superficial, almost humorous, and instead tend to see things from a much longer historical perspective. Historical roots in the region are indeed impressive: [...] In “recent” medieval times the Caucasus was overrun by Arabs, Mongols, Persians, and Turks [...] And for the past two centuries Russia has been the major player in the region. [...] The result is a set of competing national narratives that extend much further back in time than what we are accustomed to. In Georgia, for example, twelfth century king “David the Builder” retains a living presence in politics. Any Georgian knows what supporters of President Misha Saakashvili mean when they call him “Misha the Builder.””*

### *Turkey*

Generally speaking, Turkey has its own diverse goals in its neighborhood. Apart from Turkey’s occasional and not so vocal criticisms over China’s Uyghur minority related policies, there seems to be no significant matter of disagreement between the countries. With or without OBOR, Turkey is already engaged in both domestic huge infrastructural construction plans (e.g. Marmaray project) [Shepard 2017b] and foreign partnerships with almost everybody in the Caucasus with the

exception of Armenia as Turkish foreign policy is bound to favor Azerbaijan over Armenia for both ethno-political and economic (i.e. Azerbaijan's energy riches) reasons. However, even in the case of Armenia, Turkey is not totally refraining from keeping the low profile dialogue channels open with Armenia. Plus, Turkey has a noticeable presence in Armenia's consumer goods market.

Rinna argues that Chinese-Russian infrastructure projects would help to counter-balance not only the West but also Turkey [Rinna 2015]. I think that the actual impact would be less straightforward. Indeed, Chinese OBOR is based on the diversification of trade routes as much as possible. Basically, China and the EU are the two final (and most important) destinations on the two edges of the OBOR map. All others in-between (including Russia, Turkey, Caucasus, Central Asia) are essentially transit countries or bridges. In other words, China and the EU being the constants, all others are more or less interchangeable and mutually complementary but inherently autonomous options. That is, transit countries serve as transit hubs but they are not necessarily easy chess pawns or bargaining chips between China and "the West". Furthermore, the term "the West" (and, by the way, "the East", too) is inherently a semi-useful, vague categorization to use in any study (including this text of mine). Perhaps, the EU-Europe, the non-EU Europe and the U.S. should not be always wrapped under the term "the West".

Likewise Baronin and Kolpakov argue that OBOR would trigger Chinese geopolitical rivalry with Turkey as well since overall Chinese engagement in the Caucasus targets preventing the spread of Pan-Turkism and Islamic fundamentalism in China. Plus, such Chinese thinking also overlaps with Moscow's interests [Baronin, Kolpakov 2013]. I find this half-justifiable. I agree that China's Uyghur soft belly has the potential to combine Pan-Turkism and Islamic fundamentalism. However, OBOR's focus is on economy. Plus, Pan-Turkism and Islamic fundamentalism do not necessarily overlap or correlate perfectly. Thirdly, Turkey's current or future capabilities and even inclinations to spread Pan-Turkism and/or Islamic fundamentalism eastwards are overrated. Brzezinski's [Brzezinski 1997: 41, 136] following assessment still seems valid: "[...] *though both Turkey and Iran are to some extent – within their more limited capabilities – also geostrategically active. [p. 41] [...] Given Turkey's much more limited political and military power, a sphere of exclusive political influence [in the Former Soviet Space] is simply unattainable.*"

Additionally, Pan-Turkism does not work as efficient as would be expected for the same reasons Pan-Arabism (or, roughly speaking, Pan-Slavism) does not work. Here, I find Walt's [Walt 1987: 211] following assessment about pan-Arabism applicable to pan-Turkism, pan-Islamism and other "pan-" ideologies in general:

*"What explains the failure of pan-Arabism? Why did its most enthusiastic proponents find cooperation so difficult to sustain? The answer lies in the contradictory premises of the ideology itself. Pan-Arabism threatened the security of the separate Arab regimes, because it called for them to merge into a single state. The long-range goal of unity could not be openly abandoned, because it provided an important source of legitimacy for the revolutionary Arab states. But if the goal were ever achieved, all regimes save the one that emerged on top would be replaced. Thus the various attempts to implement an Arab union quickly became struggles for*

*hegemony. As the collapse of the UAR [short-lived United Arab Republic co-established by Egypt and Syria between 1958-1961] illustrates, even the most serious efforts were highly unstable. Indeed, even the most dedicated advocate of pan-Arabism, the Ba'th, fell victim to bitter factional quarrels once it acquired political power in more than one country. In the politics of pan-Arabism, in short, nothing failed like success. Finally, because the ideology of pan-Arabism was an important source of legitimacy, setbacks required renewed efforts and a search for scapegoats."*

Plus, Pan-Islamism is much more globalist, stronger and multipolar in itself than Pan-Turkism. Turkey is far from fully controlling and utilising these ideologies efficiently against China (and Russia, and, inevitably at some point, even India) even if it would ever be fully committed to do so. Turkey's geopolitical priorities and capabilities swing between the EU area and the Middle East (specifically North Iraq). Despite the occasional anti-American rhetorical blasts inside Turkey, all of this is still taking place within the wider framework of Pax Americana which is best presented by Turkey's membership in NATO. Furthermore, (and as a partial deviation in itself regarding Pax Americana) Turkish-Russian relations are progressing in general. So, Turkey would not and cannot seriously focus on any anti-Chinese geopolitical initiative for more than one reason.

#### *The U.S.*

Unlike the case of pacific region, the U.S. and China face much less risk for economic and military confrontation in the Caucasus. Same can be said about the EU [Rinna 2015]. Russia is the actor which would feel the positive or negative impacts of China's great Western outreach more directly in the longer term. Even in that case, the U.S. and the EU will continue to matter more for better or worse for Russia in and around the Caucasus [Bora 2017]. However, things may follow a more challenging path in Russia's Far Eastern territories which borders with Chinese space.

Trump administration does not seem interested in the OBOR even though China invited the U.S. to take part in the OBOR [Shams 2017]. Even now, some U.S. companies are engaged in OBOR related investments. For example, Georgia's Anaklia deep water port project is undertaken by a joint American-Georgian venture following Georgia's earlier unsuccessful negotiations with some Chinese companies<sup>1</sup> [Yan 2017].

#### *The European Union*

The EU pursued to engage in a dynamic task in creating connections conjoining the South Caucasus and Central Asian countries. Most particularly, in 1993, the EU introduced the TRACECA Program with an objective to improve commercial routes from the EU, across the Black Sea, the South Caucasus and the Caspian Sea reaching Central Asian countries. Initial stakeholders were Yerevan, Baku, Tbilisi, Astana, Bishkek, Dushanbe, Ashgabat and Tashkent. Between 1996

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<sup>1</sup> The American-Backed "Belt And Road" Port In Georgia. 22.02.2018 // Maritime Executive: website. URL: <https://www.maritime-executive.com/article/the-american-backed-belt-and-road-port-in-georgia> (Date of Access: 30.04.2018)

and 1998 Kiev, Mongolia and Moldova entered the Program and in the 2000s, Bulgaria, Romania, Ankara and finally Tehran enrolled. Additionally, in 2004, the EU launched the European Neighborhood Policy (ENP) to boost intergovernmental and commercial renovation. In 2009, the EU commenced the Eastern Partnership, an wing of the ENP, to develop its affairs with ex-USSR actors in the South Caucasus (Yerevan, Baku, and Tbilisi) as well as with Belarus, Moldova, and Kiev [Inan, Yayloyan 2018: 15].

Sea trade and air logistics are essential for EU–Beijing . 62% Beijing’s foreign sales to the EU remain as by sea trade routes and up to 24% remain as by air. Land routes provide about ten per cent of Beijing’s foreign sales to the EU. Train logistics could lower commercial times for Beijing’s foreign sales. For instance, to delivering an average load of goods China to Poland lasts concerning 72 hours by air, fourteen days by railroad and 1,5 month by sea trade routes. By the way, delivering commercial goods from inland areas to the ports within China is still costly in itself [Inan, Yayloyan 2018: 25].

Despite some current doubts expressed from Europe, China and the EU seem to work out things under the OBOR in the coming years in general terms. Indeed, they have some initial cooperation experience via Transport Corridor Europe Caucasus Asia (TRACECA) which was launched in 1993 [Ghiasy, Zhou 2017: 48]. Despite the large sources of the EU and the US, they are politically secondary forces in Central Asia in comparison to Russia and China. After the shortcomings of the TRACECA as a mega project, the EU had, indeed, opted to focus on smaller projects in education and rural development [International Crisis Group 2017: 23]. However, the OBOR has been pushing the EU to return to wider continental frameworks. Overall situation is a bit more complex in the Caucasus as the EU and the US have relatively more access to the region.

#### *India and Japan*

India and, to a lesser extent, Japan, appear as the most vocal critics of the OBOR mainly for geopolitical reasons. In partial cooperation with Japan, India has announced its own North-South Transport Corridor (NSTC) to counterbalance the OBOR [Shepard 2017a; Galstyan 2017]. There is another Indian-Japanese initiative called as the Asia-Africa Growth Corridor [Shepard 2017b]. Yet, these initiatives are not as publicized as the OBOR until now. Plus, India and Japan seem to place relatively more selective emphasis on the Central Asia more than other locations.

**Table 03: Basic Foreign Trade Profiles of Main OBOR Related Actors  
(in alphabetical order)**

	Export commodities	Export partners	Import commodities	Import partners
Abkhazia (*)	N/A	N/A	N/A	N/A
Armenia	unwrought copper, pig iron, nonferrous metals, gold, diamonds, mineral	Russia 24.2%, Bulgaria 12.8%, Switzerland 12%, Georgia 6.9%,	natural gas, petroleum, tobacco products, foodstuffs,	Russia 28%, China 11.5%, Turkey 5.5%, Germany 4.9%,

	products, foodstuffs, brandy, cigarettes, energy	Germany 5.9%, China 5.5%, Iraq 5.4%, UAE 4.6%, Netherlands 4.1% (2017)	diamonds, pharmaceuticals, cars	Iran 4.3% (2017)
Azerbaijan	oil and gas roughly 90%, machinery, foodstuffs, cotton	Italy 23.2%, Turkey 13.6%, Israel 6.1%, Russia 5.4%, Germany 5%, Czech Republic 4.6%, Georgia 4.3% (2017)	machinery and equipment, foodstuffs, metals, chemicals	Russia 17.7%, Turkey 14.8%, China 9.9%, US 8.3%, Ukraine 5.3%, Germany 5.1% (2017)
China	electrical and other machinery, including computers and telecommunications equipment, apparel, furniture, textiles	US 19%, Hong Kong 12.4%, Japan 6%, South Korea 4.5% (2017)	electrical and other machinery, including integrated circuits and other computer components, oil and mineral fuels; optical and medical equipment, metal ores, motor vehicles; soybeans	South Korea 9.7%, Japan 9.1%, US 8.5%, Germany 5.3%, Australia 5.1% (2017)
Georgia	vehicles, ferro-alloys, fertilizers, nuts, scrap metal, gold, copper ores	Russia 14.5%, Azerbaijan 10%, Turkey 7.9%, Armenia 7.7%, China 7.6%, Bulgaria 6.6%, Ukraine 4.6%, US 4.5% (2017)	fuels, vehicles, machinery and parts, grain and other foods, pharmaceuticals	Turkey 17.2%, Russia 9.9%, China 9.2%, Azerbaijan 7.6%, Ukraine 5.6%, Germany 5.4% (2017)
India	petroleum products, precious stones, vehicles, machinery, iron and steel, chemicals, pharmaceutical products, cereals, apparel	US 15.6%, UAE 10.2%, Hong Kong 4.9%, China 4.3% (2017)	crude oil, precious stones, machinery, chemicals, fertilizer, plastics, iron and steel	China 16.3%, US 5.5%, UAE 5.2%, Saudi Arabia 4.8%, Switzerland 4.7% (2017)

Iran	petroleum 60%, chemical and petrochemical products, fruits and nuts, carpets, cement, ore	China 27.5%, India 15.1%, South Korea 11.4%, Turkey 11.1%, Italy 5.7%, Japan 5.3% (2017)	industrial supplies, capital goods, foodstuffs and other consumer goods, technical services	UAE 29.8%, China 12.7%, Turkey 4.4%, South Korea 4%, Germany 4% (2017)
Japan	motor vehicles 14.9%; iron and steel products 5.4%; semiconductors 5%; auto parts 4.8%; power generating machinery 3.5%; plastic materials 3.3% (2014 est.)	US 19.4%, China 19%, South Korea 7.6%, Hong Kong 5.1%, Thailand 4.2% (2017)	petroleum 16.1%; liquid natural gas 9.1%; clothing 3.8%; semiconductors 3.3%; coal 2.4%; audio and visual apparatus 1.4% (2014 est.)	China 24.5%, US 11%, Australia 5.8%, South Korea 4.2%, Saudi Arabia 4.1% (2017)
Nagorno-Karabakh Republic (**)	N/A	N/A	N/A	N/A
Russia	petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures	China 10.9%, Netherlands 10%, Germany 7.1%, Belarus 5.1%, Turkey 4.9% (2017)	machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron, steel	China 21.2%, Germany 10.7%, US 5.6%, Belarus 5%, Italy 4.5%, France 4.2% (2017)
South Ossetia (*)	N/A	N/A	N/A	N/A
Turkey	apparel, foodstuffs, textiles, metal manufactures, transport equipment	Germany 9.6%, UK 6.1%, UAE 5.9%, Iraq 5.8%, US 5.5%, Italy 5.4%, France 4.2%, Spain 4% (2017)	machinery, chemicals, semi-finished goods, fuels, transport equipment	China 10%, Germany 9.1%, Russia 8.4%, US 5.1%, Italy 4.8% (2017)
Note: (*) denotes de jure recognized only by Russia in this context; accepted as a national province under foreign occupation by Georgia. (**) denotes no de jure recognition by a United Nations member country; accepted as a national province under foreign occupation by Azerbaijan. "N/A" denotes lack of sufficiently specific data for comparative purposes. But in general, trade relations with Russia, Turkey and Iran (in rough ranking order) seem to be vital for these political entities for reasons of geographical proximity and lack of complete access to international trade.				
Source: Central Intelligence Agency, World Factbook 2018 <sup>1</sup>				

<sup>1</sup> Central Intelligence Agency, World Factbook 2018 // Central Intelligence Agency: website. URL: <https://www.cia.gov/library/publications/the-world-factbook> (Date of Access: 30.04.2018).

## Conclusion

In this article, I aimed to provide an assessment of the Caucasus in wider Eurasian transformations as seen in the massive case of the OBOR. In some ways, the OBOR enforces and completes cooperative elements in the region (e.g. Turkish-Georgian-Azeri partnerships). In some other ways, it underlines the existing disagreements and exclusions (e.g. Abkhazia, Armenia). Given the fact that the Caucasus is only one of the many transit hubs in the OBOR, attitudes of regional actors seem to be relatively more critical for the level of the region's mostly positive or negative interaction with the OBOR. Generally speaking, the OBOR provides rather opportunities than problems in the case of the Caucasus to the extent it would make the Caucasus further approach the EU cooperation space which is one of the two pillars of the OBOR, the other one, of course, being China.

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