



**THE PROSPECTS OF OBOR PROJECT IS A NEW DEVELOPMENT TRENDS FOR ENHANCING
FOREIGN RELATIONS OF UZBEKISTAN**

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ABSTRACT

At the modern stage of development, the world economy shows unexpected trends in the regions. Economic and financial sanctions against the United States Russia and other allies, as well as the current NAFTA perspectives, the decline of the Trans-Pacific Partnership (TPP), the possibility of the United States from the World Trade Organization, the rapid growth of trade wars with expanding markets, the aluminum and steel import tariffs, which are a vital resource for leading sectors, has dramatically changed international trade and economic relations. China, the second largest economy in the world, has already set up a special approach to this relationship - the goal of expanding the global economic development initiative to the east - improving its next strategic project. "One belt one road" is a large-scale project for the rapid development of long-term cooperation in the region is growing. Today, Uzbekistan is also actively involved in this major project. It pays special attention to mutually beneficial relations of our country with all the states of the region.

KEY WORDS

OBOR, economic development, regions, partnership, transport corridors, economic cost.



INTRODUCTION

The concept of "One belt one road" is an international initiative that unites more than 60 Central Asia, Europe and Africa, with the establishment of trade links and transport corridors with China, and promoting trade between them. The idea of forming the "Great Silk Road Economic Zone" was proposed by President Xi Jinping, who was first heard in Astana during his state visit to Kazakhstan in September 2013.

China's "One belt one road" initiative puts new emphasis on the development of international relations. As expected, this will help further shift the focus of the global economy and expand transcontinental trade flows. Great attention is paid not only to its scale, but also to its relative vulnerability to potential participant countries. its uncertainty allows competitors to compete in the widest range of comments. China is seeking to expand the scope of a "One belt one road" through the largest number of partner projects in the Partner Countries, offering them an investment concept and development. Once the financial basis of the strategy is explored and the potential political risks have been minimized, the Chinese leadership can satisfy its interest in partner countries and the growing competition between the proposed transportation routes. This will allow China to manage the most important elements of the Eurasian land transport, which has been used for transcontinental trade over time (although the prospect of competition for seafarers remains unknown). Other political and economic benefits of a belt and unilateral initiative should not be neglected in discriminatory statements and documents.

METHODS

In this paper work we used qualitative method with secondary source of data collection based on various scholars, world class media giants and official data sources. Some statistical information about Chines economy has been used from the data collection on interview, survey and case study methods.

RESULTS

At the same time, it is necessary to avoid warnings about the formation of the new world order and China's hegemonic aspirations. At this stage, the PRC leadership considers the "One belt one road" review of the main challenges of its socioeconomic development, reducing resources and reducing regional differences. Neighboring countries open new opportunities, regardless of their regional ambitions and economic weight. China's "One belt one road" initiative puts new emphasis on the development of international relations. As expected, this will help further shift the focus of the global economy and expand transcontinental trade flows. Great attention is paid not only to its



scale, but also to its relative vulnerability to potential participant countries. Its uncertainty allows competitors to compete in the widest range of comments.

"We will continue to support the principle of achieving overall growth through dialogue and cooperation, using advice and sharing responsibility to achieve mutual benefits. We welcome all countries interested in participating in the One Belt - One Way Initiative. China has supported and will maintain openness and honesty and the development of environmentally friendly technologies. We are against protectionism and will do everything possible to build an open, environmentally friendly and successful Silk Road in the future" [1]

Significant interregional differences and a high territorial concentration of production are among the most acute problems of the PRC. The four densely populated coastal provinces of Guangdong, Jiangsu, Shandong and Zhejiang, which occupy only 5.6% of the country's area, in 2015 accounted for 36.8% of GDP. In turn, the share of the vast North-Western and South-Western regions in the national economy does not exceed 5.9 and 10.5% (without Sichuan - 6%). In the cities of central subordination (Beijing, Shanghai and Tianjin), the volume of GDP (PPP) per capita in 2015 reached 30 thousand dollars, in the provinces of Jiangsu and Zhejiang - 25 and 22 thousand dollars, whereas in Tibet AR and the provinces of Gansu, Yunnan and Guizhou amounted to 7-9 thousand dollars. Differences between the provinces of China in terms of per capita disposable income are even more significant - up to 4.5 times.

To eliminate the imbalances from the first half of the 2000s. China is implementing the "Go West" program, which provides for the accelerated development of internal regions, including the formation of a new industrial and transport infrastructure [4, 19]. The task is to shift the center of economic activity in a westerly direction, which requires the reallocation of mobile factors of production — labor and capital [8]. This will be facilitated by the creation of new highways and "export gates" at the western borders, foreseen in the SREB plans.

The priority infrastructural development of the interior regions acquires additional significance in the light of the transfer of labor-intensive industries from the PRC abroad. The loss of the status of a "world factory" does not threaten China yet, but the price competitive advantages of its products, due to the cheap labor, are declining [9]. Wages increased in 2000-2016. From 8 to 62 thousand Yuan per year (since the beginning of the 2010s, the growth rate has decreased). Rising costs and tightening labor laws are forcing manufacturers of textiles and knitwear, clothing, shoes, toys, etc. transfer production to the countries of South and Southeast Asia [10]. The most noticeable outflow of capital from the "industrial core" of China - the coastal provinces of Guangdong, Fujian, Zhejiang,



Jiangsu and Shandong. This can cause industrial crises and social tensions in single-industry towns. Internal areas where wages remain low can attract some of the enterprises transferred from the eastern provinces, but for this it is necessary to significantly improve production, transport and social infrastructures, solve security problems and create cross-border trade and logistics centers. [2] At the end of April, the second International Forum "One Belt, One Road" (Belt and Road Initiative, BRI) was held in Beijing. The heads of state and government of 37 countries arrived in the Chinese capital, including the presidents of Russia, Switzerland and Portugal, the Austrian Chancellor and Italian Prime Minister, and the heads of all ASEAN member states; high-ranking representatives of Western countries, with the exception of the United States. In 2017, the leaders of 29 countries participated in the first summit [3].

The strategic partnership between Uzbekistan and China creates favorable conditions for the implementation of the project "One space, one road". The initiative of this project envisages the restoration of the Great Silk Road, which has connected East with the West to the cultural and socio-economic aspects. Washington Post experts say the project is likely to be in line with government programs to connect the northern and southern states to the railways in the United States in the 20th century and link Australian strategic areas to the transport logistics system. Some western experts have pointed out that this major project is a gateway to the land corridor, which is also an additional route for China to connect Eurasian and African coalescence [4].

DISCUSSION

The Greater Silk Road Economic Belt Concept China considers the Central Asian region economically and internationally wider than other regional actors. In fact, mega-projects for the economic development of Eastern Europe to Europe are offered and work as China's chief executive. The aim is not to create a Eurasian Free Trade Zone (FTA), but to invest in economic and transport infrastructures in Eurasia through the PRC [5].

The idea of forming the Great Silk Road Economic Belt was first announced by President Xi Jinping during his visit to Kazakhstan in September 2013. At that time, the Chinese leader had three trans-European economic routes:

- From China to Central Asia, through Russia to Europe (Baltic Sea);
- From China to Central Asia and Western Asia to the Persian Gulf and the Mediterranean Sea;
- Offered an economic corridor from China to South-East Asia, South Asia and the Indian Ocean.

During his visit to South East Asia in October of this year, the Chinese President proposed the idea of jointly building the "21st Century Silk Road". He said:



- From China's seaports to the Indian Ocean and Europe through the South China Sea;
- Corrosion from the ports of China to the southern aquarium of the Pacific Ocean through the South China Sea;

The total area of the "One-stop-road" project is \$ 50 million. square meter, with 18 Asian and European countries. The population is about 3 billion people. Over the last 10 years, China's trade with the countries of the region has grown by 19 percent, and in 2016, China's sales of silkworms have risen to \$ 954 billion, or 25.7 percent of global trade.

According to the Chinese government, the newly established Asian Infrastructure Bank (ABIA) will give a new impulse to building a regional infrastructure, reducing capital outflows from Asia and boosting economic growth in the region. Premier Li Keqiang said that the \$ 100 billion initial capital (ABIA) would be a free trade organization for other members of the region [6].

Today China has already started long-term funding for this strategic program. The parallels combine these economic and political goals with the widening trend towards the West. Due to the excessive funding of projects and high levels of nationalism, political interests have become the economic basis of a large region.

Of course, there are some important factors in this project that China has long been a leader in building the infrastructure. Although China's traveling to the West is a major improvement in transportation technology, it will not be easy for some of the challenges. Instead of working alone within the borders, China's belt and roadmap attempt to link nearly 70 countries with their problems and risks. Most importantly, China is working with nationalism in the region. In addition, Xining's initiative "One Belt and One Road" has been seized by the Communist Party in November last year, with the plan to achieve a "Chinese dream" and to become China's leading global power by 2050[7].

This project is one of the goals of the global crisis to achieve China's global commitment to good infrastructure. It does not disturb the situations in which energy and transport projects can cover developing countries in debt. So, we can see that China is the most important country in the project [8].

"Ships and roadside initiatives have to rebuild China's international order, and the economic power is slowly shifting to the east, as the world has never been polarized," the Financial Times said. Also, this initiative focuses not only on the land, but also on sustainable economic growth in the region, based on a systematic approach to sea routes [9].

"One Belt and One Road" opens a wider way for each state to use its full potential, economically complement one another, stimulate trade and investment, and further develop partnerships.



According to China's views, President Xi Jinping's idea of creating "a community with the common future for humanity". Therefore, it is intended to demonstrate a clear and inclusive way of development for both the "One Belt and One Road" officially participating. However, Beijing's ideals have argued that these projects designed to help the country's infrastructure increase the potential for conflict. Debt sustainability, shortcomings in management and overall vulnerability are among the major issues. The Washington-based RWR Advisory Group has identified priority issues for delays, omissions or national security threats in 2013, with a total cost of \$ 419 billion, or 32 percent of the project's public finances[10].

Xi Jinping said in Beijing in May that the Chinese investment in countries that have joined the "One-Way, One Way" project in the past three years amounted to about \$ 50 billion. In the coming years it is planned to increase this figure up to \$ 150 billion. This is primarily due to the fact that the Belt and the Road Initiative is likely to result in a large number of trans boundary distribution transit countries. Many still maintain less developed or low infrastructure. It is envisaged that the economic benefits of new highways, railways, industrial or retail trade sectors will be enhanced sufficiently. This development facilitates trade and economic relations between neighbors. The economists of The Economist claim that they are already benefiting from this project from Kazakhstan and Uzbekistan[11].

The project has started to attract more foreign investors in the short term (OBOR-One Belt, One Road). The State Development Council of Singapore has agreed to cooperate with China's construction bank to finance OBOR projects. International pension funds, insurance companies, sovereign fund funds, and private equity funds have started to look for high financial revenues in OBOR projects. Chinese investment projects now fund wide-scale infrastructure around the world.

Chinese companies have transformed China into a dominant economic power in the region, building roads, bridges and tunnels across Central Asia. In 2013, the trade volume between China and the five Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) was \$ 50 billion, with five countries trading with Russia - the largest economist in the region - \$ 30 billion. China has also revised its energy economics in Central Asia. Chinese companies now own over one fourth of Kazakhstan's oil and account for more than half of Turkmenistan's gas exports. Recently, they have signed contracts with Uzbekistan for gas and uranium exports worth \$ 15 billion [12].

One year ago, President Shavkat Mirziyoyev at the Forum for a One-to-One Forum in Beijing said that this initiative would give every country a greater opportunity to use its full potential, economically complement one another, stimulate trade and investment, and further develop

partnerships said. Implementation of the project promotes the restoration of Central Asia's historical position in world civilization. The leaders of the two countries have reached important agreements in political, economic and financial fields. Signed documents totaling \$ 26 billion.

According to western experts, the next goal of this network is to link China with its trading partners. In fact, it involves the purchase of large amounts of loans from China for the construction of large-scale infrastructure projects by foreign states, which are usually traded by Chinese companies [13].

According to The Economist magazine, foreign-trade relations on the highways of Central Asia and along the Silk Road are considerably cheaper: "The rates for transportation services in many other Euro-Asian centers have fallen." China's state leaders and many governments are supporting the restoration of the belt and road entry into the region as investment in transport. The Economist experts, however, strongly reaffirm China's ability to transport corridors along land and sea routes. China also provides workforce within the framework of the project. Therefore, countries do not create jobs directly, but some neighbors, such as Kazakhstan and Uzbekistan, are increasing their trade ties with this trend [14].

"One Belt and One Road" project is still being expanded. Experts point to a number of projects, such as the oil pipelines in Myanmar and railway lines in Kenya. The countries are knocking on Beijing's gates as they form their money. The economic crisis in Turkey's disagreement with Washington, meanwhile, is seen as a chance for the project to be extended to the Mediterranean Sea; Washington Post experts say [15].

Since 2013, the OBOR project has taken initiatives such as New Zealand, Great Britain and even the Arctic. OBOR is implementing in 65 regions of China, which is part of the project. There is no evidence that Beijing is relying on its plans. "The wave of globalization against the growing world, reflected in the election of US President Donald Tramp, has given Mr. Xi a chance to present the OBOR as a tool for raising world trade," said the World Economic Forum in Davos in January 2017[16].

Picture 1. Destination Map of OBOR



Sustainable economy of Uzbekistan, inconvenient geographical location, modern transport communications, a robust and reliable strategy for attracting investments increase the interest of entrepreneurs from many countries. Within this project, we are interested in the following areas of our country:

1. Central Asia-China gas pipeline

Construction of the Central Asia-China gas pipeline is the infrastructure link between Turkmenistan and China, which occupies a new Great Silk Road 3,686 km. Turkmenistan and Uzbekistan, which have been built in China, have a \$ 7.3 billion project with Jingbian. This project is the next step in energy cooperation with China, which is a strategic partner of Central Asian countries.



2. Central Asia-China gas pipeline, D network

China has signed an agreement with Uzbekistan, Tajikistan and Kyrgyzstan on construction of the fourth line of Central Asia-China gas pipeline in September 2013. D, Turkey's gas exports to Turkmenistan will be \$ 55 billion annually. At 85 billion cubic meters. Cub Development Project. Important aspect of this project is that China's imports of Turkmen gas can be seen as the transit quality of our country



3. China-Kyrgyzstan-Uzbekistan railway.

Prime Minister of Kyrgyzstan Temir Sariiev said that the construction of the China-Kyrgyzstan-Uzbekistan railway started in 2016. Uzbekistan is 129 km. the railroad was built 104 km of the road in September 2015[17].



Source:<https://ig.ft.com/sites/special-reports/one-belt-one-road/>

CONCLUSION

In summary, Uzbekistan has been focusing on the domestic and foreign policy of the national economy since the country's transition from the moment of to a new development strategy. This region is targeted at political liberalization and new economic reforms, and the continuation of openness, economic development and political reforms among international community. Particularly, the dynamics of reforms in Uzbekistan are being implemented in major directions. Great Silk Road Area is very beneficial in the area of multilateral cooperation in the further expansion and development of our country's foreign trade relations. Solidarity multilateral relations in Uzbekistan in the recent years are aimed at accelerating radical reforms in the national economy and sustainable economic growth with OBOR project.



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