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The Belt and Road Initiative: An Economic Assessment for Turkic Republics

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1. Introduction

China's Belt and Road Initiative, which has been launched in 2013, opens a new path for development for the world economy and has the potential to significantly affect the economic future of many countries and regions. The project aims to deepen the economic relations between China and related countries through various economic corridors covering the land and the seas, and affects the whole world in terms of economic dimensions. This gigantic initiative is planned to be completed in 2049, in other words, the 100th anniversary of the People's Republic of China, and directly affects 71 countries on six economic corridors (New Eurasian Land Bridge, 'China-Mongolia-Russia, China-Central Asia-West Asia, China-Indochina Peninsula, China-Pakistan and Bangladesh-China-India-Myanmar), covering about 65% of the world's population and 1/3 of the world's GDP. Within the framework of the initiative, a total investment of approximately $1 trillion is planned to be realized in these countries, most of which will include infrastructure projects such as seaports, highways, railways, airports, power plants, and telecommunication networks.

The initiative is designed to support the global free trade regime and the open world economy with the spirit of regional cooperation, based on the tendencies of the multi-polar world, globalization in the economy, cultural diversity, and greater application of information technologies. For this purpose, the project aims to: support the regular and free flow of production factors, the highly efficient allocation of resources, and the deep integration

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of markets; to co-operate in economic policies along the Belt and Road, and to promote broader and deeper regional cooperation with higher standards; to create an open, inclusive and balanced regional economic cooperation structure that will benefit everyone in partnership. Chinese officials say that although this initiative has been initiated by themselves, it is the common desire of all countries on the Belt and Road route.[1]

Although the Belt and Road Initiative directly covers 71 countries, the Chinese government has signed cooperation agreements with 126 countries and 29 international organizations related to the project.[2] This fact shows that there is a great worldwide support for the project. However, another fact is that there is still debate in the literature about the possible economic impacts, opportunities, and risks of the project. In general, more positive impacts of the project are discussed in the Chinese literature, while the Western literature focuses on the risks and sustainability of the project than its possible positive impacts. Recent studies at the World Bank focus on the analysis of all possible impacts of the project.

It is impossible for us to answer the question of why the President of China announced the project from Astana, the capital of Kazakhstan to the world for the first time. However, Turks were one of the most important partners of Silk Road in history and still are today. This fact has been brought to the world's attention by writers like Frederick Starr[3] and Peter Frankopan[4] in recent years and it can be considered as a proper approach to announce the project from a Turkic republic to the world. In fact, as shown in Figure 14.1, one of the six economic corridors of the Belt and Road Initiative – the China-Central Asia-West Asia Economic Corridor – constitutes Turkic societies today as in the past. So, what are the economic impacts of this project on Turkic societies? What potential economic

1 China National Development and Reform Commission, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road (Vision and Actions)", 2015, Accessed on September 14, 2019, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

2 China Daily, "Facts and figures: Belt and Road Initiative". 2019, Accessed September 22, 2019, http://www.chinadaily.com.cn/a/201904/24/WS5cbf9440a3104842260b7e19_10.html.

3 Frederick Starr, *Lost Enlightenment: Central Asia's Golden Age from the Arab Conquest to Tamerlane* (Princeton University Press, 2015).

4 Peter Frankopan, *The Silk Roads: An New History of the World*. (New York: Vintage Books, 2016).

opportunities and risks are there for them? What can these republics do to maximize the benefits they receive from the Belt and Road Initiative? These questions have not been adequately addressed in the current literature and are still awaiting answers. Although many authors have evaluated the Belt and Road Initiative in relation to the Turkic republics, only few cover economic aspects.

In this study, a comprehensive economic assessment of the Belt and Road Initiative for the Turkic republics will be attempted. For this purpose, firstly, the current literature review on the subject will be included, then the economic effects of the Belt and Road Initiative on the Turkic Republics settled on the China-Central Asia-West Asia Economic Corridor, the possible opportunities and risks created for them will be determined and specific policy recommendations will be made to enable them to benefit more from the initiative.

2. Method, Research Design, and Data Collection

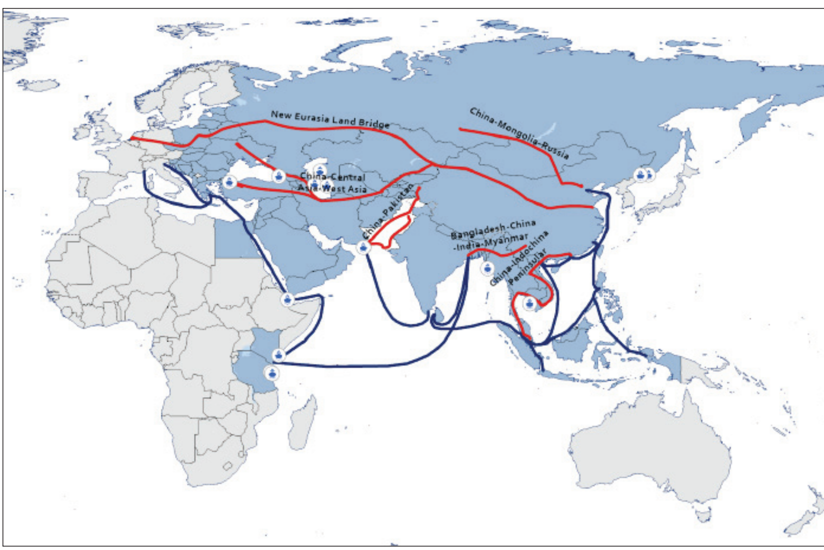
In this study, based on the findings and inferences obtained from the extensive literature review, the situation assessment of the China-Central Asia-West Asia Economic Corridor consisting of Turkic republics was made and related policy proposals were developed for this corridor. The literature review identified the economic impacts, opportunities, and risks that the Belt and Road Initiative will have on the participating countries in general and on the Turkic republics in particular, based on the main sources, in particular the work of international institutions such as the World Bank. The situation assessment of the China-Central Asia-West Asia economic corridor was based on international data, in particular from the World Bank and *The Economist*.

3. Literature Review

3.1. What is the Belt and Road Initiative?

The Belt and Road Initiative was originally presented as a Belt and a Road to comprise the two main components, the Silk Road Economic Belt and the 21st Century Sea Silk Road. But then China officially called this project "the Belt and Road Initiative." The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia, and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia, and the Indian Ocean. The 21st Century Maritime Silk Road is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other. As can be seen in Figure 14.1, on land, the initiative will focus on jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia, and China-Indochina Peninsula economic corridors by taking advantage of international transport routes, relying on core cities along the Belt and Road and using key economic industrial parks as cooperation platforms. At sea, the Initiative will focus on jointly building smooth, secure, and efficient transport routes connecting major seaports along the Belt and Road.[5]

Figure 14.1. The Belt and the Road



Note: Economies colored in blue are those along the BRI transport corridors. They have not necessarily signed collaboration agreements with China.

Source: World Bank, "Belt and Road Economics: Opportunities and Risks of Transport Corridors", 2019, 12.

The Belt and Road Initiative, which has the priorities of policy coordination, interoperability of opportunities, unhindered trade, financial integrity, and one-to-one ties between people, is likened to the famous Marshall Plan by some observers. As it is known,

5 China National Development and Reform Commission, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road (Vision and Actions)", 2015.

the Marshall Plan envisaged an unprecedented volume of US aid package for the reconstruction of Western European countries after World War II. Although the similarities between the objectives of both projects (accelerating growth and trade through the development of infrastructure) have been found, they are severely disaggregated in terms of funding mechanisms. China's Belt and Road Initiative is not based on aid or even foreign direct investment, but loan financing. This demonstrates the importance of debtors and creditors to always consider risks in the Belt and Road projects.[6]

China has established various funding mechanisms for the implementation of the Belt and Road Initiative. The most important of these is the Silk Road Fund and the Asian Infrastructure Investment Bank. The Silk Road Fund is a state fund created by the Chinese Government and was established to promote investments in countries covered by the Belt and Road Initiative. With a corporate capital of $ 40 billion, this Fund provides investment and financial support to the Belt and Road Initiative countries for connectivity projects such as infrastructure, resource development, and industrial and financial cooperation. The Asian Infrastructure Investment Bank is an international bank with a capital of $ 100 billion and its head office is in Beijing. The Bank was established to fund the infrastructure development projects of the member countries.[7]

As we have seen, the Belt and Road Initiative is a huge project that has never been seen before and will shape the world economy to a great extent in the first half of the 21st century. Referring to this aspect, Bocutoglu rightly considers the Belt and Road Initiative as a new model of economic co-operation that needs to be taken into account by growth and development economics - Intercontinental Economic Cooperation. According to him, this model should be added to cross-border and inter-regional economic cooperation models.[8]

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6 "'One Belt, One Road': An Economic Roadmap," *The Economist Intelligence Unit,* 2016, 5.

7 Shahriar et al. "Institutions of the 'Belt & Road' Initiative: A Systematic Literature Review", *Journal of Law, Policy and Globalization* 77, (2018): 5.

8 Bocutoglu, "Considerations on the Economic and Geopolitical Consequences of China's 'One Belt-One Road' Project", In *International Conference on Eurasian Economies 2017.* ed. Selahattin Sarı et al., p.269. (Bishkek: Eurasian Economists Association & Kyrgyzstan-Turkey Manas University, 2018).

3.2. Major economic impacts of the Belt and Road Initiative

3.2.1. General economic impacts on participating countries

The current scientific literature on the Belt and Road Initiative covers more international relations, geo-political and geo-economic aspects. Although the scientific studies carried out within the World Bank in recent years have led to the expansion of the economic literature on the subject, the number of such studies is still insufficient.

The literature review shows that the Belt and Road Initiative will generally have a positive impact on participating countries in terms of macroeconomic parameters and sustainable development. According to Sarker et al, this project will link people with roads, airways, and waterways, coordinate policies of various governments, and make positive contributions to financial integration, efficiency, and regional energy security.[9]

A World Bank study has shown that the Belt and Road Initiative will have a positive impact on economic growth and incomes by reducing travel time in related economies and increasing trade and investment. The Belt and Road Initiative projects can expand trade, increase foreign investment, and reduce poverty by reducing trade costs. According to the study, the transport infrastructure of the Belt and Road Initiative will reduce travel time for participating countries by 12% and for other countries by 3%. These projects are expected to increase trade by 2.8-9.7% for the economies in the economic corridors of the Belt and Road Initiative and 1.7-6.2% for the world. In particular, time-sensitive sectors (fresh fruits and vegetables) or industries that use time-sensitive inputs (electronics, chemistry, and others integrated into global value chains) will benefit most from this situation. It is expected that the growing trade will increase the global real income by 0.7-2.9% (not taking into account the infrastructure investment costs) and the highest gain (real income increase) will be obtained by the countries in the economic corridors of the Belt and Road Initiative by 1.2-3.4%. Finally, according to the study, it is estimated that these transport investments will take 7.6

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9 Md Nazirul Islam Sarker, Md Altab Hossin, Xiaohua Yin and Md Kamruzzaman Sarkar, "One Belt One Road Initiative of China: Implication for Future of Global Development", *Modern Economy* 9, (2018):623-638.

million people out of extreme poverty and 32 million people out of moderate poverty in countries in the economic corridors.[10]

Another study, covering 71 countries on the Belt and Road Initiative corridors, shows that this initiative will increase trade flows between participating countries by up to 4.1%. According to researchers, countries that use time-sensitive inputs, where new infrastructure is more common and integrated into global value chains, have greater commercial gains.[11]

One of the most important impacts is the increase in investments in the countries participating in the Belt and Road Initiative. Lili et al, using data from all participating countries between 2010 and 2015, investigated the impact of the Belt and Road Initiative on China's foreign direct investment. According to the results of the study, the amount of foreign direct investment made by China to the participating countries increased by 46.2% after the Belt and Road Initiative. At the same time, during this period, the volume of foreign direct investment by China in these countries was 40% higher than in the countries other than the Belt and Road Initiative.[12] The World Bank states that low-income participating countries will achieve a significant 7.6% increase in foreign direct investment as a result of new transport opportunities.[13]

Some research results show that not all countries participating in the Belt and Road Initiative can benefit from this project to the same extent. According to the World Bank, these gains will likely lead to a loss of welfare in some countries due to high infrastructure costs.[14]

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10 World Bank, "Belt and Road Economics: Opportunities and Risks of Transport Corridors", 2019, 14; See also: Maliszewska, Maryla and Dominique van der Mensbrugghe. "The Belt and Road Initiative: Economic, Poverty and Environmental Impacts". *World Bank Group, Macroeconomics, Trade and Investment Global Practice, Policy Research Working Paper* 8814, (April 2019).

11 Banya, Suprabha, Nadia Rocha and Michele Ruta. "Trade Effects of the New Silk Road: A Gravity Analysis". *World Bank Group, Macroeconomics, Trade and Investment Global Practice, Policy Research Working Paper*8694, (January 2019).

12 King Lili, Fei Peng, Yu Zhu and An Pan, "Harmony in Diversity: Can the One Belt One Road Initiative Promote China's Outward Foreign Direct Investment?" *Sustainability*, 10, 3264, (2018): 1-28.

13 World Bank. "Belt and Road Economics: Opportunities and Risks of Transport Corridors", 2019, 9.

14 King Lili, Fei Peng, Yu Zhu and An Pan, "Harmony in Diversity: Can the One Belt One Road Initiative Promote China's Outward Foreign Direct Investment?" 9, 14.

The Belt and Road Initiative, together with the positive effects mentioned above, also have a risk-forming negative impact on the debt burden of the participating countries. Almost 1/4 of the Belt and Road Initiative countries are highly borrowed and research shows that some of these economies may face debt shortage in the medium term.[15] According to a study by Harley et al, China's debt to state-secured borrowers for the Belt and Road Initiative projects has now created debt risk in eight countries.[16] Bandiera and Tsiropaulos show that, in the first stage, about 1/3 of the Belt and Road initiative countries will fall into high debt and some have this problem already. They believe that the debt problem in the medium term is inevitable among the participating countries due to the Belt and Road Initiative and that this situation will improve if certain conditions are met in the long term. However, in the long term, the debt burden of the participating countries is expected to remain at a higher level.[17] According to the World Bank, the debt financing of the Belt and Road Initiative is at high risk in some countries with high borrowing levels. This is because the financing of the investments made within the framework of the project is usually realized through government borrowing or government secured borrowing, which makes the situation worse in countries with high debt burdens. According to this institution's research, 12 out of 43 lower and middle-income countries are expected to have debt shortages in the medium term.[18]

Referring to the macroeconomic impacts of the Belt and Road Initiative, Bocutoglu categorizes these impacts as short, medium, and long term. The author claims that in the short term, the project will provide GDP and employment growth to the participating countries due to the production-employment multiplier. In the medium term, due to the failure to repay the loans received in countries with weak economies, it is expected that an asset (stock)

15 King Lili, Fei Peng, Yu Zhu and An Pan, "Harmony in Diversity: Can the One Belt One Road Initiative Promote China's Outward Foreign Direct Investment?", 10.

16 John Hurley, Scott Morris and Gailyn Portelance, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective", *CGD Policy Paper* 121. (Washington, DC: Center for Global Development, March, 2018).

17 Luca Bandiera and Vasileios Tsiropoulos, "A Framework to Assess Debt Sustainability and Fiscal Risks under the Belt and Road Initiative". *World Bank Group, Macroeconomics, Trade and Investment Global Practice, Policy Research Working Paper* 8891, (June 2019).

18 World Bank. "Belt and Road Economics: Opportunities and Risks of Transport Corridors", 2019, 13, 15-16.

transfer can be exchanged with debt towards China. At the same time, imports of workers and goods from China may increase in these countries in the medium term. In the long run, weak economies may be fully influenced by China.[19]

Some data on the Belt and Road Initiative covering the years 2013-2018 now proves much of what has been shown above. Over the years, the goods trade volume between China and the participating countries surpassed $ 6 trillion, with an average annual growth rate of 4%, and the foreign direct investments made by Chinese firms in these countries increased by an average of 5.2% per year. In addition, the total value of the new international agreements signed between the countries participating in the Belt and Road Initiative and China during this period grew by an average of 11.9% annually, exceeding $ 600 billion. Furthermore, Chinese companies established in the overseas economic and commercial cooperation regions of the participating countries have created approximately 300,000 local jobs with a total investment of over $ 30 billion.[20]

3.2.2. Economic Impacts on Turkic Republics

Although the Turkic republics constitute one of the important routes of the Belt and Road Initiative, the number of scientific studies dealing with the issue in terms of these republics is very limited. Most of the literature on this subject is composed of international relations and political studies. Nevertheless, it is possible to benefit from a limited number of economic studies on the subject both at the international level and in separate Turkic republics.

Seyidoğlu and Gönültaş discussed the importance of the Belt and Road Initiative in the development of economic relations between Turkey and the Central Asian Turkic republics. According to the authors, this project will provide a significant contribution to the solution of this problem of the Central Asian Turkic republics that do not have access to the high seas, to deepen Turkey's economic relations with the Turkic republics, and to create a kind of infrastructure for integration between these countries.[21]

19 Bocutoglu, "Considerations on the Economic and Geopolitical Consequences of China's "One Belt-One Road" Project", 269.

20 China Daily, "Facts and figures: Belt and Road Initiative", 2019.

21 Seyidoglu and Gonultas. "The Modern Silk Road Project and Its Impact on Trade Relations between Turkey and the Central Asian Turkish States", *Avrasya Etudleri* 45, (2014):201-216.

According to Bocutoğlu, the Belt and Road Initiative will enable Turkey to connect with China, the new economic power center in Asia, not just from Iran but through a reliable line (China-Central Asia-Caspian-Azerbaijan-Georgia-Turkey) passing through the Turkic republics. At the same time, the author believes that this initiative will increase China's economic influence over the Turkic republics (as they are in the first circle of the initiative) and Turkey will need to cooperate with Russia to neutralize this effect.[22]

Referring to the benefits of the Belt and Road Initiative for Turkey, Bay believes the project will not only increase Chinese investment in Turkey but also make Turkey a part of investments in neighboring countries and transit countries.[23]

Within the Belt and Road Initiative, China is offering thousands of student scholarships to the participating countries in higher education every year and this process has already started. Li has explored the impact of these scholarships, which China usually provides through Confucius Institutes, to the Central Asian Turkic republics. According to the author, China thus began to play an important role in the process of creating human capital in these republics and challenges Russia's dominant role. The information presented in the study shows that the number of Central Asian students in higher education in China exceeded 20,000, with 2200 being Chinese state scholarship students in 2013. Kazakhstan ranks in the top 10 countries receiving the highest number of student scholarships under the Belt and Road Initiative. The universities of the Xinjiang Uygur Autonomous Region were internationalized by students from Central Asia, and in 2014, 80% of foreign students studying in the region were students from the Central Asian republics.[24]

Ma et al. investigated the effects of the Belt and Road Initiative on the trade of agricultural products between the Central Asian Turkic republics and China. According to the results of the research

22 Bocutoglu, "Considerations on the Economic and Geopolitical Consequences of China's "One Belt-One Road" Project" 268.

23 Bay, "Return to History in the World Economy (?): The New Silk Road and the Changing Economic Power Balance" *Paraborsa*. 24 January 2018, Accessed September 14, 2019, https://www.paraborsa.net/i/dunya - ekonomisinde-tarihe-donusmu-yeni-ipek-yolu-ve-degisen-ekonomik-guc-dengesi/.

24 Lı, "One Belt One Road" and Central Asia: A New Trend in Internationalization of Higher Education?", *International Higher Education* 92, (Winter 2018): 14-16.

using data between 1992 and 2015, the works carried out under the Belt and Road Initiative increased the agricultural product trade between China and the Central Asian republics by 8.8% and this increase continues with an average annual rate of 18.34%. The authors claim that the Free Trade Agreements signed between China and these republics played a crucial role in the emergence of this situation. According to other information obtained from the research, within the framework of the Belt and Road Initiative, large amounts of investments are made in the agricultural sector in the Turkic republics of Central Asia, mainly in the fields of science and infrastructure, and China, especially the Silk Road Fund, supports the investments seriously.[25]

Considering Azerbaijan's participation in the Belt and Road Initiative from a Chinese perspective, Lianlei has shown that this project will first increase Azerbaijan's transit revenues. According to the author, this project will strengthen Sino-Azerbaijan cooperation on infrastructure, create new opportunities for economic cooperation of the two countries in the agriculture, metallurgy, chemical, and renewable energy equipment sectors and improve the intangible infrastructure and policy coordination.[26]

Kyrgyzstan is one of the countries that may face serious borrowing problems within the framework of the Belt and Road Initiative. In this country, very important new infrastructure projects are carried out within the framework of Belt and Road, and most of these are financed by external debts. The data for 2017 show that the ratio of the government and government-guaranteed debts to GDP is 65% in Kyrgyzstan, of which 90% is composed of foreign debts. EXIM Bank of China is the biggest creditor in this country. According to 2016 data, 1.5 billion or 40% of the country's external debt was obtained from this bank. At present, Kyrgyzstan and China are discussing such projects as the construction of hydroelectric power stations, the China-Kyrgyzstan-Uzbekistan railway line, the construction of additional highways, and the completion of the Central Asia-China natural gas pipeline. But it is also a well-known fact that Kyrgyzstan

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25 Jiliang Ma, Tomas Balezentis, Zhijun Zhao and Cheng Fang. "One Belt One Road (OBOR) Initiative in Central Asia: The Study of OBOR on China and Central Asia Agricultural Trade." *Transformations in Business & Economics* 16, No.3 (2017): 41-55.

26 Bai Lianlei, "Azerbaijan in the Silk Road Economic Belt: A Chinese Perspective". *Caucasus International*, No: 1, (Summer 2016): 27-39.

will remain vulnerable to the exchange rate shocks caused by public debt.[27]

3.3. What Can Be Done to Maximize the Benefits of the Belt and Road Initiative

The relevant literature examines the risks and benefits of this project in the economic corridors of the Belt and Road Initiative and appropriate policy recommendations against these risks. Based on the World Bank research, these risks in economic corridors can be listed as follows: lack of transparency, corruption, lack of infrastructure, barriers to trade and investment, delays in border crossings, poor integration into regional and global markets, marginal participation in global value chains, lack of coordination among countries on infrastructure investments, debt crisis. According to this study, the trade volume in the Belt and Road Initiative countries is 30% below the potential and the foreign direct investment volume is 70%. At the same time, border crossing delays can be up to 40 times higher in low performing countries compared to the best-performing countries. To address these risks and maximize the benefits of the Belt and Road Initiative, the recommended key areas of reform are: ensuring strong coordination between countries, prioritizing investments, increasing transparency, reduction of border crossing delays, facilitation of trade and investment, increasing the level of private sector participation in projects, increase of investments in human capital, ensuring labor mobility, improving debt management, effective fight against corruption.[28]

Johns et al. focused on trade facilitation reforms to maximize the benefits of investments under the Belt and Road Initiative. The results of the research show that the ease of trade in the economic corridors of the Belt and Road Initiative is weak, in most countries it is below the world average and there are large performance differences between the countries in each economic corridor. The authors also suggest that trade facilitation reforms should be based on the following principles: 1) Simplification, 2) Harmonization,

27 Hurly et al, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective", 18-19.

28 World Bank. "Belt and Road Economics: Opportunities and Risks of Transport Corridors", 2019.

3) Standardization, 4) Procedural reform and modernization, 5) Transparency.[29]

The research by Huang has also revealed that there are some risk factors to be avoided in the Belt and Road Initiative. He listed these factors as coordination problems, political value conflicts, international input prices and anxiety, and sustainability of cross-border infrastructure projects.[30]

4. Situation Assessment of China-Central Asia-West Asia Economic Corridor

The China-Central Asia-West Asia economic corridor where Turkic republics settled is one of the most important corridors of the Belt and Road Initiative. Because it also serves as an energy corridor between China and Europe and the Middle East. In this corridor, known as the central corridor China-Kazakhstan-Caspian Sea-Azerbaijan-Turkey-Europe or China-Kazakhstan-Turkmenistan-Caspian Sea-Azerbaijan-Turkey-Europe lines and known as the southern corridor China-Kazakhstan-Uzbekistan-Turkmenistan-Iran-Turkey-Europe line carries more importance for Turkic republics. All of these republics have officially joined the Belt and Road Initiative and are trying to coordinate their infrastructure policies with this initiative. In recent years, numerous transport, energy, health, agricultural, and industrial infrastructure projects implemented in Turkey, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, and Kyrgyzstan are of great importance in terms of the Belt and Road Initiative.

The economic corridor of China-Central Asia-West Asia also carries great risks reducing the benefits of the Belt and Road Initiative. Assessments show that the corridor is one of the weakest corridors under the Belt and Road Initiative in terms of ease of trade. According to the Doing Business Report, the time required to meet import and export demands in this corridor is above the world

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29 Marcus Bartley Johns, Julian Latimer Clarke, Clay Kerswell and Gerard McLinden, "Trade Facilitation Challenges and Reform Priorities for Maximizing the Impact of the Belt and Road Initiative". *World Bank Group, MTI Global Practice Discussion Paper* No.4, (September 2018).

30 Huang, "Understanding China's Belt & Road Initiative: Motivation, Framework and Assessment", *China Economic Review* 40, (2016): 314-321.

average.[31] Multiple audits, different standards, ineffective document requirements, and informal payments are the main features of this corridor, which incur additional costs.[32]

The Economist divides the risks in this corridor for the Belt and Road Initiative into two groups: macroeconomics and infrastructure. The study shows that the macroeconomic risks of the corridor countries are much higher than those of China. Infrastructure risks are higher in Kyrgyzstan than in China, and relatively low in Turkey, Kazakhstan, and Azerbaijan. According to *The Economist*, Chinese corporations and companies willing to work in these corridor countries will face greater risks than they do in their own countries.[33]

A significant part of the corridor risks for the Belt and Road Initiative is related to the different economic legacies of these countries and their different integration policies today. It is not easy to integrate the existing transport infrastructure of the corridor's post-Soviet countries to modern international infrastructure systems. This problem remains a major obstacle, especially in the face of China's efforts to integrate the high-speed train system into this corridor.[34] On the other hand, the different integration policies that corridor countries are pursuing also reveal different trade and investment regimes in this corridor. Turkey, Kazakhstan, and Kyrgyzstan are members of the World Trade Organization (WTO), Azerbaijan, Uzbekistan, and Turkmenistan are non-members of the Organization and indirectly not included in the WTO Trade Facilitation Agreement. In addition, while Turkey signed the Agreement of Customs Union with the European Union, some Turkic republics became members of the Eurasian Economic Union, and some of them signed the Free Trade Agreement among themselves as members of the Commonwealth of Independent States. Furthermore, an important part of the countries of the region is those that have joined the Economic Cooperation Organization Trade Agreement.

31 Johns et al, "Trade Facilitation Challenges and Reform Priorities for Maximizing the Impact of the Belt and Road Initiative", 30.
32 Johns et al, "Trade Facilitation Challenges and Reform Priorities for Maximizing the Impact of the Belt and Road Initiative", 45.
33 "'One Belt, One Road': An Economic Roadmap", 19-20.
34 "'One Belt, One Road': An Economic Roadmap", 17-18.

5. Results and Policy Recommendations

The Belt and Road Initiative generally has positive economic impacts on the participating countries. However, it can also create debt problems and thus cause economic problems.

The impact of the Belt and Road Initiative on the Turkic republics is also generally positive. But the initiative may have some negative effects on these republics in the future. The economic impacts of the Belt and Road Initiative on the Turkic republics can be listed as follows:

- deepening the process of economic integration among themselves,
- access to the high seas and expansion of integration into international infrastructure systems,
- increasing international trade and investment relations,
- increase in transit revenues,
- increasing Turkey's share in regional investment projects under the Belt and Road Initiative,
- connection of Turkey with China, which is the center of Asia's economic power, through a reliable way through the Turkic republics,
- increasing Turkey's trade with the East and contributing to the development of its eastern regions,
- the gradual decline of Turkey's dependence on the European market,
- increasing China's influence over these republics in the medium and long term,
- the outbreak of debt crisis in weak economies such as Kyrgyzstan in the medium term.

Serious reforms are needed in all economic corridors of the project. To maximize the benefits of the Belt and Road Initiative, these countries should further liberalize their trade and investment environments, shorten customs clearance times, coordinate infrastructure investments with other participating countries, raise transparency levels, effectively fight corruption, integrate more effectively into global markets, and value chains, protect the priority principle in investments, improve public debt management and strengthen human capital.

In order to maximize the benefits of the Belt and Road Initiative, the Turkic republics should pay attention to the above-mentioned policy reforms. Besides, these republics will need to try to balance China's increasing economic impact through regional economic forces such as Russia.

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