

## Belt and Road Initiative, the Russian Factor and Main Challenges for Georgia

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*Georgia's flag. Photo by Frank Miller, Wikipedia Commons.*

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Beijing's new global project Belt and Road Initiative (BRI) includes the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

The Silk Road Economic Belt (SREB) is based on the different economic corridors. One among of these corridors – the Central Asia–West Asia Economic Corridor is very important for Caucasian Georgia, which is located on it.

Georgia, together with its neighbor and strategic ally, Azerbaijan, has been considered in the context of the historical Great Silk Road right from the beginning of the 1990s. The

practical implications of this idea have been the TRACECA project initiated by the EU in 1993, the INOGATE project starting in 1996. In fact, practically all projects envisaged in terms of the Silk Road transport corridor are functioning successfully today.

The inclusion of Georgia (and Azerbaijan) in the SREB project is facilitated by the already implemented Silk Road Transport Corridor (SRTC) project.

If we compare the SRTC or TRACECA and the SREB's Central Asia-West Asia Economic Corridor projects, the differences, on the other hand, lie in at least two things: first of all, the first project was initiated by the West (more specifically, the EU) while the second one originated in China and second of all the first project is clearly and primarily a transport project while the second one is much more complex as it is economic.

According to the assessments of most analysts, one of the main threats to the successful functioning of the BRI (more specifically, the Central Asia-West Asia Economic Corridor), crossing Georgia and Azerbaijan, is Russia. Moscow wants not only to retain but also expand its influence in the post-Soviet area. This is exactly why from the very beginning Moscow was not interested in the development of the SRTC crossing Azerbaijan and Georgia independently from Russia.

In order to balance the BRI initiative, Moscow put forward a Greater Eurasian Partnership (GEP) initiative which is a large-scale vision of the Russian-Kazakh initiative started in 2015, the Eurasian Economic Union (EAEU), and it aims at encompassing Russia, China, India, Iran, Turkey and other countries, confronting US hegemony and Atlanticism in general. At first glance, the GEP has formally similar scopes, objectives and priorities with the BRI; however, for the government of the Russian Federation, the GEP is not just a large-scale economic cooperation project but rather it has quite a large geopolitical significance as well.

It is also noteworthy that the leadership of Russia and China [signed a joint statement](#) about cooperation between the EAEU and the SREB in May 2015 while reaffirming their statement about a solid partnership and cooperation between the [EAEU and the BRI initiative](#) in June 2016. Despite this, it has still not been possible to sign agreements on future trade and economic cooperation between China and the EAEU.

The main reason can be identified for this: the Russian model of economic modernization (which relies mostly on the principles of consumer economics) has turned out to be utterly useless as compared to the Chinese model (which is based upon the prioritization of innovation development) which is exactly why Russia significantly lags behind China in terms of economic and technological development, creating impediments for Moscow in establishing more-or-less equality-based economic relations with Beijing.

According to the views of some experts, China's economic cooperation with the Central Asian countries and the membership of Kazakhstan and Kyrgyzstan in the Moscow-created EAEU as well as a clear geopolitical approximation between Russia and China in recent years (especially in the energy sector) creates the probability that the EAEU and the SREB could move to a potential cooperation.

For developing the importance of the BRI initiative in Beijing's relations with Moscow, it could be instrumental for China to refuse implementing the paradigms of the predominant and confrontational alternative economic corridors. Instead of this, it would be more beneficial to move to the paradigm of the compatibility of economic corridors which would facilitate the harmonization of these corridors and their harmonic development. This is exactly why the GEC and BRI initiatives must be seen as complementary to one another.

Given the increased risks of terrorism and other industrial disasters in the contemporary world, it is important to have complementary transport and energy corridors which should ensure the maximum continuity of transport flows.

The fact that the institution of a free trade regime between China and the EU is under active discussion is very important for Georgia. In this regard, the SREB creates a new stage in the economic cooperation between China and the EU.

China and Georgia are members of the World Trade Organization. The fact that a free trade agreement has been signed between the two countries is very important in terms of the development of trade relations. Georgia also has the Deep and Comprehensive Free Trade Area (DCFTA) agreement with the EU as well as a free trade agreement with the European Free Trade Association (EFTA). Hence, the expansion of trade between the EU and China will enable Georgia to become a logistical hub, connecting China with Europe (for which the Baku-Tbilisi-Kars railway and the implementation of the Anaklia Black Sea Deep Water Port project will have vital importance).

Of further note is that due to the transportation of Caspian oil and gas to Turkey, Georgia already plays the role of an energy resources transportation hub.

For Georgia, the SREB project creates an opportunity to transform its role as an energy resources transportation hub to a regional economic hub in general. In this regard, it should be underlined that with the DCFTA agreement signed between the EU and Georgia, products exported from Georgia to the EU must be produced in Georgia. This, therefore, makes Georgia attractive to all countries without free trade agreements with the EU to invest in Georgia and export the production manufactured here to the EU market. This includes China as well which is already investing in Georgia.

Consequently, Georgia can actually become an economic hub in the region which would be in full accordance with the content of the Central Asia-West Asia Economic Corridor project crossing Georgia.

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