

СМОТРИЦКАЯ М.А. ,

САВА Й.Й.

студенты факультета международных отношений

Прикарпатский национальный университет им.В. Стефаника

г. Ивано-Франковск, Украина

THE NEW SILK ROAD ECONOMIC BELT

ABSTRACT

The Silk Road Project is one of the most ambitious in the today's world. This project could considerably change the geopolitical balance between East and West. The author reveals the essence and prospects of development of the Silk Road Project, focusing on the economic component and the expected changes in the relations between the West and the East in Eurasia (due to the emergence of regional economic integration).

Keywords: *China, "Silk Road", a new geopolitical project of China, AIIB, Eurasia, geopolitics.*

More and more often in the news, we hear mentioning of China's new geopolitical project – The new "Silk Road". However, what do we know about it and about its origins?

"The Great Silk Road" - a legendary ancient route that has existed for many centuries and has played a huge role in the life of humanity. This grandiose trade route connected East and West, and was the cause of the emergence of many unique cities, customs and even states. The Great Silk Road played a major role in the development of economic and cultural relations of the states of Middle East, the Caucasus, Central and South Asia [6]. The story goes that in the XV century the Silk Road fell into decay because of the resumption of military conflicts in Central Asia [1, p.75]. The great geographical

discoveries, and as a result the relative cheapness of transportation, led to the fact that since the end of the XV century the significance of the overland Silk Road starts to fall.

The Great Silk Road was one of the most ancient of global trade routes in Eurasia. In fact, it was the instrument of peaceful expansion of China's economic and cultural influence on other countries. The revival of the ancient road has always been a very tempting task for the Chinese government. Nevertheless, it required a large amount of resources and, therefore, was postponed until the completion of economic reforms [5].

The practical work began only at the end of XX- early XXI centuries. The first Transchina Highway was opened on August 8, 2008. In the process of its construction, the question of the revival of the Silk Road came out to the international level: was discussed the project of creation of the second Trans-Eurasian highway. This route is commonly known now as TRACECA (Transport Corridor Europe – Caucasus–Asia) and passes through the territory of eight countries [7].

In the second decade of the XXI century Chinese leader Xi Jinping has decided to revive the project. A belt of economic development of the Silk Road was based on the old concept. Official Beijing wanted it to become a serious factor in promoting the country's growing economic power in several regions.

Start has been made to revive the project in the past year at the APEC summit in Beijing. There Xi voiced the idea, which cost China \$47 bln (the Silk Road Fund budget) [3]. It's obviously that the construction itself will require a lot of time, like any project of this magnitude. Moreover, a lot of depends not only on money but also on the consent of the particular country.

However, what is the essence of this project? Above all, it aims to change radically the economic map of the world. In addition, many experts see this project as the first shot in the struggle between the East and the West for influence in Eurasia. The ambitious plan is to revive the ancient Silk Road, which will become now a modern economic and trade corridor from Shanghai to

Berlin. The new path will cross many countries in Europe and Asia: its length will be more than 12,000 km. It will be a new economic zone, which will cover nearly a third of the earth's surface [4]. It is also worth mentioning that the plan of revival includes the construction of high-speed railways, roads and routes, energy transmission networks, fiber-optic networks. An important part of the global plan will be also Maritime Silk Road that will connect China with the countries of the Persian Gulf and the Mediterranean Sea through Central Asia and the Indian Ocean.

Thus, after completion of the construction, the new road will connect three continents - Asia, Europe and Africa. A network of infrastructure projects will create the world's largest economic corridor with a production volume up to \$ 21 trillion, covering a population of 4.4 bln people [3].

The Chinese leader Xi Jinping announced these ambitious plans and the idea to revive the Silk Road in 2013. As part of the plan for financing the project, the Chinese leader also announced the launch of the Asian International Infrastructure Bank (AIIB), which will provide the necessary funding for the project. China invited the international community to participate in this project as founders and partners. It was agreed that members of the bank would make an entrance fee, with the additional help of international funds, including the World Bank, as well as the investments of private and public companies and governments. Fifty-seven countries have agreed to become the founders of the bank, including most of Western Europe, as well as those countries through which would pass the New Silk Road.

Thus, we can see that the first serious steps towards the restoration of the Silk Road have been made and the development of China's geopolitical strategy is beginning to gain new revolutions.

Today, China and other countries are devising the largest economic project in the history. Truth be told, it could dramatically affect the economies of all countries in the world. It is expected, that the project will take more than a decade and the cost of it will be hundreds of billions of dollars. Now it is

impossible to predict what it will mean for the world economy. However, it is clear that a lot of companies and investors aspire to join this project not to miss the benefits.

There is no doubt that in the implementation of such a large and complex project will be some setbacks and, in addition, it will face a geopolitical obstacle from the West. As an example, we can take into consideration a statement of Barack Obama, who also expressed his concern over China's plans. "If the U.S. doesn't enact a free-trade deal with Asia, then China will write the rules in that region"- said the U.S. president in defense of the Trans-Pacific Partnership.

In a world where economic growth is almost stiffened, while Europe is still trying to cope with the consequences of the global crisis (2008-12) [2, p.15], where can still be implemented the project, which offers so many opportunities? Many of mining companies such as Vale, which has recently experienced a decline in the global market, now gladly calculate how much steel is required for the construction of a new high-speed railway [8]. The project implementation will lead to a new boom in the mining industry around the world, as well as to a new flourishing of the construction industry. One has only to think of how many jobs will be created under the project, which covers a vast territory. The prospects of revival and growth in trade are enormous in almost every sector of the economy.

Thus, it can be argued that the New Silk Road presupposes the growth of international trade. However, the transformation affects not only the economy. The exchange of knowledge, technology and cultural exchanges is one of the unexpected consequences of this project too. In general, we can say that the project presupposes the revival of trade, industry, exchange and development of technologies and cultures. However, on the other hand, it is clear that geopolitical conflicts that arise around this project, may lead to new clashes between East and West for dominance in Eurasia. Moreover, nobody knows the possible outcome of these clashes. However, it should be noted, that the most important thing for China is that the Silk Road project should be a trump card by

which China will improve its image abroad. And it must be assumed that in the near future it will become one of the most important aspects of the economic diplomacy of this country.

Литература:

1. B.C.Collins. Historical dictionary of Azerbaijan. – USA: Scarecrow Press, 1999. – P.75
2. Challenges for the IMF during the financial crisis: Poland, 2012.–20p. [Electron resource] / E.Chojna-Duch. – p.15. – Access mode: http://economics.soc.uoc.gr/macro/docs/Year/2012/papers/paper_1_137.pdf
3. China's Silk Road dream falls into place with US\$40b fund. [Electron resource]. – Access mode: <http://www.scmp.com/news/china/article/1715764/chinas-silk-road-dream-falls-place-us40-billion-fund>
4. China`s Silk Road Revival. [Electron resource]. – Access mode: <http://www.project-syndicate.org/commentary/china-silk-road-economic-belt-goals-by-shashi-tharoor-2014-10>
5. Chong Koh Ping. Revival of Silk Road project 'will change Asia'. [Electron resource]. – Access mode: <http://www.straitstimes.com/business/economy/revival-of-silk-road-project-will-change-asia>
6. J.J. Mark. Silk Road. [Electron resource]. – Access mode: http://www.ancient.eu/Silk_Road/
7. Y.Yanyi. China to revive ancient Silk Road. [Electron resource]. – Access mode: <https://euobserver.com/eu-china/128666>
8. Silk Road's silken threads of finance. [Electron resource]. – Access mode: <http://www.afr.com/opinion/columnists/silk-roads-silken-threads-of-finance-20150325-1m7sm3>