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OBOR Security Issues-Georgian Perspective



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Abstract

In this research paper, we would like to talk about a project of the century which can calm many problems and conflicts in the world if state actors will direct the main concept of this project in right way. China's concept of the Silk Road Economic Belt was proposed by President Xi Jinping in Astana when on a state visit to Kazakhstan in September 2013. OBOR Initiative can be second "Marshal Plan" in World History.

Keywords: Silk Road, Conflict, Security, Policy, Transportation, cooperation, Crisis, Coordination, Economic Corridor, Terrorism.

Introduction

We would like to mention that Georgia is strategically placed between the Caspian Sea and the Black Sea and figures prominently in the Chinese press (China Daily, 15-9-2015: 3). For China, it is a strategic option to shorten the distance between China and Europe, but this also allows China to circumvent Russia. Georgia will construct a new port in Anaklia on the Black Sea to cut shipping time from China to Europe in half (to just 17 days; compared to current shipping routes which would take about a month) and has commenced negotiations with China on a free trade agreement. Prime minister of Georgia expressed his appreciation as such: "we consider it as an expression of support to Georgia, to Georgia's economy and to our people". He expressed the desire to become a logistics hub in the region. For Georgia, China is the thirdlargest trading partner (US\$ 820 million in bilateral trade in 2014). Georgia has a geostrategic location and therefore can be used not only as a corridor but like a bridge and hub, which can be used to connect different civilizations.

Russia is, of course, aware of these plans and its recent advances of the Samachablo (Georgian historical district in Shida Kartli) South Ossetian boundary fence allows it closer access to the east-west road highway and oil and gas pipelines in Georgia may be taken of reminders of its power. Its presence inside Georgia provides leverage and a message that the transport corridor through Georgia can quite easily fall under its control and is, therefore, an insecure route if there is indeed an intention to circumvent Russia. As you know 20% of Georgian territory is occupied by Russian Military troops. However, Russia is not an easy partner to work with, as its actions can be unpredictable and could undermine China's confidence in Russia.

The Silk Road has been described as "the most significant and far-reaching initiative that China has ever put forward (Wu, 2015). Five major goals are listed by the National Development and Reform Commission (NDRC, 2015):

1. Policy coordination
2. Facilities connectivity
3. Unimpeded trade
4. Financial integration
5. People to people bonds

Below are listed the six principle economic corridors of the One Belt One Road (OBOR) initiative:

1. China-Mongolia-Russia economic corridor
2. New Eurasia land bridge economic corridor
3. China-Central Asia West Asia economic corridor
4. China-Pakistan economic corridor
5. Bangladesh-China India-Myanmar economic corridor
6. China-Indochina economic corridor

The theory of International Relations and OBOR factor

The theory of international relations and international trade is all about relations between countries of different size and different levels of development. In the framework of a small country

like Georgia, between major global powers such as the European Union, China and Russia different bodies of literature are relevant. First, we note a process of globalization with winners (like China) and losers (like Russia). Globalization is not always a win-win process and it is important to analyze the cases where some countries benefit at the expense of others. [1]

Recommendations for policy

Finally, we want to offer several suggestions regarding the improvement of China's initiative. The suggestions concern the initiative's planning and implementation, the means to improve its bilateral relations with neighbors and great powers, in order to be perceived as a responsible power on the international arena.

1. Chinese planners should better define the goals, the stakeholders and the projects of the OBOR initiative;
2. China has no guarantee that economic growth will continue. Therefore, China should share investment risk with the partner countries;
3. China should improve its position in the neighborhood by demonstrating its will to resolve existing disputes in a peaceful and legal manner and to pursue joint development;
4. China should improve its relations with the great powers, promoting its national interest in an internationally accepted way and focusing on cooperation.[2]

The project OBOR is focused on calming the conflict zones, but week ago India did not make a new Silk Road Forum, because Pakistan had to enter one of the belts. Such misunderstandings are a challenge for OBOR.

The risks like the war in Ukraine, which can destabilize east Europe. Protests in Russian cities driven by concern over social issues, the inauguration of a fourthly elected president, corruption, and income disparities. There is potential for these protests to acquire an antibusiness or xenophobic aspect, which could, in turn, have an impact on the authorities' attitude to foreign investment. There is widespread popular anxiety regarding the effect of Russian and Chinese investment, the two largest external investors, on the country's sovereignty and control of its natural resources. Small anti-Chinese rallies took place in Almaty, the largest city, in 2010 amid reports that the government was preparing to sell agricultural land to Chinese companies. The share of the oil and gas sector owned by Chinese companies is an area of particular controversy. Compared to its Central Asian neighbors, Kazakhstan has been relatively open to foreign investment. Should the scale of popular protest increase, however, the authorities may adopt a more nationalist agenda in order to deflect

popular anger. Foreign firms should take steps where possible to publicise the contribution they make to the local and national economy, and consider hiring Kazakh nationals wherever feasible.

Operational Risk Methodology:

The EIU's Risk Briefing service assesses a country's overall business operating risk via our in-house operational risk model. The model provides a standard framework for the analysis provided on Risk Briefing. It quantifies the risks to business profitability in each of the countries covered by the service. In these assessments, we take into account present conditions and our expectations for the coming two years. Twenty-four additional indices, in which indicators are weighted to reflect the concerns of a range of investors covering seven industrial sectors, provide more targeted risk assessments. The operational risk model considers ten separate risk criteria:

- security
- political stability
- government effectiveness
- the legal and regulatory environment
- macroeconomic risks
- foreign trade and payments issues
- labor markets
- financial risks
- the standard of local infrastructure
- tax policy

The risk rating in each category is determined by their scores in the following subcategories:

Overall Evaluation Security risk

Armed conflict

Terrorism

Violent demonstrations

Hostility to foreigners/private property

Violent crime

Organised crime

Kidnapping/extortion

Political stability risk

Social unrest

Orderly transfers

Opposition stance

Excessive executive authority

International Tensions

Government effectiveness risk

Policy formulation

Quality of bureaucracy

Excessive bureaucracy/red tape

Vested interests/cronyism

Corruption

Accountability of public officials

Human rights

Infrastructure risk

Port facilities

Air transport facilities

Retail and distribution network

Telephone network

Road network

Power network

Rail network

IT infrastructure

Political risk

This risk category evaluates a range of political factors relating to political stability and effectiveness that could affect a country's ability and/or commitment to service its debt obligations and/or cause turbulence in the foreign-exchange market. The political risk rating informs the ratings for sovereign risk, currency risk, and banking sector risk.[3]

The project is focused on calming the conflict zones, but India did not make a new Silk Road Forum, because Pakistan had to enter one of the belts. Such misunderstandings are a challenge for OBOR.

India will be absent from China's Belt and Road Initiative (B&RI) Forum beginning Sunday, the government said on Saturday. The External Affairs Ministry explained that while the government supported connectivity projects, they "must be pursued in a manner that respects the sovereignty and territorial integrity". India has objected to the \$46-billion China-Pakistan Economic Corridor part of the B&RI, as it includes projects in Pakistan-occupied Kashmir (PoK).

"The international community is well aware of India's position. No country can accept a project that ignores its core concerns on sovereignty and territorial integrity," the Ministry spokesperson said on Saturday night, just hours ahead of the Forum's inauguration.[4]

China's OBOR has generated a wave of commentary and speculation about its potentially transformative impact. This essay has suggested that while prevailing geopolitical and developmental perspectives are important, a political economy perspective that focuses on how externally funded projects interact with local political agendas, networks, and cleavages is critical for understanding OBOR's likely future impact. Recent experiences in Central Asia suggest that while OBOR has the potential to fund valuable new transit infrastructure, it also risks stirring domestic political competition, fueling networks of graft and rent-seeking, and not fulfilling its transformative potential. In fact, similar sectorial investments may well have different political and social effects, depending upon prevailing political and governance condition in the target country. In particular, three issues seem to be especially relevant for both researchers and policymakers.

First, it is important that scholars and policymakers scrutinize the assumption that infrastructure-driven development will necessarily produce domestic and international

stability. In some situations and contexts, the construction of new roads and railways may well expand commerce and offer new economic opportunities; however, in other political circumstances, new high-profile projects may highlight ethnic and social cleavages, increase political competition over rents and income streams, and unleash anti-Chinese populist appeals. These outcomes may even happen simultaneously if Chinese investment disproportionately benefits one political group or cleavage over another.

Second, researchers and policymakers should refrain from treating physical connectivity in and out of the region as a desired end in itself. Improved infrastructure without accompanying reforms in the “software” will not produce efficiency gains or transformative effects. Promoting “connectivity” should not be a synonym for encouraging the Central Asian states to pursue multivector foreign policies or maintain cooperative relations with the United States. In particular, policymakers should advocate for the reform of transit and logistics-related state monopolies and cartels to unleash the full potential of new transit infrastructure.

Third, U.S. reactions to OBOR need to get beyond the current regional frameworks that have produced different attitudes toward the initiative in Central Asia and East Asia. In Eurasia, U.S. officials tend to support China’s ambitious plans and emphasize the compatibility of OBOR with Western goals of promoting intraregional connectivity and establishing the New Silk Road; however, in East Asia, a more competitive understanding of China’s regional role as a provider of development assistance, coupled with the U.S. Treasury’s initial opposition to the AIIB, has revealed greater geopolitical concern about the potential impact of OBOR on global economic governance. As this report has argued, the political economy of OBOR suggests both opportunities and potential concerns that cut across different regions and polities. [5]

Conclusion

There is always difficult to separate politics from Global Economic Issues. “OBOR” is both geopolitical and geo-economic project, so economic and political considerations should be linked together. One alternative for OBOR Initiative is the China–Kazakhstan–Azerbaijan–Georgia– Black Sea railway project, which will be able to shorten the route via the Caspian Sea by bypassing Iran. This alternative includes the use of ferries across the Caspian Sea and the Black Sea, relying on the existing infrastructure (ports, stores, roads etc.) and experience there. Their use requires considerable increase of their capacity either. We think that OBOR initiative is interesting opportunity for all member countries to develop their own economic condition and start peace building process, calm conflicts and misunderstandings which are not appropriate for 21 century.

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