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GRADUATION THESIS

on the topic

Impact on Participating Countries of “One Belt and One Road” Initiative

Master's degree student

Wang
Lifeng

signature, date

Academic adviser

Skvortsova V.A.

signature, date

Compliance supervisor

Vlazneva S. A.

signature, date

Reviewer

Associate Professor of the Department
of Economics and Management
of Federal State Budgetary Educational
Institution of Higher Education
Penza State Technological University

Kozina E. V.

signature, date

The thesis was approved for defence (record of the department meeting dated _____
no.____)

Head of the Department

Rozhkova L.V.

signature, date

The thesis was defended and marked _____ (record of the State Examination Board
dated _____ no.____)

Secretary of the SEB

Rasskazova N. V.

signature, date

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FSBEI HE Penza State University
Institute of Economics and Administration
Department of Sociology, Economic Theory and International Processes
Field of study 38.04.01 Economics,
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APPROVED BY:
Head of the Department
Doctor of Social Sciences,
Professor
Rozhkova L.V.

«_____» _____ 20__

ASSIGNMENT
FOR THE GRADUATION THESIS OF

Master's degree student Wang Lifeng, group 23ЭЭБаМ1, full-time mode of study

1 The topic of the graduation thesis: "Impact on Participating Countries of "One Belt and One Road" Initiative"

was approved by the university order
dated «__» _____ 20__ no. _____

2 The deadline for the Master's degree student to complete the graduation thesis is 11.06.2025.

3 The input data for the graduation thesis is the regulatory and legal framework, scientific literature and reference books, and Internet data.

4 The list of issues to be studied includes background of "One Belt and One Road" Initiative; influence of "One Belt and One Road" initiative on participating countries; prospects of "One Belt and One Road" initiative.

5 The list of visuals contains tables and figures.

6 The date of setting the assignment is 7.09.2023.

Academic adviser _____ / Skvortsova V.A./
(signature) (full name)

The assignment was accepted by Master's degree student _____ / Wang Lifeng /
(signature) (full name)

Schedule for completing the graduation thesis

№ п/п	Content of the thesis	Deadline for completion	Due date, signature of the academic adviser
First year of study			
1	Substantiating of the research topic and methodology, subject and object of research	1.09.2023 – 31.10.2023	
2	Framing the scientific concept of research	1.11.2023 – 18.12.2023	
3	Collection of scientific literature for the thesis	19.12.2023 – 15.01.2024	
4	Substantiating the relevance, concept, and novelty of the research	16.01.2024 – 19.02.2024	
5	Framing of a detailed plan and layout of the research	20.02.2024 – 12.03.2024	
6	Studying new literature sources within the topic of the thesis	13.03.2024 – 26.03.2024	
7	Conducting theoretical research within the first chapter of the thesis	27.03.2024 – 30.04.2024	
8	Preparing the first chapter of the thesis	1.05.2024 – 30.06.2024	
Second year of study			
9	Conducting analytical research within the second chapter of the thesis	1.09.2024 – 22.10.2024	
10	Preparing the second chapter of the thesis	23.10.2024 – 24.12.2024	
11	Conducting analytical research within the third chapter of the thesis	25.12.2024 – 25.02.2025	
12	Preparing the third chapter of the thesis	26.02.2025 – 21.04.2025	
13	Preparing the introduction and conclusion	22.04.2025 – 12.05.2025	
14	Completing the graduation thesis	13.05.2025 – 26.05.2025	
15	Handing in the thesis for compliance control and antiplagiat	27.05.2025 – 9.06.2025	
16	Getting acquainted with the feedback and review	10.06.2025	
17	Presenting the written thesis	11.06.2025	

Academic adviser _____ / Skvortsova V.A. /
(signature) (full name)

The assignment was accepted by Master's degree student _____ / Wang Lifeng /
(signature) (full name)

Summary

The graduation thesis comprises 82 pages, 3 chapters, 19 figures, 67 sources.

“ONE BELT AND ONE ROAD” IS AN INITIATIVE, “NEW SILK ROAD ECONOMIC BELT”, ECONOMIC INTEGRATION, COOPERATION, INTERNATIONAL TRADE.

The target of research is to reveal the future development trend of countries involved in the Belt and Road Project In the context of today's increasingly complex international environment.

The goal of work is to study an actual impact on the economics of participants of “One Belt and One Road” project in the context of increasing technological advancement and cooperation between countries.

The methodological framework of the paper is formed by the complex of theoretical and practical methods such as literature research method, empirical research method, content analysis, quantitative research method, qualitative research method, and case study method.

The results of research include: a multi-party Belt and Road Initiative meets China's current needs as well as the needs of countries participating in the project; the Belt and Road Initiative has brought benefits to the participating countries in infrastructure construction, natural resource development, foreign trade and many other aspects, and this China-led trade cooperation initiative is in line with the interests of all participants.

The recommendations on disseminating and applying the results are as follows: in a practical sense, for the countries participating in the Belt and Road, this paper can be used as a reference for policy-making.

The theoretical relevance of the thesis is established by exploring wide range of scholarly literature, policy documents, and real-world case studies to provide a robust foundation for its findings.

The target of research can be further explored through examining some materials and references for future research on the development of trade organizations and initiatives in this area, on economic cooperation organizations and initiatives in the context of trade de-globalization.

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Introduction

With the development of productive forces, the division of labor began to appear in the daily production and life of human beings, and at the moment when human productivity and technology have developed explosively, and countries have different resource endowments, cooperation and division of labor between countries have become a relevant topic that cannot be bypassed. Especially after the establishment of the WTO in 1995, the trade relations between countries have become increasingly close. However, in the 2020s of the 21st century, trade frictions between major countries such as the United States and China, as well as important groups of countries such as the European Union, began to appear, and it seems that the so-called "trade de-globalization" has emerged. Against this backdrop, it is necessary to reconsider the benefits that trade relations between countries can bring to member countries.

“One Belt and One Road” is an initiative aiming to build “New Silk Road Economic Belt” and “The 21st Century Maritime Silk Road”, which means a community of interests, responsibility and destiny based on political mutual trust, economic integration and cultural tolerance. On economic side, it means a deep cooperation among China and other participants in terms of trade. Since the Belt and Road Initiative was formally proposed in 2013, the cooperation between China and countries along the routes has been steadily advanced. During these years China has launched many economical projects about trade and a lot of countries had joined in (Russia, Kazakhstan, Pakistan, Greece, etc.).

After the emergence of international trade, various organizations with trade as the main theme or one of the main themes began to emerge, such as the Asia-Pacific Economic Cooperation for the purpose of promoting economic and trade liberalization in Asia, the Organization of Petroleum Exporting Countries for the purpose of regulating international crude oil production and prices, and the BRICS Organization of emerging market countries such as China and Russia. This also includes China's Belt and Road Initiative, although strictly speaking, the Belt and Road Initiative is not an organization, and there are no multilateral agreements that are more binding on member countries, as are commonly found in general economic and trade cooperation organizations, but are mostly

bilateral agreements and memoranda. However, due to the large number of participating countries, and the fact that China is an important producer in the international trade chain, and can effectively export technology and capital to foreign countries, it is valuable to discuss the impact of the Belt and Road Initiative among the producing countries.

Since the proposal was put forward, scholars have paid much attention to it. The existing researches on the "Belt and Road Initiative" mainly focus on the implementation effect of the "Belt and Road Initiative", and scholars have carried out a lot of discussions from the macro and micro levels.

The goal of this study is an actual impact on the economics of participants of "One Belt and One Road" project in the context of increasing technological advancement and cooperation between countries.

This goal is realized by solving the following objectives:

- introduction of the basic status of the Belt and Road Initiative, including significance, content and characteristics of "One Belt and One Road";
- analysis of factors affecting Belt and Road countries especially in the context of production, construction and infrastructure;
- studying the influence of "One Belt and One Road" Initiative on different groups of participating countries like Middle Asia countries, Russia, China and Latin America countries, including advantages and shortcomings;
- analysis of prospects of the BRI for different countries.

The object of this study is One Belt and One Road" Initiative (BRI).

The subject of this study is influence of the Belt and Road Initiative on the participating countries.

The research is directed to further investigate and study the impact of the Belt and Road Initiative on the economic development of modern participating countries. In the context of today's increasingly complex global trade, the future development trend of the Belt and Road Initiative is reflected.

The main research methods used in this paper are: literature research method, empirical research method, content analysis, quantitative research method, qualitative research method, and case study method.

The novelty of this paper lies in the comprehensive study of the current situation and future development trends of global trade, the analysis of the trade data of the participating countries of the Belt and Road, and the relevant literature research on China's own economic and political needs. This paper finds the significance of the existence of the Belt and Road Initiative to all parties, and puts forward the possible attitudes of participating countries towards the Belt and Road Initiative in the future, so as to provide some reference for future related research. It provides some materials and references for future research on the development of trade organizations and initiatives in this era.

The structure of the work is determined by the purpose and tasks decided on the job. For the study of the participating countries of the Belt and Road Initiative, the first step is to plan and write the goals and objectives to be achieved, and consider the research method that is most suitable for the paper by searching for research methods in economics. Secondly, it is necessary to elaborate the thinking framework of the paper: it is mainly divided into three chapters. The first chapter focuses on the basic information such as the concept, content and economic background of the Belt and Road Initiative, which is mainly divided into three parts: the economic background of the Belt and Road Initiative, the characteristics and content of the Belt and Road Initiative, and the factors affecting the Belt and Road Initiative. The aim is to lay the groundwork for future research on the impact of the Belt and Road Initiative. Chapter 2 selects the five Central Asian countries as representatives of land trade, Latin American countries, and Russia as a major country among the participants of the Belt and Road Initiative, and expounds and analyzes the various impacts of the Belt and Road Initiative from various aspects such as trade, and explains the existing impact of the Belt and Road Initiative on the participating countries. It provides a factual basis for the arguments presented in this article that followed. Chapter 3 analyzes the importance of the Belt and Road Initiative for participating countries from the perspective of economics and politics. Divided into two parts, the first part starts from the needs of China, the initiator of the "Belt and Road", analyzes the importance of the "Belt and Road" to China, and explains why China needs the "Belt and Road". The second part analyzes the implications of the Belt and Road Initiative for other countries in terms of their needs.

Based on the current deterioration of global trade, this paper expounds and analyzes the impact of the Belt and Road Initiative on participating countries by studying relevant literature and relevant data. Despite the drawbacks, countries participating in the Belt and Road Initiative are able to reap the benefits that are in their own interests. A literature analysis of China's economic and other needs in the initiating country shows that a multi-party Belt and Road Initiative meets China's current needs, and China has the motivation to continue to promote the Belt and Road Initiative. By analyzing the domestic economic and development needs of the participating countries, this paper finds that the Belt and Road Initiative can bring the benefits they need to these countries in the future. Combining these two findings, this paper concludes that the Belt and Road Initiative has brought benefits to the participating countries in infrastructure construction, natural resource development, foreign trade and many other aspects, and this China-led trade cooperation initiative is in line with the interests of all participants.

Based on the actual situation, this paper analyzes the current situation of the impact of the Belt and Road Initiative on the participating countries from the context of the modern global economy. Combined with the analysis of the future needs of all parties, it is proposed that the "Belt and Road" initiative can play a more positive role in the participating countries in the future, so as to better promote the healthy and long-term development of the global economy. In a theoretical sense, it provides a certain reference for future research on economic cooperation organizations and initiatives in the context of trade de-globalization. In a practical sense, for the countries participating in the Belt and Road, this paper can be used as a reference for policy-making.

Chapter 1 Background of “One Belt and One” Road Initiative

1.1 China’s Political and Economic Background of “One Belt and One Road”

Since the 80s of the 20th century, the world's transportation development has become more and more convenient, the exchanges between countries have become closer and closer, and the trade activities in the world have become more and more frequent. In 1995, the WTO was established, since then the total amount of goods in and out of the world over the years began to grow rapidly, after China's accession to the WTO in 2001, the total amount of goods in and out of the world over the years in 2002-2008 at an annual rate of more than 10% rapid growth, in the context of this global cooperation, China put forward Belt and Road Initiative (BRI).

“The Belt and Road” Initiative is an important economic initiative proposed by China, which is the abbreviation of "Silk Road Economic Belt" and "21st Century Maritime Silk Road", and in September and October 2013, Chinese President Xi Jinping proposed to build the "New Silk Road Economic Belt" and "21st Century Maritime Silk Road" cooperation initiative [1] (In the rest of the article, it will be referred to simply as BRI). Relying on the existing bilateral and multilateral mechanisms between China and relevant countries, and with the help of existing and effective regional cooperation platforms, “One Belt And One Road” Initiative aims to borrow the historical symbols of the ancient Silk Road, hold high the banner of peaceful development, actively develop economic cooperation with partners, and jointly build a community of interests, destiny and responsibility with political mutual trust, economic integration and cultural inclusiveness. The five main aspects of Belt and Road cooperation include infrastructure connectivity, policy coordination, finance, trade, and people-to-people ties to encourage regional cooperation and mutual growth [44].

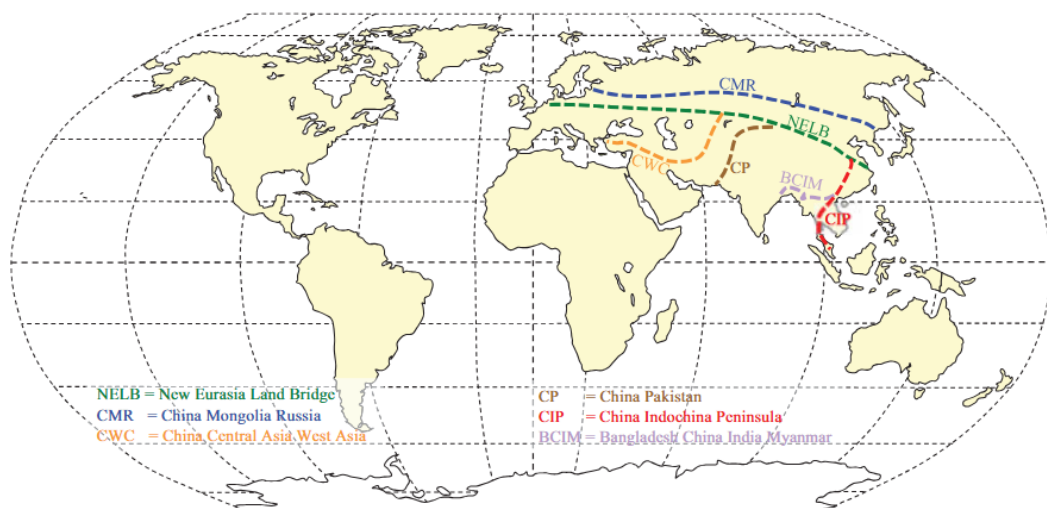


Figure 1.1 - New Silk Road [6]

Of course, China's BRI also has an international and domestic political and economic context, which will be listed and introduced in this chapter.

In 2007, the subprime mortgage crisis broke out in the United States, and then in 2008 it developed into a financial tsunami that swept the world, the crisis caused the United States to lose a quarter of its net asset value, a large number of financial institutions went bankrupt, and the United States' trade imports fell sharply, and the crisis also caused a sharp depreciation of the dollar, which will undoubtedly cause the reaction of some countries and organizations that use the dollar as the main settlement currency for trade. "BRICS" maintained rapid growth, and with the change of economic strength of various countries, the global economic and trade framework was also challenged accordingly. As the world's second largest economy and a relatively small economic power affected by the crisis, China is also interested in enhancing its voice in the global economy in the process of global economic adjustment, challenging the economic and trade rules led by the United States, establishing a new international order, and building multi-faceted and multi-level international dialogue channels and cooperation mechanisms. Build a new economic and trade system.

In addition, in 2011, the United States proposed a "pivot to the Asia-Pacific" strategy, proposing to withdraw the United States from the wars in Iraq and Afghanistan

and tilt more economic, military, and political resources to the Asia-Pacific region. The United States has successively intervened in the Sino-Japanese territorial dispute, intervened in China's sovereignty issue in the South China Sea, and co-opted other countries in East Asia and Southeast Asia to try to build a "three-island chain" blockade against China, stationed troops in Australia, and tried to re-dominate the political and economic affairs of the Asia-Pacific region.

Around 2013, the world's major countries are committed to the establishment of regional international cooperation organizations, including the "ASEAN 10+3 mechanism" in the Asia-Pacific region, Russia, Belarus and Kazakhstan also proposed the so-called Eurasian Economic Union in 2014, as well as the "Trans-Pacific Partnership Agreement", "Transatlantic Trade and Investment Partnership Agreement", and Hillary Clinton's "New Silk Road" and other regional mechanisms, impacting the existing trade rules at that time, China as a large country with a high degree of dependence on foreign trade, There's a lot of pressure on that. For this reason, China also needs to seek to establish similar regional international cooperation organizations or agreements, and in a sense, China's BRI is also to follow the trend of the time and strive for more voice.

For China, the launch of "One Belt and One Road" Initiative also has domestic considerations, such as capital and capacity exports, regional coordination, trade and energy security.

In terms of capital and production capacity output, after entering the second decade of the 21st century, China's rapid economic growth period of using its own demographic dividend to undertake foreign low-end manufacturing industries in the early days of its accession to the WTO is on the verge of ending, and China urgently needs to make adjustments on many issues such as industrial structure. Since 2011, China's capacity utilization rate has continued to decline, although it has always been above 70 %, but its changing trend still shows that the problem of overcapacity has gradually begun to appear, especially in traditional industries such as steel and fertilizer. After China's accession to the WTO in 2002, its export dependence exceeded 50 % by 2013, making it a typical export-dependent country. China hopes that through "One Belt and One Road" Initiative,

on the one hand, it will stimulate external demand, expand the market for its own products, drive enterprises to invest abroad, and promote the economic development of countries along the way. On the other hand, it can also take this opportunity to promote the transformation and upgrading of local industries.

In terms of regional coordination, in the early days of "reform and opening up," China put forward the strategy of opening up the coastal areas, and under the role of industrial policy and regional policy support, the economic development of the eastern part of China's coastal areas has widened a considerable gap with the western region. In 1999, China adopted the strategy of "large-scale development of the western region," and after more than 10 years of resource investment and construction, the development of the western region has made a certain degree of progress, which has also reduced the gap between the western region and the eastern region to a certain extent. However, the gap between the west and the east still exists and cannot be ignored, in the overall degree of opening up, the west is still far behind the east, and at this time put forward BRI with the west as the main node, which is obviously conducive to opening up the west and bridging the development gap between the regions. In fact, this strategy has been quite effective, since the BRI was proposed, because some of the cities have been regarded as important nodes in the construction of the "Belt and Road", China's central and western provinces have also maintained a high growth rate.

In terms of trade and energy security, on the one hand, as mentioned above, China is facing political pressure from the United States in the Asia-Pacific region, and its trade with its original trading partners (Japan, South Korea, the Association of Southeast Asian Nations, etc.) is likely to be affected, so China needs to establish new trade relations with other countries to ensure its own trade security. In addition, with the rapid growth of China's economy, China has become a major energy importer and consumer, and its dependence on crude oil imports has been rising, but before BRI was proposed, China had at least 60% of its crude oil imports, and because the import sources were mainly in the Middle East, Sudan and other places in Africa, more than 80% of China's crude oil imports need to pass through the Strait of Malacca. The U.S. Navy's Seventh Fleet stationed in Singapore is easy to blockade the strait, which is undoubtedly a huge threat to China's

energy transportation, crude oil import security is the vital interests of every crude oil importing country, especially China, an industrial power, therefore, China needs to solve the problem of crude oil transportation, open up land crude oil transportation channels, and put forward BRI, unite Russia, Kazakhstan and other important crude oil producers, but also land power on the Eurasian continent, deepen economic and trade cooperation with them, It will not only solve China's energy transportation threat, but also provide China with a new option for energy imports and avoid possible geopolitical risks in the future. By 2023, 18.98% of China's crude oil imports will come from Russia. On the one hand, this part of the crude oil enters China through the land pipeline in North Asia, and there is no need to worry about the blockade of maritime traffic, on the other hand, Russia is not a Gulf country, and has a high degree of political and economic interests with China at present, which adds a political guarantee for the security of crude oil imports supplied to China.

In terms of promoting the internationalization of the national currency. Since the collapse of Bretton Woods, the Jamaica system has been in operation for more than 50 years. With the rise of the European Union, Germany, China and other countries, the sovereign currencies of these countries have also begun their own internationalization process. Generally speaking, the currency status of a country will also improve as the country's economic status improves. Although China has become the world's second largest economy as early as 2010 and has an extremely important position in world trade, it was not until 2013 when BRI was proposed that the scale of international payments of the RMB was only 0.63%, just surpassing the Russian ruble and ranking 13th in the world. The scale of international payments of the RMB is obviously inconsistent with the size of China's economy, and there is still a lot of room for the RMB to promote internationalization. For a country, increasing the use of its own currency in international trade settlement, commodity pricing and international investment and financing, and increasing its proportion in the foreign exchange reserves of other countries is not only beneficial to the country's economic security, but also enables it to have good risk resistance when the external economic environment changes. It is also in line with the trend of changes in the international monetary structure. Therefore, the Chinese

government also needs to find a way to make up for this difference.

The BRI is an initiative that can promote the internationalization of the RMB, because it encourages participating countries to use their own currencies for settlement in bilateral trade, which has also been effective. After the BRI was proposed, many countries turned to the RMB, especially after the outbreak of the new coronavirus exposed the shortcomings of the US dollar. On March 29, 2023, the Brazilian and Chinese governments reached an agreement to use bilateral trade for settlement. In April of the same year, Argentina announced the use of RMB to pay for goods imported from China. As of February 2023, the RMB's share of international payments was about 2.19 %, making it the fifth largest payment currency in the world. Although the scale of international payments in the renminbi is still not fully in line with the size of China's economy, this is a very significant increase from 0.63 % in 2013.

“One Belt And One Road” Initiative encourages participating countries to conduct multilateral and bilateral negotiations within the broad framework of the initiative to reach consensus on reducing tariffs, refraining from using anti-dumping measures easily, simplifying customs clearance procedures, and eliminating related trade barriers. However, with the increasing degree of internationalization, the RMB inevitably poses a challenge to the existing international monetary system. At this time when the internationalization of the RMB is not high enough, it needs to find a way to avoid direct competition with mainstream currencies. The BRI provides China with a way to avoid countries with strong currencies such as the United States. The multilateral response mechanism established by the BRI is conducive to promoting the interconnection of economic activities among countries along the route, enhancing the real demand of countries along the route for RMB-denominated and settled commodities, and providing an endogenous driving force for the internationalization of the RMB. Infrastructure construction is conducive to the export of RMB, unimpeded trade is conducive to the construction of RMB return channels, the establishment of financial platforms can provide guarantees for the promotion of RMB internationalization in the region, and cultural exchanges and cooperation will consolidate the international status of the RMB. Since the

BRI was proposed, it has received strong support and positive response from countries along the route. As of the end of 2022, China has signed more than 200 cooperation documents on the joint construction of the BRI with more than 150 countries and regions and 32 international organizations, laying a policy coordination foundation for the smooth development of the BRI. After several years of development, BRI has been refined into a "five-link" policy system of policy communication, infrastructure connectivity, unimpeded trade, financial integration and people-to-people connectivity. Among them, infrastructure connectivity, unimpeded trade and financial integration are directly related to the internationalization of the RMB. Facts have proved that the gradual development of the "Belt and Road" construction has also successfully avoided the head-on conflict between the RMB and strong currencies such as the US dollar in major markets under the current complex international economic situation, opened up new development space for the internationalization of the RMB, and opened up a brand new path for the internationalization of the RM [29].

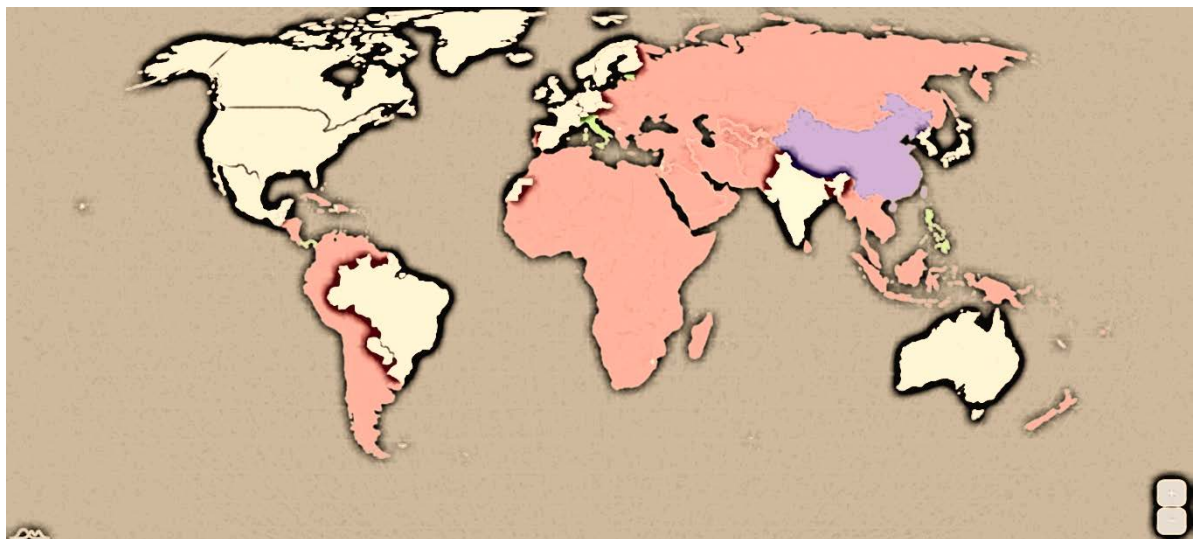


Figure 1.2 - Countries that have signed the cooperation documents for the joint construction of BRI [9]

1.2 Significance, Content and Characteristics of “One Belt and One Road”

From the meaning of the "One Belt and One Road" itself, BRI, which is the

abbreviation of the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road", has a profound historical background and originates from the glorious history of the ancient Silk Road. The ancient Silk Road was a land-based commercial trade route connecting Asia, Africa and Europe, and was once a bridge for economic, political and cultural exchanges between the East and the West [27]. According to the explanation of China, the proposing country, under the new historical conditions, China proposed BRI, aiming to borrow the historical symbols of the ancient Silk Road, promote the Silk Road spirit of peace, cooperation, openness, inclusiveness, mutual learning, mutual benefit and win-win, and promote the common development and prosperity of countries and regions along the route [14, 33].

BRI emphasizes all-round and multi-field connectivity and cooperation. This includes the connectivity of infrastructure, such as railways, roads, ports, communications, etc., as well as connectivity in trade, investment, finance and other fields. By building infrastructure such as transportation networks, energy networks, and communication networks, trade and logistics costs can be reduced, investment efficiency can be improved, and the flow and diffusion of economic activities can be promoted. In addition, BRI promotes economic globalization to a more open, inclusive, universal, balanced and win-win direction by strengthening trade and investment cooperation among countries along the route [18]. At the same time, the construction of the BRI also focuses on the construction of a diversified investment and financing system, providing more stable and sustainable financial support for economic globalization. At the same time, the BRI also focuses on cultural exchanges and promotes cooperation in education, science and technology, culture, tourism and other fields [59,28].

The main content of "One Belt and One Road" Initiative is to establish a transnational economic cooperation belt, but it is not only limited to the pursuit of economic and trade ties between the participating countries, but also communication and mutual trust in transportation, culture, politics, ecology and other aspects. Therefore, its content and impact on the participating countries are multifaceted. I believe that the initiative has three main impacts on countries other than China: infrastructure construction and industrial construction.

On the one hand, China has participated in domestic investment and assisted in the construction of a series of infrastructure under “One Belt and One Road” Initiative, including railways, ports, roads, bridges, etc. By the end of September 2022, the China-Europe Railway has connected 25 European countries and 217 cities, with a total of 78,000 trains. For example, the China-Laos Railway in Laos is the first railway in Laos, and the successful construction of the railway has made Laos from a "land blockade country" to a "land connecting country", realizing the interconnection between Laos and other neighboring countries. The construction of these railways has promoted regional connectivity and promoted the economic development of countries along the route; In terms of port construction, Chinese companies bought part of the shares of the poorly managed port of Piraeus in Greece and rebuilt it, and now it has developed into the largest port in the Mediterranean, the fourth largest port in Europe, and the most important port for Greece's foreign trade; In the construction of highways, China is involved in Serbia's E673 highway, which connects Belgrade, the capital of Serbia, with large and medium-sized cities in the surrounding areas. Today it is one of the most trafficked roads in Serbia. In terms of bridge construction, China assisted the Maldives in the successful construction of a sea-crossing bridge, which solved a major transportation problem in the country. These projects not only facilitate the daily lives of local people, but also allow them to get to another place faster and more conveniently. It also provides a new and faster promotion for the circulation of goods and resources, which can effectively promote local trade development and economic construction, and even bring convenience to the possible local industrial development.

On the other hand, under “One Belt and One Road” Initiative, local industries have been developed in some participating countries, and here are some examples:

1. Vietnam's electronic information industry. Thanks to China's investment and technology transfer, its electronics manufacturing industry has developed rapidly, especially in the production of smartphones and components. In 2016, China and Vietnam began to cooperate in the construction of the China-Vietnam (Haiphong-Shenzhen) Economic and Trade Cooperation Zone, with a total investment of more than 175 million US dollars, which has introduced a number of electronic enterprises, including the world's

leading manufacturer of broadband communication terminal products, Tongwei Electronics, etc., forming an industrial cluster around major brands.

2. Thailand's logistics industry and tourism, Thailand was originally in the core of ASEAN, has a natural logistics industry advantages, and after the completion of the construction of a number of highways and high-speed railways with China's participation (such as the China-Laos Railway), Thailand's transportation efficiency of transporting China's goods to other Southeast Asian countries and other goods to China and other northern countries has been greatly improved. In terms of tourism, after “One Belt and One Road” Initiative, more and more foreign tourists, especially Chinese tourists, choose to travel to Thailand. From 2013 to 2019, Thailand's tourism industry grew at a high level with an annual growth rate of more than 9.6%. Even BRI to promote tourism is not only limited to Southeast Asia; relevant studies show that BRI also promotes the development of tourism in South Asia, West Asia and other regions [5].

3. Kazakhstan's energy industry. Under “One Belt and One Road” Initiative, cooperation between China and Kazakhstan in the field of renewable energy has yielded fruitful results. For example, the Zhanatas 100 MW wind power project is one of the key projects on the China-Kazakhstan production capacity cooperation list, and the construction and operation of the project have made a positive contribution to Kazakhstan's energy restructuring and clean energy development. In addition, there are the Turgusun Hydropower Station and the Sherek Wind Power Project, which demonstrate the close cooperation between China and Kazakhstan in the new energy industry.

4. The textile industry in Uzbekistan. As a major cotton producer in the world, Uzbekistan has abundant raw material resources, but its downstream production and processing capacity is weak. On the one hand, China imports a large number of textile products from Uzbekistan, and China's total textile and apparel trade with Uzbekistan reached US\$1.52 billion in 2021. Among them, China imports a large amount of cotton yarn from Uzbekistan, accounting for almost all imported textiles. On the other hand, China has introduced advanced textile equipment and technology to the textile industry in Uzbekistan. In addition, under the "One Belt, One Road" initiative, Uzbek enterprises have also been given exposure opportunities: the cooperation project between Alibaba

International Station and the Ministry of Investment and Foreign Trade of Uzbekistan. In July 2023, the two sides signed a memorandum of cooperation, under which the export promotion agency of the Ministry of Investment and Foreign Trade of Uzbekistan will help more than 100 companies in the country to settle in Alibaba.com and bear the corresponding costs within 12 months of the merchant's arrival. Alibaba.com will provide these companies with "Global Gold Supplier" related services, increase product and corporate exposure opportunities, and help them enter the online market in more than 190 countries and regions around the world for sales. At present, 25 Uzbek companies have settled in Alibaba's international station, covering a wide range of categories, including those producing textiles.

As an initiative advocating all-round cooperation among all parties, "One Belt and One Road" Initiative has the following characteristics.

Openness. "One Belt and One Road" Initiative emphasizes maintaining a free, open, and non-discriminatory multilateral trading system, promoting deeper integration of economies among countries, and jointly building a global value chain. This initiative does not pursue exclusive trade standards, rules, and systems, but is committed to promoting open cooperation among countries and regions along the route and adhering to the principle of mutual benefit and win-win results.

Inevitability. The inevitability here does not refer to BRI itself, but to the initiative proposed by major developing countries represented by China to establish an economic cooperation belt with the participation of a large number of countries (especially third world countries). BRI was proposed against the backdrop of escalating global trade disputes and tariff barriers, and the inability of traditional governance concepts and practices to meet the increasingly complex changes in the international political and economic landscape. It reflects China's efforts to participate in global governance, and is committed to building a "decentralized" global governance and promoting economic equity and inclusive development. Even if it is not today's China, other major developing countries such as Russia and India will propose similar initiatives and try to participate in global governance with new rules.

Non-exclusive and non-competitive. "One Belt and One Road" Initiative is a typical

public product. It is open to all countries and regions in the world. It is both a regional cooperation and a global cooperation practice. It helps to promote the practice of global cooperative governance and promote trade liberalization and investment facilitation among countries in the region by building a broader international cooperation platform and jointly building public infrastructure.

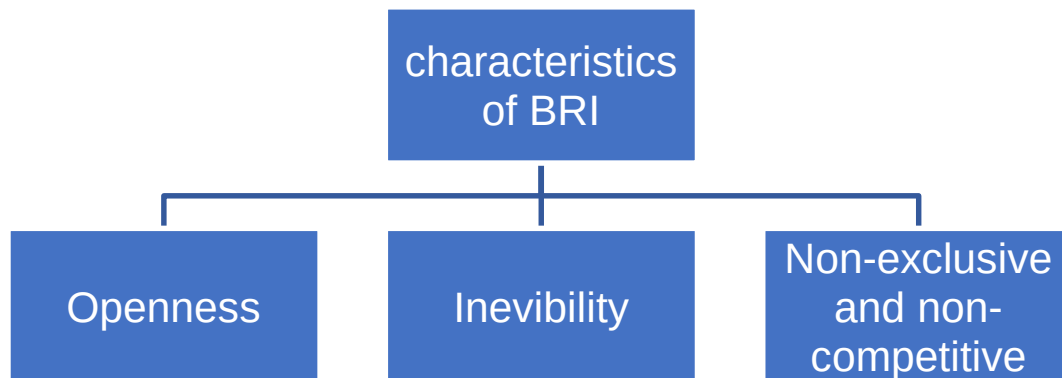


Figure 1.3 Characteristics of BRI

1.3 Factors Affecting Belt and Road Countries

1. Geographical distance and the level of basic transportation coverage. Geographical distance has an important impact on a variety of activities such as trade, transportation, and communication, because it determines the time and cost required for objects or information to be transmitted between two locations. In BRI, geographical distance becomes a key factor because it involves economic cooperation and exchanges between different countries. For example, some countries may be more likely to participate in trade and investment activities with China because of their geographical proximity to China. At the same time, some countries will also take advantage of their own geographical location and actively participate in the construction of the BRI to promote the process of regional economic integration. Obviously, if a country is too far away from its industrially complementary cooperating countries, it will be detrimental to the exchange of factors and commodities between them.

In addition, the coverage level of basic transportation is also very important. As a key area of the joint construction of the BRI, infrastructure connectivity has a wide-ranging impact on the economic growth and development of participating countries. Together with geographical distance, it affects the flow of factors and goods between the two countries. In addition, the level of basic transportation coverage that can be artificially improved can also make up for the inconvenience caused by the long geographical distance. Chinese investment is committed to cross-border infrastructure construction, such as railways, roads, ports, etc., which will help the products and services of countries along the route to enter the Chinese market more conveniently. At the same time, China has built landmark infrastructure projects within the co-construction countries, strengthened transportation connections within the countries, promoted international connectivity, reduced business costs, and promoted the expansion and upgrading of related industries and global and regional economic and trade exchanges.

2. Industrial agglomeration. Industrial agglomeration refers to the degree of concentration of an industry in a specific region. It plays an important role in promoting regional economic growth, enhancing industrial competitiveness and promoting international trade. In the regions along the Belt and Road, some countries have formed obvious industrial agglomeration in certain industrial fields. These agglomeration areas have reduced production costs, improved production efficiency and enhanced industrial competitiveness by sharing infrastructure, labor markets, and technological innovation environments. At the same time, industrial agglomeration has also promoted the coordinated development of upstream and downstream industries, formed a complete industrial chain, and provided convenient conditions for trade between participating countries.

In order to achieve the goal of improving industrial agglomeration in the future. Chinese companies have built overseas economic and trade cooperation zones in some countries that jointly build the Belt and Road, forming an industrial agglomeration effect, attracting upstream and downstream enterprises in the industrial chain to settle down, and enhancing the global competitiveness of local industries.

Existing trade barriers. Trade barriers, also known as trade obstacles, mainly refer to

artificial restrictions set by a country on the exchange of foreign goods and services, especially various restrictive measures on the import of foreign goods and services. The existence of trade barriers will hinder normal trade activities and interfere with the normal operation of the market competition mechanism. They can be roughly divided into two categories: non-tariff barriers and tariff barriers. Tariff barriers mainly involve tariffs imposed by the customs set up by the government on importers and exporters when imported and exported goods pass through the customs border of a country. These tariffs may be imposed on foreign goods for the purpose of increasing national fiscal revenue (fiscal tariffs) or for the purpose of protecting the development of domestic industries (protective tariffs). Non-tariff barriers cover all measures that restrict imports except tariffs. These measures can be further divided into direct restrictions and indirect restrictions. Direct restrictive measures such as import quotas and import licenses directly restrict the quantity or amount of imported goods. Indirect restrictive measures indirectly restrict the import of goods by formulating strict regulations and laws, such as discriminatory government procurement policies, harsh technical standards, and health and safety regulations. From the perspective of the types of trade affected by trade barriers, it can not only affect trade in goods, but also trade in services and technology, etc. For trade in goods, both tariff barriers and non-tariff barriers may affect the import quantity and price of goods, and thus affect the supply and demand relationship in the domestic market and industrial development.

The existence of trade barriers has many negative effects on countries participating in “One Belt and One Road” Initiative. First, it may lead to the closure of commodity markets and import restrictions, which in turn affects the economic development of participating countries. Second, trade barriers may hinder international cooperation, leading to tensions and instability in trade relations between countries. It makes it difficult for the multilateral mechanism that the initiative relies on to work, which directly affects the realization of the goals of “One Belt and One Road” Initiative. In addition, domestically, trade barriers may also affect people's lives, leading to rising commodity prices, fewer employment opportunities, and stagnation of technological innovation.

Technology introduction. For the participating countries of BRI, scientific and

technological cooperation among countries is the core content and important driving force of the high-quality development of the BRI. Through joint research and development, technology transfer and other means, it can achieve the sharing of technical resources and promote scientific and technological progress and innovative development. They not only need convenient trade conditions, but also need sufficient technology introduction to establish and improve their own characteristic industries, and the introduction of technology can help them achieve this goal. Moreover, this kind of cooperation not only helps to improve the scientific and technological level of participating countries, but also cultivates more scientific and technological talents, and provides strong support for the sustainable development of the economy and society and the sustainable development of emerging industries. In addition, in the construction of the BRI, by introducing current transportation construction technology and implementing high-level infrastructure projects such as intelligent transportation and smart cities, the transportation convenience and communication efficiency of participating countries can be improved, thereby promoting economic development.

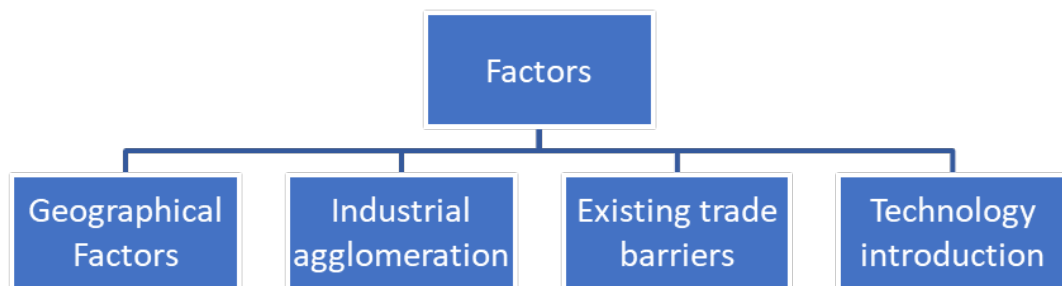


Figure 1.4 - Factors that influences the participants

Chapter 2 Influence of “One Belt and One Road” Initiative on Participating Countries

2.1 Impact on Five Countries of Middle Asia by “One Belt and one Road”

Considering the large number of countries participating in the BRI, this paper decides to select some representative countries as the research objects in Chapter 2, and here we take the five Central Asian countries (Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Tajikistan) that joined China earlier and most of them border China.

Central Asia is China's neighbor and an important node of the six major economic corridors planned by the Belt and Road Initiative, NELB (New Eurasia Land Bridge) and CWC (China Central Asia West Asia). China is an important transit point to West Asia and Europe, so the selection of the five Central Asian countries as the target is of certain significance.

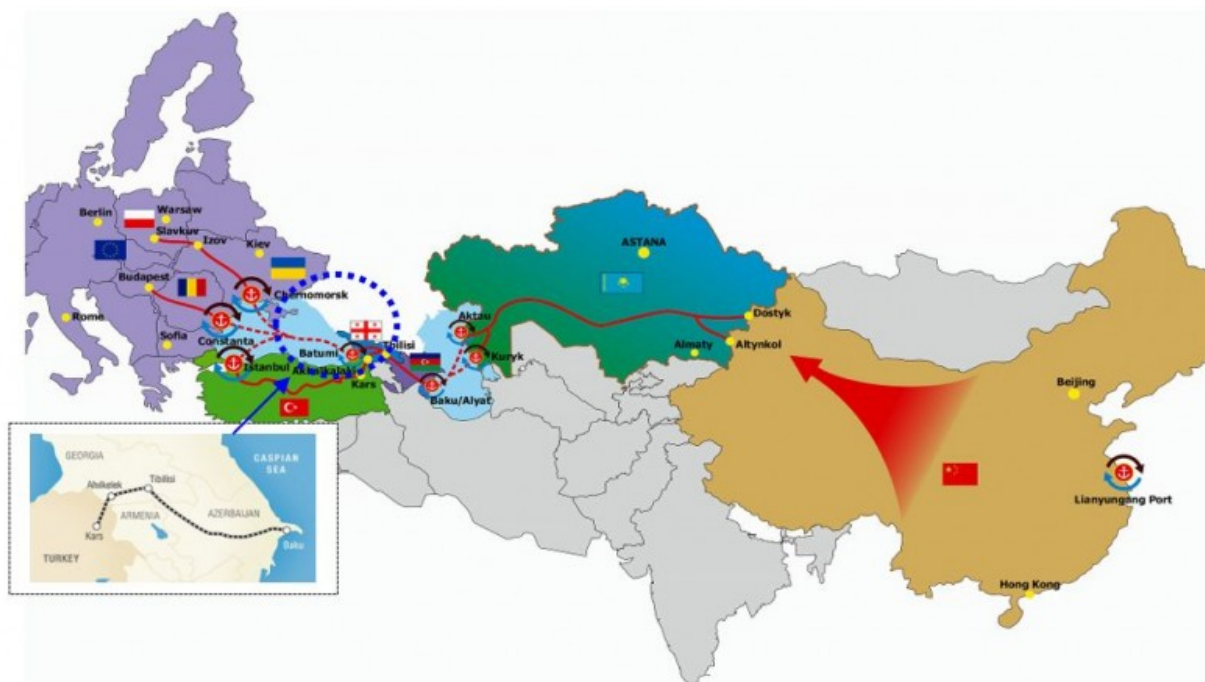


Figure 2.1 - The route map of NELB on the territory of Central Asia [10]

As mentioned in Chapter 1, the BRI does not aim to simply establish a tariff-free alliance, but from infrastructure construction, cultural exchanges and other aspects, it proposes a multifaceted, highly deepened cooperative relationship, aimed at promoting the

comprehensive development of the "community with a shared future for mankind" proposed by the founding country China, therefore, its impact on the participating countries is multifaceted, and not only limited to the impact on trade, mainly reflected in the construction of transportation facilities, Energy infrastructure construction, urban construction, investment mechanism, foreign trade, etc.

In terms of transport infrastructure, the BRI has given strong impetus to the road development of five Central Asian countries – Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan – by promoting the construction of transport infrastructure since its inception in 2013. Due to the importance of their geographical location and the long-standing imperfection of the road network, these countries have become the focus of the BRI. Through a series of financial, technical and project support, the BRI has significantly improved the transportation conditions and regional connectivity in Central Asia.

First of all, the BRI has led to a continuous increase in the total length of roads in the five Central Asian countries. Kazakhstan, for example, has a "Bright Road" program that connects with the BRI, and has built a number of highways, including the Khorgos-Almaty highway, which connects the Khorgos port to Almaty. These new highways have not only improved the efficiency of domestic transportation, but also become an important hub for China-Europe freight trains. As of 2023, the total length of roads in Kazakhstan has increased from about 80,000 km in 2013 to 95,000 km, an increase of 18.75 %. Uzbekistan, for its part, upgraded the Tashkent-Samarkand highway and improved the road network between cities through the BRI, with the total length of roads increasing from 42,500 km in 2013 to 47,000 km in 2023, an increase of 10.6 %.

Second, the BRI (BRI) has played an important role in countries such as Kyrgyzstan and Tajikistan with complex terrain and weak infrastructure. Through the BRI, Kyrgyzstan has built part of the China-Kyrgyzstan-Uzbekistan Highway, which connects the country directly to China and Uzbekistan, significantly reducing transportation times within the region and improving the efficiency of north-south traffic. As of 2023, the total length of roads in Kyrgyzstan increased by 10.8 % to 20,500 km, up from 18,500 km in 2013. Tajikistan, for its part, improved rural-urban connectivity through the Dushanbe-Kurgan-

Tyube highway upgrade project, with the total length of roads increasing by 10.7 per cent to 15,500 km.

In Turkmenistan, the BRI has promoted the construction of the Trans-Caspian Highway, which connects Turkmenistan's road network with the Trans-Caspian Transport Corridor. With the construction and upgrading of the main trunk road connecting Ashgabat to the port of Turkmenbashi, the country's status as a logistics hub between Central Asia and Europe has been significantly enhanced. As of 2023, the total length of roads in Turkmenistan increased by 16.7 % from 24,000 km to 28,000 km.

In addition, the contribution of the BRI to the road construction of the five Central Asian countries is also reflected in the technical and financial support. China has provided these countries with capital and modern construction technology through intergovernmental agreements, concessional loans, and corporate investment. For example, in the China-Kyrgyzstan-Uzbekistan highway project in Kyrgyzstan, the alpine road construction technology of Chinese companies has effectively overcome the challenges of the country's complex terrain. In Tajikistan, Chinese-led projects have linked mountain roads to major cities, facilitating cross-border trade and inland development.

Finally, improvements in transport infrastructure have brought significant economic and social benefits. Through projects supported by the BRI, intra-regional freight volumes in the five Central Asian countries have generally increased by 20 %-30%, and transportation costs have decreased by about 25 %. In the case of the Khorgos port, its annual cargo volume increased from 15 million tons in 2013 to 25 million tons in 2023. At the societal level, road construction has directly created more than 100,000 jobs and indirectly boosted the economic development of rural areas. However, these projects also face certain challenges, including debt pressure in some countries and long-term maintenance of new roads.

In terms of urban construction, the BRI has had a profound impact on urban construction in the process of promoting the infrastructure development of the five Central Asian countries. Through cooperation with China, these countries have not only improved urban infrastructure and upgraded the level of urban modernization, but also strengthened the connection between cities and between cities and rural areas, laying the foundation for

the development of regional economic integration.

First, the BRI has significantly improved the level of urban infrastructure in the five Central Asian countries. In Kazakhstan, for example, the capital city of Nur-Sultan (formerly Astana) has completed a number of infrastructure upgrading projects under the BRI, including the construction of intelligent transportation systems, urban light rail, and modern commercial centers. These projects optimize the city's transportation network and make the city more livable and international. Almaty has alleviated long-standing traffic congestion with the construction of new arterial roads and viaducts. Tashkent, Uzbekistan, with the support of the BRI, has completed the construction of expressways and bridges, significantly improved the efficiency of urban commuting, and modernized its water and drainage systems. Bishkek, Kyrgyzstan, and Dushanbe, Tajikistan, have upgraded their electricity networks and trunk roads, respectively, to strengthen the city's economic ties with the surrounding areas.

Second, the BRI has provided impetus for the urban economic development of the five Central Asian countries by promoting the construction of logistics hubs and industrial parks. In Kazakhstan, the Khorgos International Border Cooperation Center has gradually developed into an important logistics hub in Central Asia, attracting not only a large amount of business investment, but also the modernization of surrounding cities. Uzbekistan, for its part, has established a number of industrial parks near Tashkent, attracting foreign investment and technical support, and promoting the development of local manufacturing and export processing industries. Similarly, the emerging SEZs around Bishkek and Dushanbe have significantly strengthened the local economy and provided a new growth platform for SMEs.

In addition, the BRI has also made an important contribution to improving connectivity between cities. These cities have become more connected to neighboring countries and regions through new or upgraded roads and railways. For example, Nur-Sultan and Almaty in Kazakhstan are connected by highways and railways, forming a "twin-city economic belt" that further promotes regional economic cooperation. The China-Kyrgyzstan-Uzbekistan corridor project will connect the cities of Tashkent, Bishkek and Dushanbe with the transport networks of Xinjiang and Kazakhstan in China

through the integration of roads and railways, greatly improving the efficiency of transport in the region.

At the same time, the BRI has also introduced modern urban construction concepts and technologies. Nur-Sultan in Kazakhstan and Ashgabat in Turkmenistan have spearheaded smart city pilot projects to promote green urban development by applying smart transportation, energy-efficient buildings and clean energy technologies. The implementation of these projects has not only significantly improved the efficiency of urban infrastructure, but also provided other cities in Central Asia with a model for modernization.

However, despite the remarkable achievements of the BRI in the urban construction of the five Central Asian countries, it still faces some challenges. On the one hand, local governments rely more on external financing for project funding, and debt pressure in some countries has emerged. On the other hand, the sustainability of some projects needs to be strengthened, especially in terms of long-term maintenance and management capacity. In addition, the degree of localization in the construction process is relatively low, and it is necessary to further increase the participation ratio of local labor and enterprises to achieve effective transfer of technology and experience.

In short, the BRI has injected new vitality into the urban construction of the five Central Asian countries, and through financial support, technology introduction and project cooperation, it has not only improved urban infrastructure and regional connectivity, but also promoted urban modernization and regional economic integration. However, in order to ensure the long-term sustainability of the project, the five Central Asian countries need to strengthen debt management, improve project operation and maintenance capabilities, and focus on promoting green development and localization, so as to achieve broader mutual benefits.

In terms of investment mechanisms, the BRI has brought far-reaching changes to the investment mechanisms of the five Central Asian countries by providing large-scale financial support, innovating investment models and optimizing financing structures. This initiative has given impetus to a new round of development to the five Central Asian countries, which have long been constrained by insufficient infrastructure investment and

financing channels, and has also laid a solid foundation for regional economic integration.

As an important node of the BRI, the five Central Asian countries have received unprecedented investment in infrastructure and energy. According to statistics, since 2013, China has invested more than US\$50 billion in Central Asia through intergovernmental loans, direct investment from enterprises and multilateral cooperation. These funds are widely used in transportation, energy and industrial park construction. Kazakhstan has benefited the most, attracting more than \$15 billion in investment in its transport and logistics projects, including the Khorgos International Border Cooperation Center and the Bright Path initiative. Uzbekistan has received about \$8 billion in funding for railway upgrades and the construction of industrial parks [5]. Economically fragile countries such as Kyrgyzstan and Tajikistan received US\$3 billion and US\$2 billion, respectively, through concessional loans for mountain road construction and cross-border transport projects.

The BRI has promoted the diversification of investment models in Central Asia and significantly improved the efficiency of capital utilization. The public-private partnership (PPP) model has become an important choice for infrastructure construction in the five Central Asian countries, and has been widely used in transportation, logistics and other projects. For example, a number of highway projects in Kazakhstan's "Bright Road" program have attracted private capital through the PPP model and optimized the funding structure. Uzbekistan's urban infrastructure renovation has also diversified its funding sources with the help of the PPP model. At the same time, China's long-term, low-interest loans through the Silk Road Fund and the China Development Bank have eased the financial pressure on Central Asian countries and made infrastructure more sustainable.

At the policy level, the BRI has significantly improved the regional investment climate by promoting policy coordination among Central Asian countries and introducing international management standards. The five Central Asian countries have signed a series of agreements with China, covering tax incentives, customs clearance facilitation and foreign investment protection, thereby lowering investment barriers and improving the efficiency of regional economic cooperation. In addition, China has cooperated with international institutions such as the World Bank and the Asian Development Bank to

provide multilateral financing support for key projects in Central Asia. These measures have not only optimized the financing structure, but also promoted the modernization of investment mechanisms in Central Asia.

Through the financial and technical support of the BRI, the five Central Asian countries have achieved remarkable results in terms of economic growth and social benefits. Key projects in the field of transportation and energy have directly promoted the rapid development of the regional economy. According to World Bank estimates, BRI investments have boosted annual GDP growth by an average of 1.5 percentage points in the five Central Asian countries. These projects have also directly created more than 500,000 jobs, providing opportunities for the development of small and medium-sized enterprises in the region, while enabling the effective transfer of technology and management experience. Especially in the field of regional connectivity, through the construction of railways, roads and energy corridors, the status of Central Asian countries in cross-border trade and regional cooperation has been significantly enhanced.

Nonetheless, these investments come with their own challenges. Some Central Asian countries, notably Kyrgyzstan and Tajikistan, are highly dependent on Chinese loans, and need to strengthen debt management to avoid potential risks. In addition, some projects still need to be further improved in terms of localization and long-term operation and management capabilities. The relatively low participation of local firms and the workforce in some projects has constrained the overall role of the BRI in driving the local economy.

The BRI has provided strong financial support to the five Central Asian countries through the innovation of investment models and the optimization of financing mechanisms, while guiding policy coordination and economic integration in the region. Through these institutional contributions, the five Central Asian countries have not only modernized their investment structure, but also gained more development opportunities in regional economic cooperation. In the future, deepening multilateral cooperation, strengthening debt management and improving the level of project localization will be the key directions for the five Central Asian countries to fully unleash the potential of the BRI.

In terms of foreign trade, the BRI has had a profound impact on the foreign trade of the five Central Asian countries (Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan). By improving infrastructure, optimizing trade policies, and promoting regional integration, the BRI has significantly increased the scale and structure of Central Asian countries' foreign trade, and strengthened their position in the regional and global economies.

After the implementation of the initiative, the scale of foreign trade of the five Central Asian countries continued to expand. According to the data, the total trade volume between China and the five Central Asian countries increased from US\$46 billion in 2013 to US\$89.4 billion in 2023, with an average annual growth rate of 6.6 %. As the largest economy in Central Asia, Kazakhstan's foreign trade volume has increased from \$117 billion to \$151 billion in ten years, and the export of energy resources plays an important role in it. Uzbekistan's foreign trade performance is particularly impressive, with its total trade doubling to \$5.5 billion between 2013 and 2023 through the support of the BRI. This growth is not only due to the improvement of the transportation network, but also closely related to the development of industrial parks and the diversification of export goods.

The BRI has provided extensive logistical support to the five Central Asian countries. Through the construction of key cross-border projects, such as the Khorgos International Border Cooperation Center and the China-Kyrgyzstan-Uzbekistan Transport Corridor, the trade flow between Central Asian countries and China will be more efficient. As the busiest trading hub in Central Asia, Khorgos has seen its annual cargo volume grow from 15 million tonnes in 2013 to 25 million tonnes in 2023. These infrastructure improvements have directly reduced the logistics costs of the five Central Asian countries and enhanced their competitiveness in regional trade.

In terms of the structure of export commodities, traditional mineral resources and agricultural products still occupy the main share, but the proportion of high value-added commodities is gradually increasing. Uzbekistan has exported more textiles and fertilizers thanks to industrial parks supported by the BRI; Tajikistan has expanded the production and export of aluminum products under the framework of the BRI. At the same time, China has also become an important source of imports for Central Asian countries, and

exports of machinery and equipment, electronic products and consumer goods to the five Central Asian countries have increased significantly.

The Figure 1.6 shows the trend of the total foreign trade volume of the five Central Asian countries.

Through the analysis of the above chart, we can know that, on the whole, the trade volume of the five Central Asian countries has shown a continuous growth trend, but there are significant differences in the growth rate and trend of different countries.

Kazakhstan's total foreign trade volume has always been dominant, reflecting its central position as an economic leader in Central Asia. From US\$117 billion in 2013 to US\$151 billion in 2023, this growth is mainly due to its rich mineral resource exports and the construction of key logistics hubs under the framework of the BRI, such as the Khorgos International Border Cooperation Center and the upgrading of the China-Kazakhstan Railway. These projects have significantly increased Kazakhstan's connectivity in regional and global trade.

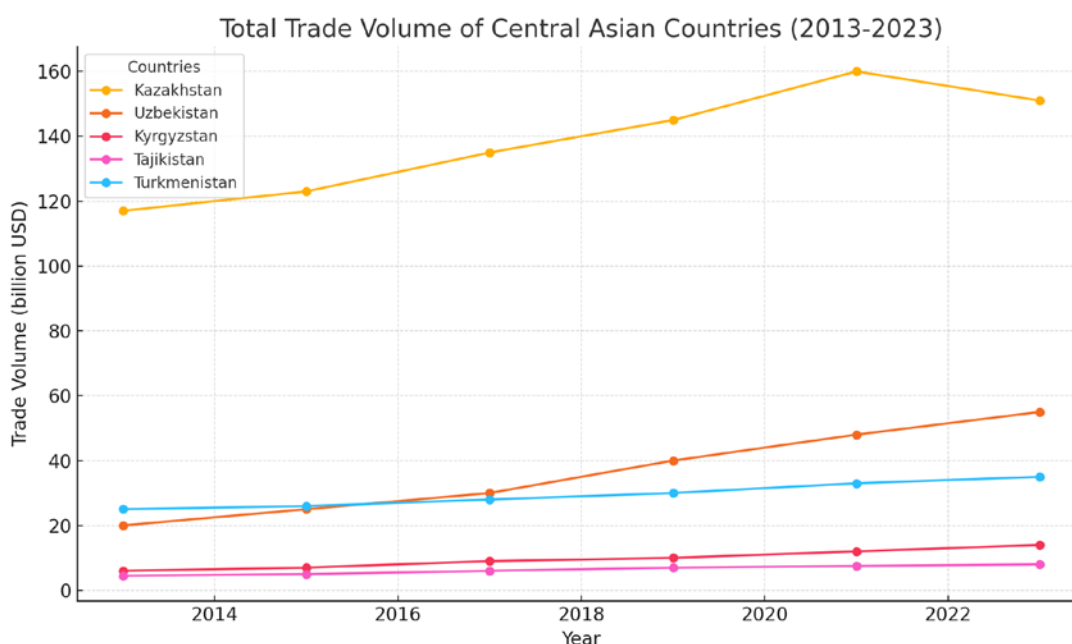


Figure 2.2 - Total Trade Volume of Central Asian Countries (2013-2023) [51; 58; 16]

URL: World Bank Group data: Exports of goods and services (current US\$). URL: <https://data.worldbank.org/indicator/NE.EXP.GNFS.CD?view=map&year=2023> (assess date:08,12,2024); World Bank Group data: Imports of goods and services (current US\$). URL: <https://data.worldbank.org/indicator/NE.IMP.GNFS.CD?view=map> (assess date:08,12,2024); Gotohui data. URL: <https://www.gotohui.com/trade/show-1427647> (assess date 08,12,2024)

Uzbekistan's growth rate has been particularly significant, with its total foreign trade doubling in a decade, from \$2 billion in 2013 to \$5.5 billion in 2023. Through the construction of industrial parks and the renovation of transport infrastructure supported by the BRI, Uzbekistan has succeeded in diversifying its export mix to include new exports of high value-added goods such as textiles, fertilizers and machinery and equipment.

Kyrgyzstan and Tajikistan have a steady growth trend, despite the small base of trade volumes. The two countries have significantly improved trade links with neighboring countries through the construction of cross-border roads and railways under the BRI. For example, the China-Kyrgyzstan-Uzbekistan corridor project has significantly increased the export capacity of Kyrgyzstan's agricultural products and Tajikistan's minerals, with their total trade increasing from US\$600 million and US\$450 million in 2013 to US\$1.4 billion and US\$800 million in 2023, respectively.

Turkmenistan's trade growth was mainly due to energy exports, which increased from \$2.5 billion in 2013 to \$3.5 billion in 2023. The construction of gas pipelines and trans-Caspian transport corridors has significantly strengthened the international competitiveness of its energy products and expanded trade links with China and European countries.

All in all, the impact of the BRI on the five Central Asian countries is all-encompassing, covering infrastructure construction, urban development, investment mechanism improvement, and foreign trade improvement. By improving infrastructure such as transportation networks and energy pipelines, the initiative provides the five Central Asian countries with access to global markets, significantly reduces logistics costs, and promotes closer economic ties within the region and beyond. At the same time, urban construction has been modernized under the framework of the BRI, and the construction of industrial parks and the introduction of smart city technology have enhanced the city's economic vitality and improved the quality of life of residents. Studies have shown that the establishment of economic corridors brought about by the BRI can play an important positive role in the development of tourism and the impact of community well-being on environmental security [54]. In addition, Wang L's research shows that the BRI can greatly promote the green transformation of enterprises and reduce pollution [61]. Algül Y's

research found that Chinese direct investment in BRI countries may reduce air pollution in host countries [2]. Although for the host country, the associated direct investment carries a certain amount of risk [48]. In addition, the diversification of investment models has promoted the optimisation of the financing structure of Central Asian countries, attracted more external capital inflows, and improved the efficiency of resource utilisation. In terms of foreign trade, the total trade volume of the five Central Asian countries has continued to grow, the cooperation with the "Belt and Road" countries has been deepened, and the commodity structure has gradually transformed to a high value-added direction.

Looking ahead, the five Central Asian countries need to further deepen regional economic integration and enhance regional competitiveness through policy coordination and industrial chain cooperation [64]. At the same time, these countries should pay more attention to sustainable development while developing their economies, and use green technologies to achieve a balance between ecology and economy. Increasing the participation of local businesses and workers in BRI projects, as well as accelerating technological innovation and industrial upgrading, will be key to the long-term economic prosperity of the five Central Asian countries. In short, the BRI is not only a driving force for the development of the five Central Asian countries, but also an important strategic opportunity for them to integrate into the global value chain and achieve sustainable growth.

2.2 Bilateral Impact of Belt and Road Initiative on China and Russia

Since its inception in 2013, the BRI has become a global framework for cooperation, involving dozens of countries and regions. As important bilateral partners, China and Russia have actively participated in this initiative and have carried out in-depth cooperation in many fields.



Figure 2.3 - One Belt One Road business network, Most of the land route cross Russia [41]

URL: https://www.researchgate.net/figure/One-Belt-One-Road-OBOR-business-network-Source-Sheu-and-Kundu-8_fig1_324649303(Date of access:08,12,2024)

The cooperation between the two countries has not only strengthened their respective economic strengths, but also deepened their strategic cooperative relations. Under the framework of the Belt and Road Initiative, the bilateral influence of China and Russia in the political, economic, social and cultural fields is gradually emerging. The impact of the Belt and Road Initiative on China and Russia will be discussed here, which can be divided into macro and micro parts, and the macro part includes bilateral political, economic, social and other aspects. The micro part includes e-commerce, employment, consumption, etc.

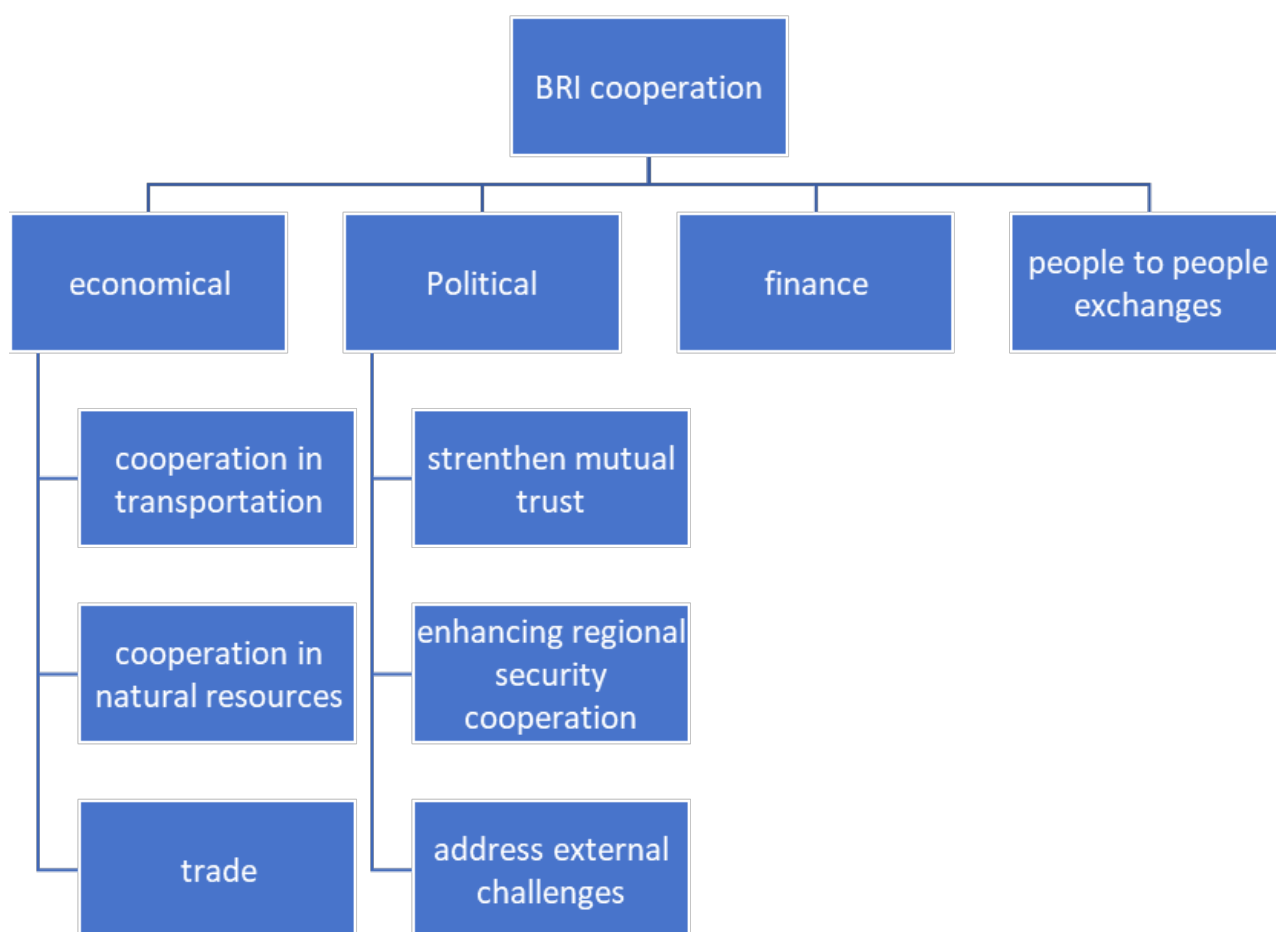


Figure 2.4 - The macro impact of the BRI on Sino-Russian cooperation

At the political level, the impact of the BRI on bilateral relations between China and Russia can be divided into three aspects: strengthening political mutual trust, enhancing regional security cooperation, and cooperating to address external challenges. First, the BRI has promoted strategic trust between China and Russia. The cooperation between the two countries in many fields such as economy, energy, and security has become increasingly close. Both China and Russia see each other as important strategic partners and have formed close cooperation on the global political stage. Under the framework of the BRI, the two sides have not only strengthened communication and coordination at the bilateral level, but also tackled inequalities in the global governance system by jointly promoting the reform of the international order. Cooperation between China and Russia on multilateral platforms such as the United Nations and the Shanghai Cooperation Organization (SCO) has strengthened their political ties and formed a solid strategic

support. Moreover, the implementation of the BRI has promoted Sino-Russian cooperation in the field of regional security, especially in Central Asia. The two countries have strengthened cooperation in counter-terrorism, prevention of extremism and drug trafficking, and jointly maintained regional stability through intelligence sharing, joint military exercises and strategic cooperation. In addition, China and Russia have strengthened military cooperation within the Shanghai Cooperation Organization (SCO) to jointly counter the military expansion of the United States and its allies in Eurasia. Through the BRI, cooperation between the two countries in the field of security is not limited to the military, but also involves responding to non-traditional security threats such as transnational crime and terrorism. Finally, in the face of pressure from Western countries, especially economic sanctions and diplomatic isolation, China and Russia have forged closer economic and strategic cooperation through the BRI. The cooperation between the two countries under the framework of the BRI has not only helped each other reduce the pressure exerted by Western countries, but also promoted joint responses to external challenges, and enhanced the international discourse and self-protection capabilities of the two countries.

At the economic level, the implementation of the BRI has directly promoted extensive cooperation between China and Russia in the field of infrastructure. As the cooperation between the two countries deepens under the framework of the BRI, Chinese companies and financial institutions have played an important role in Russia's infrastructure development. For example, China and Russia have cooperated with each other to build a high-speed railway "China-Europe Express" across East Asia and Europe, which connects China and Europe to a number of important markets. China and Russia also cooperate on other energy projects, such as the "Power of Siberia" gas pipeline project, which connects the natural gas resources of the Siberian region of Russia with the Chinese market, and is expected to provide 38 billion cubic meters of natural gas to China every year. In addition, China is involved in the development of transport infrastructure in the Russian Far East, in particular the cross-border railway network connecting the Far East with Central Europe, which promotes regional economic integration. Moreover, this can promote trade between China and Russia in disguise [45].

At the level of energy cooperation, energy cooperation is a key area in China-Russia bilateral relations. Since the implementation of the BRI, energy cooperation has deepened, especially in the fields of natural gas, oil and power. In terms of natural gas, under the framework of the BRI, the most iconic energy project is the "Power of Siberia" gas pipeline, which is one of the world's largest cross-border energy projects, capable of transporting natural gas from Russia's Siberian region to China through the pipeline. In 2022, the Power of Siberia project has been put into full operation, supplying about 38 billion cubic meters of natural gas to China every year. It is expected that this project will greatly promote the long-term cooperation between the two countries in the field of energy. In addition, in terms of oil and coal energy, oil trade between China and Russia continues to increase. Russia is one of China's major oil suppliers, especially in the context of unstable oil supplies in the Middle East and Africa. At the same time, Russia's abundant coal resources have also entered China and other Asian markets through the support of the BRI.

Driven by the BRI, bilateral trade between China and Russia has continued to grow, showing a trend of diversification and structural optimization.

In terms of the growth of trade volume, it can be seen from the chart that in 2015 the bilateral trade volume between China and Russia was about 86 billion US dollars, and by 2024, this figure has exceeded 240 billion US dollars. Among them, 2019 and 2020 are key years for the growth of trade volume between the two countries, especially in the context of the gradual diversification of the trade structure between China and Russia, and the trade in other commodities other than energy has grown rapidly.

According to data from the General Administration of Customs of China, in 2023, China's exports to Russia will increase by 46.9 %, totaling about 110.97 billion US dollars, mainly including machinery, electronic products, automobiles, chemical products, etc.; Russia's merchandise imports increased by 12.7 % to a total of \$129.14 billion, mainly including energy, minerals, timber, agricultural products, etc.

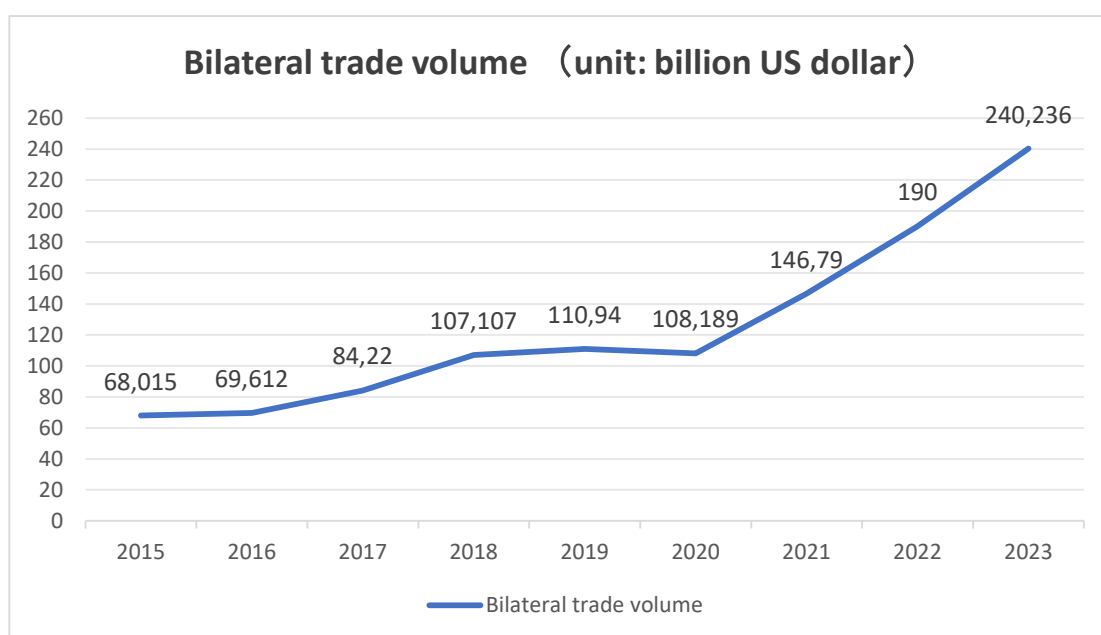


Figure 2.5 - Bilateral trade volume of China and Russia (Customs Data Inquiry Platform of the General Administration of Customs of the People's Republic of China [19]

URL: <http://stats.customs.gov.cn/> (assess date:12.12.2024) China. URL: [http://stats.customs.gov.cn/\(assess date:12.12.2024\)\)](http://stats.customs.gov.cn/(assess date:12.12.2024)))

In terms of trade structure, the trade structure of bilateral trade between China and Russia has also been continuously optimized, such as energy: energy has long been the core of Sino-Russian trade. Russia is one of China's largest suppliers of energy, especially in oil, gas and coal. Through the BRI, Russia's energy resources have not only increased exports to China, but also interconnected energy projects into other Belt and Road countries, such as Pakistan and Bangladesh, and in recent years, under the BRI, Russia has provided liquefied natural gas (LNG) and electricity support to Pakistan and participated in the construction of Pakistan's energy infrastructure. Moreover, bilateral trade turnover is also increasing in terms of machinery and high-tech products and agricultural products: in 2022, for example, China's exports of machinery and equipment to Russia increased by almost 30% year-on-year, including automobiles, construction machinery and electronic components. The expansion of the Russian market has led to a gradual increase in the market share of Chinese brand cars, such as Geely and Great Wall, in Russia. Russia is a supplier of Chinese agricultural products, especially soybeans, wheat, meat and other

agricultural products. In 2023, Russia's agricultural exports to China increased by 52.6% to \$7.586 billion. In addition, Russia has become China's largest supplier of chocolate, and in 2024, China resumed imports of Russian pork that were suspended in 2008 due to African swine fever. Relevant studies have shown that food trade relations and food security levels have strengthened after the BRI, indicating that there are positive effects of mutual benefit [3]. Agricultural trade between China and Russia will continue to grow for the foreseeable future.

Second, at the level of financial cooperation, China-Russia financial cooperation, as an important part of the BRI, has made remarkable progress. In particular, in the field of RMB internationalization and cross-border payment and settlement, the cooperation between the two sides has become increasingly close [62].

With the increasingly close economic exchanges between China and Russia, the two countries have made extensive use of the renminbi in cross-border settlements, a trend that has accelerated with the advancement of the BRI. According to the People's Bank of China, as of 2023, the yuan has become the second largest foreign exchange currency in Russia. In recent years, Western countries have imposed severe financial sanctions on Russia, especially the exclusion of the SWIFT system from the United States and the blockade of Russian financial institutions, which have led to restrictions on Russia's operations in the global financial system. By using the renminbi settlement, Russia can bypass the dollar system and reduce the economic risks and financial restrictions imposed by sanctions. Moreover, the use of the renminbi will help Russia increase its autonomy in foreign trade and financial transactions, and reduce its dependence on the Western financial system and the dollar. When trading with China, the renminbi as the settlement currency makes transactions between the two countries more convenient, without relying on the US dollar for intermediary settlement. Financial institutions of the two countries are also cooperating under the BRI: Chinese banks and financial institutions are growing steadily in Russia. Industrial and Commercial Bank of China, China Construction Bank and other banks have set up branches in Russia to provide cross-border financing and investment services for enterprises from both countries. At the same time, the two countries have also strengthened the interconnection of financial markets, which has

promoted more Chinese capital inflows into the Russian market, especially in key areas such as energy and mineral resources.

Third, in terms of people-to-people exchanges, the BRI has greatly promoted people-to-people exchanges between China and Russia. Cooperation between the two countries in the field of education has gradually deepened, cooperation projects between Chinese and Russian universities have increased, and many Russian students have gone to study in China and vice versa. In addition, with the increase of cultural exchanges, mutual understanding and friendship between the people of the two countries are deepening. Cultural exchange activities such as the "Sino-Russian Cultural Year" and the "Art Festival" held every year not only enhance the friendship between the two peoples, but also enhance the cultural identity of the two countries. In addition, with the advancement of BRI, the flow of people between China and Russia has become increasingly frequent, and tourism has become an important way for people to contact the two countries. In 2019, the volume of Sino-Russian tourism exchanges reached an all-time high, and Russia became one of the popular destinations for Chinese tourists, while China became the main tourist destination for Russian tourists. The two governments have promoted the development of two-way tourism by simplifying visa procedures and strengthening tourism infrastructure. Finally, the number of Chinese laborers in Russia is increasing year by year, especially in areas such as construction, agriculture and manufacturing. The increase in investment by Chinese companies in Russia has also led more Chinese workers to work in Russia. At the same time, some Russian skilled workers and professionals have also entered the Chinese market, and the interaction between the two countries in labor cooperation is increasing.

In addition, cooperation under the BRI has not only had an impact on the macroeconomic and political aspects of the two countries, but also on the lives of residents of the two countries at the micro level, especially at the micro level of e-commerce, employment, consumption, etc., and many new opportunities and challenges are emerging. The following is a discussion of the specific impact of the BRI on the lives of Chinese and Russian citizens at the micro level.

With regard to e-commerce, many Chinese e-commerce platforms (e.g. Alibaba,

JD.com) and Russian e-commerce platforms (e.g. Ozon, Wildberries) have begun to increase their cooperation to directly transport goods from China to the Russian market through cross-border e-commerce channels, and vice versa. Russian consumers can buy Chinese electronics, clothing, household goods, food, etc. through e-commerce platforms, while Chinese consumers can also easily buy unique Russian goods, such as Russian barley, vodka, and other Russian specialties. Through cross-border e-commerce platforms, consumers in both countries can buy goods from each other's countries at relatively low prices, which directly promotes consumption upgrades. Consumers in Russia, especially in the Far East and large cities, are able to enjoy cost-effective goods from China, such as smart home appliances, electronics and fashion apparel. And in China, Russian natural food, handicrafts, luxury goods and other goods are gradually gaining popularity. In the context of deepening financial cooperation, Sino-Russian e-commerce cooperation has promoted the improvement of cross-border payment systems, especially the gradual increase in the use of RMB in cross-border transactions. Consumers no longer need to have a cumbersome foreign currency exchange process, and payments become more convenient. This ease of payment enhances the shopping experience for consumers and facilitates business exchanges between the two countries. In the context of transport cooperation, with the construction of infrastructure under BRI, the logistics channel between China and Russia is smoother, especially in the cooperation of railway transport and road transport, which shortens the transportation time and reduces the logistics cost of cross-border e-commerce. This allows Chinese and Russian e-commerce platforms to deliver goods to consumers faster and improve delivery efficiency.

In terms of employment, with the strengthening of Sino-Russian cooperation in e-commerce, manufacturing and infrastructure projects, more and more Chinese companies are investing in the establishment of branches, warehousing centers and logistics bases in Russia. For example, Chinese e-commerce giants such as Alibaba and JD.com have opened branches in Russia, absorbing a large number of local Russian workers. The entry of these enterprises has created many jobs in logistics, customer service, sales and other related fields, and increased employment opportunities for young and middle-class Russians. In addition to the low-end logistics and service industries, many Chinese

companies have also provided technical support, management positions and other positions to help Russians improve their work skills and promote the upgrading of the local labor market. In addition, with the deepening of the BRI, more and more Russians are choosing to work in China, especially in professional positions such as infrastructure construction, project management and finance. Many Russian engineers, technicians, translators and cultural exchange personnel come to China to participate in large-scale construction projects, multinational enterprises and cultural exchange activities, while a large number of Chinese laborers, technicians and translators work in Russia. Cooperation between the two countries under the BRI has provided more jobs for more young Chinese and Russian people.

With regard to e-commerce, many Chinese e-commerce platforms (e.g. Alibaba, JD.com) and local Russian e-commerce platforms (e.g. Ozon, Wildberries) have begun to increase their cooperation to directly transport goods from China to the Russian market through cross-border e-commerce channels, and vice versa. Russian consumers can buy Chinese electronics, clothing, household goods, food, etc. through e-commerce platforms, while Chinese consumers can also easily buy unique Russian goods, such as Russian barley, vodka, and other Russian specialties. Through cross-border e-commerce platforms, consumers in both countries can buy goods from each other's countries at relatively low prices, which directly promotes consumption upgrades. Consumers in Russia, especially in the Far East and large cities, are able to enjoy cost-effective goods from China, such as smart home appliances, electronics and fashion apparel. And in China, Russian natural food, handicrafts, luxury goods and other goods are gradually gaining popularity. Because logistics has a great impact on import and export volumes [52, 17], Chinese companies are also investing in Russia to improve the relevant logistics system, and in the context of deepening financial cooperation, Sino-Russian e-commerce cooperation has promoted the improvement of the cross-border payment system, especially the gradual increase in the use of RMB in cross-border transactions. Consumers no longer need to have a cumbersome foreign currency exchange process, and payments become more convenient. This ease of payment enhances the shopping experience for consumers and facilitates business exchanges between the two countries. In the context of transport cooperation,

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In terms of consumption, e-commerce cooperation under the Belt and Road Initiative has brought more consumption choices and improved quality of life to the people of the two countries. As mentioned above, with the further cooperation between the two countries' e-commerce platforms, the citizens of the two countries can buy more things from each other's e-commerce platforms. The popularity of e-commerce platforms has brought about profound changes in the way people shop in both countries, and traditional offline shopping has gradually shifted to online. Russian consumers are gradually accustomed to buying Chinese goods through Internet platforms, and Chinese consumers have also begun to choose to buy Russian specialties through Russian e-commerce platforms. The combination of social media (e.g., TikTok) and e-commerce platforms enables consumers in both countries to learn more about products, communicate and recommend online through social platforms, thereby improving shopping efficiency and shaping a more open and convenient consumption culture.

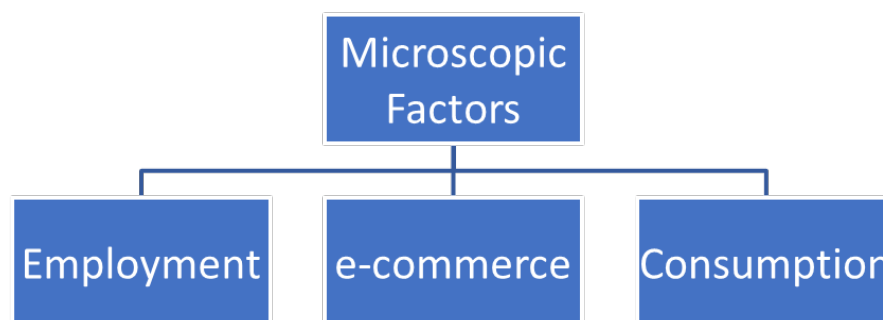


Figure 2.6 - The micro impact of the BRI on Sino-Russian cooperation

All in all, the BRI has brought tremendous opportunities for cooperation in China-Russia bilateral relations, and promoted the in-depth integration of economy, energy,

infrastructure construction, cultural exchanges and other fields. Through the BRI, the two countries have further deepened mutual trust and interdependence by strengthening cooperation in trade, energy cooperation, infrastructure construction and financial support. At the same time, at the micro level, its impact on both countries is enormous, and as it stands, it's a pretty good start. In the future, as bilateral cooperation between China and Russia continues to deepen, the two sides need to pay more attention to coordination and response to these challenges in order to achieve more balanced and sustainable development.

2.3 Development and Impact of “Belt and Road” initiative in Latin America

Unlike Central Asia and Russia mentioned in 2.1 and 2.2, Latin America is not adjacent to China, the initiator of the “One Belt, One Road” initiative. And the "six major economic corridors" originally planned did not pass through Latin America. Moreover, this region is geographically far from China’s main competitor, the United States. It is relatively close, and it is generally believed that this area is influenced by the United States more profoundly than other areas in the world.

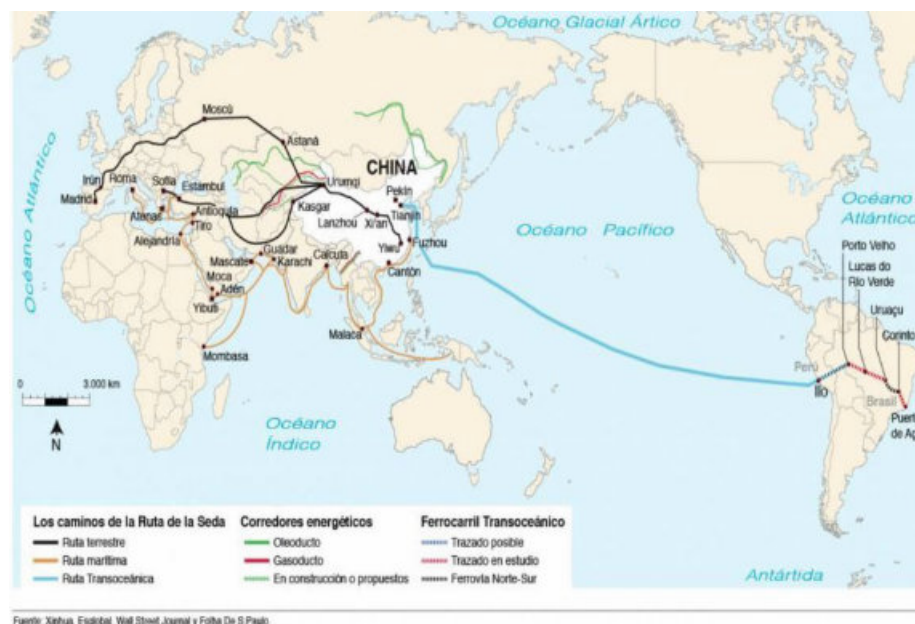


Figure 2.7 - The New Silk Road and its possible extension to Latin America [51]

Compared with other countries, most Latin American countries joined the BRI relatively late, but as of 2023, 22 out of 24 Latin American countries have joined the BRI.

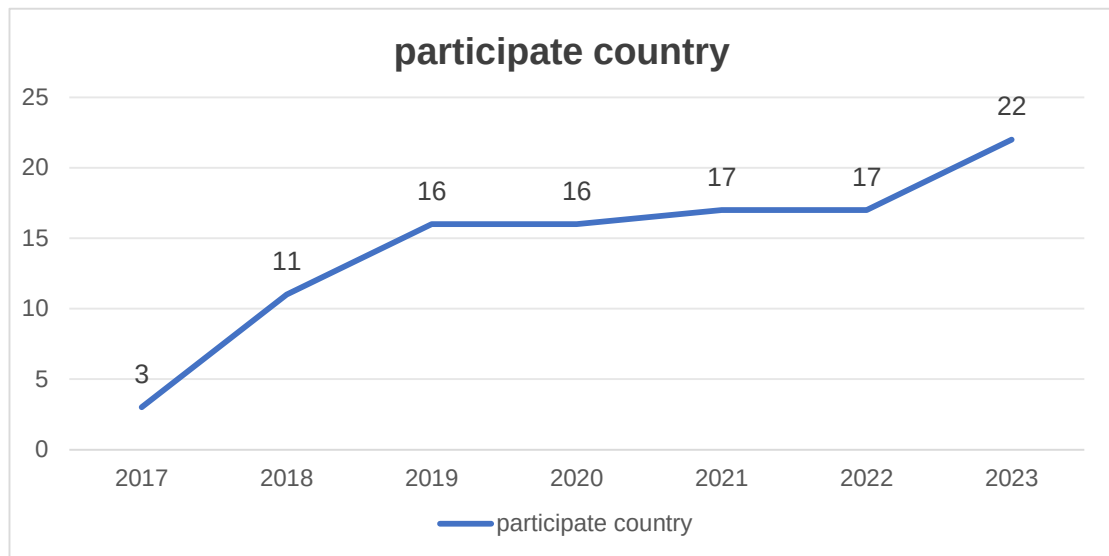


Figure 2.8 - Participate country of Latin America (China's Belt and Road Network [19])

URL: <https://www.yidaiyilu.gov.cn/> (assess date:10.12.2024)

So far, like the regions mentioned in the above two parts, the “One Belt, One Road” initiative has also had some impact on Latin America’s economy, politics, society, environment and other aspects.

Economically, the BRI has had a significant impact on the local economies in Latin America through infrastructure investments, trade growth, and industrial upgrading [50]. Infrastructure construction is one of the core components of the BRI. Latin American countries generally face deficiencies in transportation, energy, and communication infrastructure. China has provided financial and technical support through the BRI to promote the development of these countries' infrastructure, specifically improving transportation, energy projects, and communication infrastructure. For example, the Panama Canal expansion project, in which China Harbour Engineering Company is involved, aims to enhance the canal's transportation capacity and efficiency, strengthening Panama's position as a global logistics hub. In fact, according to China Harbour Engineering Company's data, the total investment for the Panama Canal expansion project

is approximately \$3 billion, with an expected annual increase of about 5 million Twenty-Foot Equivalent Units (TEUs) in transportation volume. Chile's railway construction projects have improved domestic logistics efficiency, promoting the export of mineral resources. Additionally, Chinese companies have invested in the construction of large hydroelectric power plants in Brazil and natural gas pipelines in Peru, enhancing these countries' energy supply capabilities, significantly alleviated energy poverty in Maritime Silk Road countries [8]. In terms of communication infrastructure, Chinese telecommunications companies such as Huawei have participated in the construction of Argentina's 5G network, enhancing information technology levels and promoting the development of the digital economy. Studies have shown that the BRI has significantly improved the level of information and communication technology (ICT) development in participating countries [20]. In addition, Iqbal K's research shows that the further development of ICT can stimulate trade [25], that is, investment in the ICT sector can have an effect in the field of trade between the two sides.

The BRI has significantly enhanced the economic ties between Latin American countries and China by promoting trade and increasing direct investment. China has become one of the largest trading partners in the Latin American region, and bilateral trade relations have been further deepened under the BRI framework. Brazil exports large quantities of soybeans, iron ore, and oil to China, meeting the demands of China's industrial development. Meanwhile, agricultural products from Chile and Argentina enter the Chinese market in greater numbers through improved logistics networks, expanding export markets and increasing the added value of agricultural products. Chinese enterprises' direct investments in Latin America cover multiple sectors, including energy, mining, manufacturing, and agriculture. For instance, China's mining investments in Chile and Peru have promoted the development and utilization of local mineral resources, while manufacturing bases established in Brazil and Mexico have driven the growth of local manufacturing industries, boosting employment and technology transfer.

The BRI has also promoted the diversification and upgrading of industries in Latin American countries, optimizing their economic structures. Chinese companies have established manufacturing bases in Latin America, fostering the development of local

manufacturing industries. For example, Chinese automobile manufacturers setting up factories in Brazil not only meet local market demands but also promote the technological upgrading of related industry chains. Additionally, through technology transfer and investment, the BRI has enhanced the agricultural production capacity and efficiency of Latin American countries. Agricultural projects in Brazil funded by China have improved soybean production efficiency, strengthening Brazil's competitiveness in the global soybean market.

Politically, the BRI has not only had profound economic effects but has also significantly strengthened the political relationships between China and Latin American countries, altering the regional geopolitical landscape. By signing cooperation agreements and memorandums of understanding, multi-level cooperation mechanisms have been established, facilitating policy coordination and deepening cooperation. Platforms such as the China-Latin America Cooperation Forum and high-level mutual visits provide avenues for communication and negotiation, promoting multi-faceted collaboration. China's support for Latin American countries in international affairs has enhanced the strategic importance of China-Latin America relations. For example, China supports Latin American countries' positions in international organizations such as the United Nations, increasing their influence in global affairs.

The BRI has significantly increased China's influence in the Latin American region, changing the traditional geopolitical landscape. Through infrastructure investments and trade cooperation, China has established important economic and strategic footholds in Latin America, such as the Panama Canal expansion and Chilean port construction, enhancing its logistics and trade capabilities in the Western Hemisphere. At the same time, the BRI has driven Latin American countries to participate in more regional economic cooperation projects, elevating their standing in global economic governance. By encouraging Latin American countries to engage in regional and global economic governance, China has enhanced its discourse power and influence in international affairs, altering the traditionally U.S.-dominated geopolitical landscape.



Figure 2.9 - Ports built or financed by Chinese companies [48]

In terms of social impact, the implementation of the BRI in Latin America has brought significant social impacts, primarily in terms of employment opportunities and skill transfer. Infrastructure projects have created a large number of direct and indirect employment opportunities, alleviating local employment pressures. For example, the Panama Canal expansion project employed thousands of local workers, improving the employment situation of residents. Additionally, improvements in infrastructure have promoted the development of logistics and service industries, indirectly creating more job opportunities. Moreover, Chinese companies have transferred technology and management experience to Latin American countries by setting up training centers and providing technical training, enhancing the skill levels of the local workforce. Modern agricultural technology training in Chile's agricultural projects has improved farmers' production efficiency and management capabilities, boosting local technological advancement and creating more employment opportunities. Increasing digitalisation has also contributed to the growth of agricultural trade in Latin American countries and China [60].

However, the implementation of BRI has also led to some social conflicts and challenges. Large-scale infrastructure construction may involve land expropriation and resource allocation, causing dissatisfaction and protests among local residents. For

instance, mining projects in Brazil may require extensive land expropriation, leading to dissatisfaction among farmers and indigenous communities who demand the protection of the ecological environment and traditional lifestyles. Additionally, environmental protection and indigenous rights controversies surrounding mining projects have led to social conflicts and protest activities, impacting the smooth progress of projects. Therefore, China and Latin American countries need to strengthen communication and cooperation with local communities during project implementation to ensure social benefits and minimize negative impacts on residents' lives and the environment.

In summary, the BRI has had significant economic, political, and social impacts in Latin America. Through large-scale infrastructure investments and trade cooperation, Latin American countries have made notable progress in economic development and regional integration. However, accompanying challenges such as debt risks, environmental protection, and dependency issues cannot be overlooked. In the future, Latin American countries need to effectively address these challenges while enjoying the opportunities brought by the BRI to ensure sustainable economic development and social stability. Through scientific planning and policy guidance, Latin American countries can fully leverage the BRI to achieve economic prosperity and social progress while maintaining environmental sustainability and political autonomy, thereby securing a more advantageous position in the global economic landscape.

Chapter 3 Prospects of “One Belt and One Road” Initiative

3.1 Outlook for Belt and Road Initiative

As described in the first chapter, China's economy is highly dependent on exports. In 2024, China's trade surplus reached an unprecedented \$1 trillion, matching the heights once achieved by the United States, the British Empire, and Japan. However, some warn that this marks both a new milestone in China's foreign trade and a limit to its market development. China must pay attention to the issue of stagnant or even declining foreign trade growth. The Chinese economic cycle may be entering a "recession" phase, and indeed, two data points suggest the early signs of this trend.

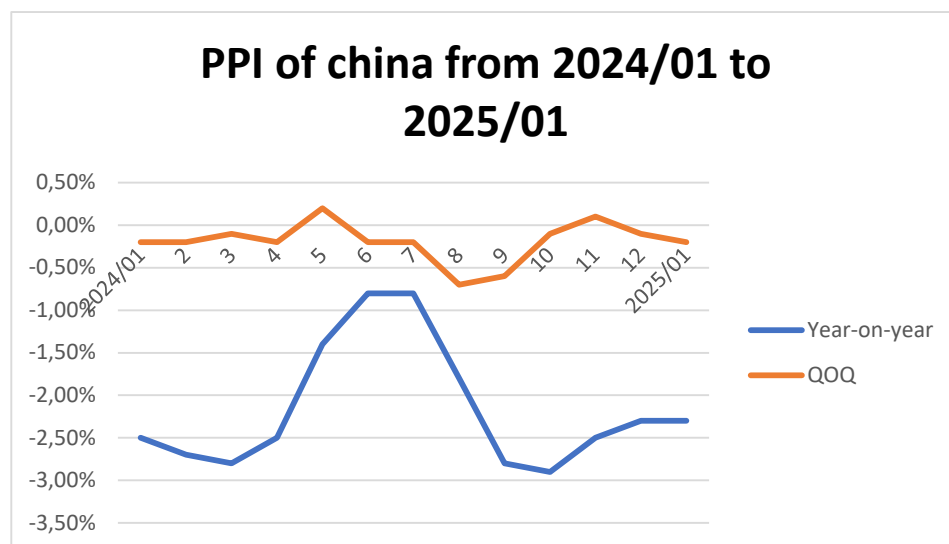


Figure 3.1 - PPI of China (Official website of national bureau of statistics of China [42])

URL : https://www.stats.gov.cn/xxgk/sjfb/zxfb2020/202502/t20250209_1958645.html

As can be seen from the chart above, from January 2024 to January 2026, except for a small rebound in May and November, China's PPI has been in a state of month-on-month decline, while year-on-year decline has been in place. This indicates that in these 13 months, China's industrial producer prices have basically been in a state of decline.

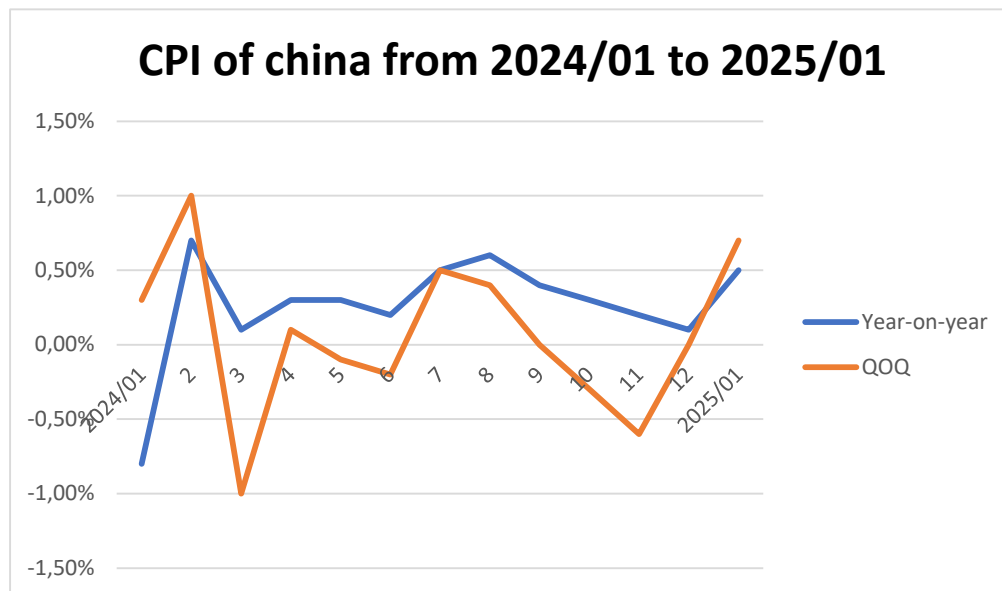
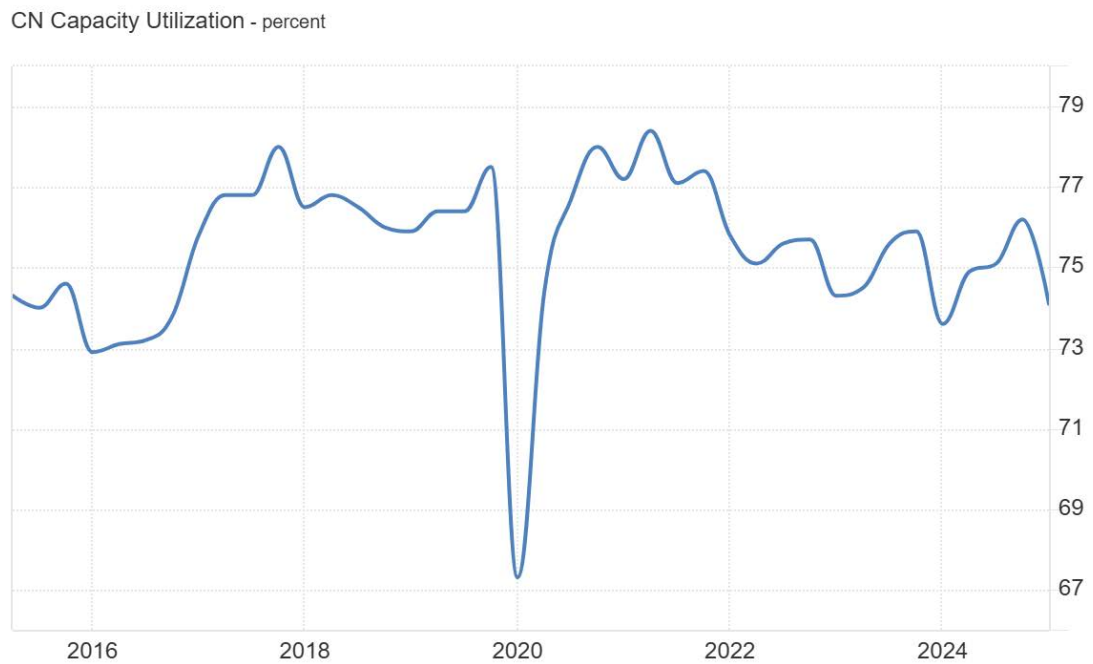


Figure 3.2 - CPI of China (Official website of national bureau of statistics of China [43])

URL: https://www.stats.gov.cn/xxgk/sjfb/zxfb2020/202502/t20250209_1958646.html

According to China's "moderate inflation" concept, maintaining an 2% inflation rate is ideal, which translates into a 2% year-on-year growth rate in the CPI. However, data shows that China's CPI fluctuations, both year-on-year and month-on-month, hover around 0%, indicating that since 2024, the risk of deflation has begun to emerge. In terms of total consumption, China's retail sales of consumer goods increased by only 3.5% in 2024, a decrease of 3.7 percentage points compared to 2023. By sector, traditional consumption growth has been weak; for example, the main drivers of traditional consumption – residential properties and automobiles—showed that new residential property sales in China reached 11.66 trillion RMB in 2023, but this figure dropped to 9.68 trillion RMB in 2024. In the first three quarters of 2024, domestic auto sales in China fell by 2.4%. In fact, Chinese companies in sectors such as automobiles and home appliances have already adopted low-price strategies to compete in the Chinese market. Meanwhile, service consumption is insufficient, with service satisfaction at around 40%. From a consumption rate perspective, this figure stands at just 40%, far below the 70% in high-income countries and the global average of 56%. These three points indicate that China faces issues of insufficient consumer demand. In terms of investment, there may be an

imbalance in investment efficiency: private investment motivation is weak, and in 2024, private investment. Investment in the intermediate sector shrank by 0.1 % year on year, with negative growth for two consecutive years. The low willingness of enterprises to invest and the capacity utilization rate of manufacturing industry was only 76.1 %, all of which illustrate the difficulties faced by China's investment growth.



Source: tradingeconomics.com | National Bureau of Statistics of China

Figure 3.3 - Industrial capacity utilization of China during 2015-2025 [24]

As can be seen from the chart, after 2015, China's industrial capacity utilization rate has been below 79 %, which means that China has been in a state of overcapacity. In such a situation, the investment does not get the desired return.

China's current predicament is closely tied to its past development model, as mentioned in Chapter One. After China's reform and opening up, which opened the door to active foreign trade, a large number of new enterprises and factories were established. They took on the role of producers supplying goods to the world, leading to rapid growth in China's industrial output and foreign trade volume. However, in the early stages of encouraging rapid development of initial enterprises to achieve the goals of "letting some

people get rich first" and "the rich leading the rest to prosperity," China did not overly intervene in the distribution process between business owners and workers during the primary distribution. Although there was a certain degree of inequality and unfairness in the distribution of labor outcomes between capital owners and workers, with the rapid growth of foreign trade, both capitalists and workers could still receive sufficient wealth. Therefore, distribution issues were not the main contradiction at the time. However, as globalization wanes and trade frictions between countries and organizations intensify, and with the rise of protectionism due to political factors, China is unlikely to rely on its past experience of rapid trade growth. In fact, data shows that China's total import and export value grew by 7.7 % in 2022, but this figure dropped to 0.2 % in 2023, although it rebounded to 5 % in 2024. However, risks still exist. In February 2025, the Trump administration announced a 10 % tariff increase on Chinese imports to the U.S., bringing the total to 28 %, with over 75 % of Chinese goods falling under high tariffs; in March 2025, the EU also announced tariffs of up to 45.3 % on Chinese electric vehicles. The United States is one of China's major trading partners. Even at its historical low point in 2024, China's trade with the U.S. accounted for 11.2 % of China's total trade volume, and the EU remains a significant overseas market for Chinese electric vehicles. These tariff measures will inevitably impact China's foreign trade, and future trade frictions may be unavoidable. It is no longer possible to maintain overly optimistic estimates about growth in these traditional markets, especially as signs of weakening domestic demand in China have already emerged. Therefore, China must begin to consider new avenues.

The core contradiction of China's current weak domestic demand lies in the imbalance of income distribution and insufficient consumption momentum. To address this challenge, the government is systematically advancing redistribution reform by optimizing primary distribution, strengthening secondary distribution regulation, and stimulating the potential of tertiary distribution. First, it is necessary to optimize the structure of primary distribution, further improve relevant mechanisms, and increase the share of resident's income. To achieve this goal, China needs to raise the proportion of labor compensation in primary distribution. Currently, the disposable income of Chinese residents as a percentage of GDP stands at only 43.7 %, far below the 60-70 % level seen

in developed countries. Policies aim to enhance wage growth mechanisms, promoting synchronous increases in workers incomes with corporate performance. For instance, the "Special Action Plan for Boosting Consumption" proposes the "Employment Support Plan for Small and Medium-sized Enterprises" and the "Special Skills Training Action," focusing on boosting wage income for middle-and low-income groups. Next, it is essential to reform the state-owned capital earnings distribution mechanism, transferring profits from state-owned enterprises to residents, such as allocating part of state-owned capital to social security funds. Calculations show that transferring 10 trillion yuan of state-owned capital can bolster social security assets, generating an annual revenue of 1.5 trillion yuan, directly enhancing the consumption capacity of low-income groups. This initiative draws inspiration from Norway's sovereign wealth fund model, sharing resource dividends with all citizens. The second step is to strengthen secondary distribution regulation, narrowing the income gap, Tax and transfer payment reforms aim to improve the progressive tax rate system for individual income tax, explore pilot programs for capital gains tax, and regulate the wealth accumulation of high-income groups. At the same time, increased fiscal investment in basic public services such as education, healthcare, and elderly care will help reduce the rigid expenditure pressures on residents. For example, by 2025, plans are in place to raise pension standards for retirees and expand childcare subsidies to cover 80 % of families. Additionally, the social security system needs to be expanded and upgraded, with the basic pension for urban and rural residents increasing from 180 yuan per month to 500 yuan, and the medical insurance reimbursement rate rising from 60 % to over 75 %. By reducing the motivation for precautionary savings, potential consumer demand can be unleashed. Data shows that a 1 % reduction in out-of-pocket medical expenses can boost resident's consumption propensity by 0.3 percentage points. Thirdly, it is necessary to activate the third distribution to supplement and adjust the income structure. In this regard, the Chinese government needs to encourage high-income groups and enterprises to participate in public welfare, charity, and wealth sharing through donations and charitable trusts. Policy support for the development of public welfare and charity includes tax incentives and simplified donation procedures, with the goal of increasing the share of charitable donations in GDP from 0.2 % to 1 % by 2030. At the

same time, it is essential to guide social capital into areas of people's livelihoods, such as introducing investment in elderly care and childcare services, for example, "Internet. "The new model of "Internet + Social Services" aims to increase high-quality supply through market-oriented means, thereby alleviating the financial pressure on the government. Fourth, it is necessary to adjust the investment structure and promote consumption in tandem. Specifically, this involves shifting from "investing in physical assets" to "investing in people," reducing inefficient infrastructure investments (such as traditional real estate), and increasing investment in areas like education and healthcare. For example, the plan for 2025 includes a "large-scale skills enhancement training initiative" to improve workforce quality and support consumption upgrades. Additionally, it is essential to foster new growth points in consumption, such as promoting green consumption (new energy vehicles), digital consumption (cross-border e-commerce), and service consumption (cultural tourism, elderly care). In 2024, exports of new energy vehicles grew by 36%, but domestic consumption growth was only 5.9 %, necessitating subsidies and technological innovation to address the supply-demand mismatch.

To achieve the effects of the aforementioned measures, it is also necessary to have relevant policy coordination and institutional guarantees. Breaking down market access barriers, relaxing restrictions on private capital entering sectors such as healthcare and education, and improving service quality through fair competition. For example, in 2025, a "Special Action for Standardizing Enterprise-Related Law Enforcement" will be implemented to optimize the business environment and boost corporate investment confidence. Balanced development between regions and between urban and rural areas is also required. The income gap between urban and rural areas will be narrowed through rural revitalization and new urbanization. Policies propose initiatives like "Migrant Worker Urbanization" and "Rural E-commerce Expansion," with the goal of increasing the consumption rate of rural residents to 60 % of that in urban areas by 2030.

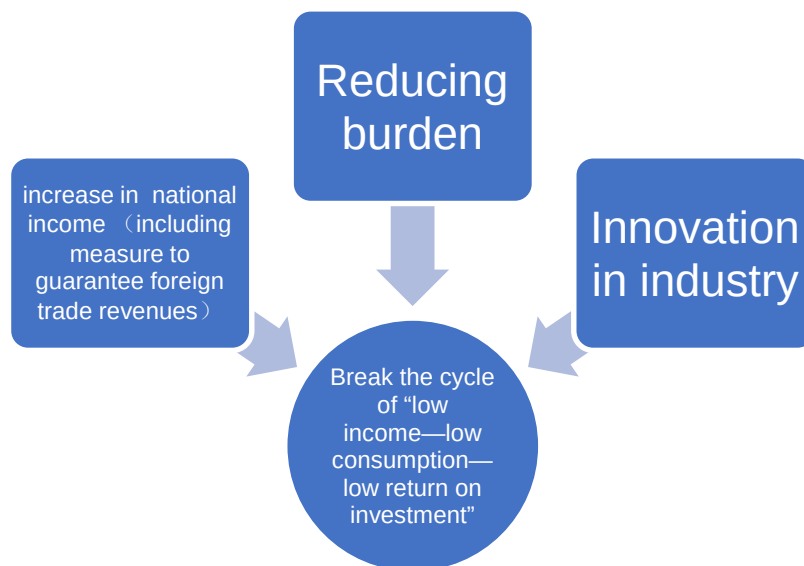


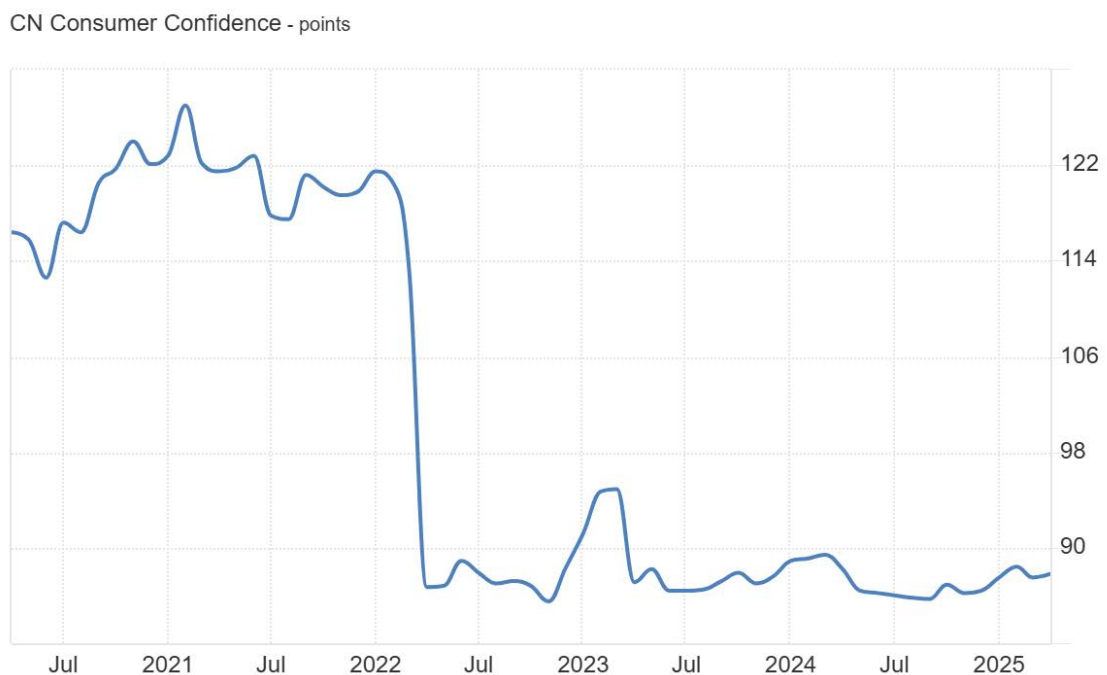
Figure 3.4 - China's "Redistributive Reform"

In summary, China's redistribution reform, which advances through three tracks – increasing income, reducing burdens, and fostering innovation – is aimed at breaking the vicious cycle of "low income–low consumption–low investment returns." In the short term, transferring state-owned capital to bolster social security and enhancing basic public services are the most effective measures; in the long run, it will rely on restructuring the income distribution system and upgrading industrial structures. If policies are implemented effectively, it is expected that by 2030, the household consumption rate could rise to over 50%, and the proportion of middle-income groups could expand to 45%, laying a solid foundation for building a new development pattern characterized by "dual circulation".

As mentioned above, the current household savings rate in China is as high as 40%, with insufficient willingness to consume and a slowdown in private investment growth. This "high savings-low consumption" cycle makes it difficult for the domestic market to independently support economic growth. Data shows that in 2023, the growth rate of China's total retail sales of consumer goods was only 4%, far below pre-pandemic levels. In this context, incremental demand from external markets through BRI has become a critical buffer to alleviate overcapacity and maintain stable employment. For example, China's exports to Southeast Asia and South Asia grew at an average annual rate of 12 %

between 2022 and 2025, significantly offsetting the impact of weak domestic consumption on manufacturing.

This is also reflected in China's consumer confidence index in recent years. In China, the Consumer Confidence Index is based on a survey of 700 individuals aged 15 and over in 20 cities across the country. This composite index covers both consumer expectations and consumer satisfaction indexes, and therefore measures how satisfied consumers are with the current state of the economy and what they expect about future economic trends. The index measures consumer confidence on a scale of 0 to 200, with 200 being extremely optimistic, 0 being extremely pessimistic, and 100 being neutral. Since 2022, this number has fallen rapidly to around 100, reflecting the pessimism of Chinese consumers about the economic situation.



Source: tradingeconomics.com | Organisation for Economic Co-operation and Development

Figure 3.5 - Consumer confidence index of China from 2021 May to 2025 May [11]

At the same time, for China, by enhancing its collaborative position with countries along the route in global output supply chains (such as the Southeast Asian electronic components network) and input demand chains (such as the Middle East energy supply

chain), a complementary structure of "Chinese technology + regional resources" can be formed. For example, the Yanbu Refinery project, a collaboration between Saudi Aramco and Sinopec, not only ensures China's energy import security but also helps Saudi Arabia improve its refining technology. This two-way integration reduces systemic risks associated with relying solely on the domestic market.

As stated in the first chapter and the preceding content, China now needs to break free from its reliance on traditional markets. The consolidation of existing external markets and the exploration of new growth points by BRI is a crucial means for China to achieve the goal of "reducing dependence on traditional markets and opening up new markets." Indeed, relevant studies have confirmed the feasibility of this approach: research shows that BRI has increased China's export potential to countries along the route that have signed cooperation agreements by 23 %, particularly in Europe (such as the German industrial goods market covered by the China-Europe Railway Express) and Southeast Asia (such as digital economy cooperation under the RCEP framework), forming a "nested" value chain [12]. Meanwhile, through activities like the "China Quality Products Overseas Tour," by 2024, the share of Chinese consumer goods in emerging markets such as Africa and the Middle East is expected to grow at an average annual rate of 8 %.

In addition, at a time when the marginal returns on China's domestic investment are declining, increasing investment in BRI participating countries can be a viable strategic choice. Xiang's research finds that China's outward FDI has a significant role in promoting China's export trade [59]. China has accumulated substantial capacity and technology in traditional infrastructure and manufacturing sectors. However, as the domestic market approaches saturation, it becomes necessary to absorb excess capacity through overseas investment. For example, exporting railway and port infrastructure capabilities to "Belt and Road" countries can both alleviate domestic overcapacity pressures and boost equipment exports (such as high-speed rail vehicle exports driving the development of upstream and downstream industries). Moreover, China has established technological advantages in new energy, 5G, and digital infrastructure, but intense domestic competition has led to diminishing marginal returns. By investing in BRI countries, China can convert mature technologies into market benefits (such as Huawei's deployment of 5G networks in

Southeast Asia) and free up resources for developing higher-end industries (such as artificial intelligence and quantum computing). In fact, China's infrastructure investments in BRI participating countries have already played a role in driving capacity output. The AIIB and the Silk Road Fund have provided over \$300 billion in financing for infrastructure projects along the route, promoting the export of China's high-speed rail, 5G, and photovoltaic industries. For instance, the construction of the Gwadar Port under the China-Pakistan Economic Corridor not only absorbs domestic steel. Excess capacity in iron and cement has made China's port operation standards a regional model. It is estimated that the infrastructure investment demand for BRI will reach 8 trillion US dollars in the next decade, which will continue to create external orders for China's construction machinery, power equipment and other industries.

For contemporary China, in addition to ensuring external markets, it is also crucial to boost internal consumption levels. In fact, as early as 2020, China proposed the new development pattern of "dual circulation at home and abroad." The domestic cycle refers to economic activities primarily relying on the domestic market, covering production, distribution, circulation, and consumption, emphasizing internal growth through expanding domestic demand, enhancing innovation capabilities, and optimizing industrial chains and supply chains; while the external cycle means, based on the domestic cycle, continuing to participate in global economic division through international trade, investment, and technical cooperation, leveraging international markets and resources to enhance competitiveness. The core of this new development pattern of "dual circulation at home and abroad" is "with the domestic large cycle as the main body, and the mutual promotion of domestic and international dual cycles".

At the policy level, it is necessary to promote the synergy between "domestic consumption upgrade and international value chain ascent": internally, by releasing demand for major commodities such as home appliances and automobiles through policies like consumption subsidies and trade-in programs; externally, by enhancing export value-added through the Digital Silk Road (such as cross-border e-commerce in Southeast Asia) and the Green Silk Road (such as new energy cooperation in the Middle East). For example, in China's exports to ASEAN, the share of capital goods increased from 35 % in

2015 to 52 % in 2025, demonstrating the synchronization of industrial chain upgrading and external market expansion.

In addition, it is essential to emphasize risk hedging and promote institutional openness. In terms of risk hedging, in response to challenges such as geopolitical conflicts in the Middle East and shipping safety in the Red Sea, China is establishing multilateral escort mechanisms (such as joint patrols with Egypt and Sudan) and regional production capacity cooperation zones (like the Maktoum Solar Park in the UAE). By diversifying its layout, China aims to reduce the risks associated with external market volatility. At the same time, leveraging platforms like RCEP and BRICS to promote the "Sinicization" of trade rules, reducing reliance on traditional European and American markets.

The current Chinese economy is at a critical juncture of "bottoming out domestic demand" and "transforming external demand." The "Belt and Road," as a strategic channel linking internal and external cycles, not only alleviates the short-term pressure of weak domestic demand through emerging markets but also fosters long-term growth momentum by restructuring the value chain. This path choice not only embodies the development wisdom of "promoting external growth with internal strength and supplementing internal needs with external support" but also represents the inevitable breakthrough direction for China's modernization amidst the countercurrent of globalization.

In addition to addressing China's domestic economic issues, BRI can bring a variety of other benefits to China. By participating in infrastructure projects in BRI countries (such as the China-Laos Railway and the China-Kyrgyzstan-Uzbekistan Railway), China can promote advanced technologies and standards like high-speed rail, ultra-high voltage power transmission, and 5G overseas. For example, the Karot Hydropower Station in Pakistan adopted Chinese hydropower technology standards. This not only strengthens the advantages of the domestic industrial chain but also forces companies to transition towards high-end manufacturing. After replicating the Suzhou Industrial Park model in Ethiopia, domestic resources have shifted towards intelligent manufacturing research and development. China can achieve both the export of technical standards and the upgrading of its industrial chain. Moreover, by expanding into emerging markets, it can also optimize its trade structure. As of 2023, China's trade with BRI partners has exceeded \$9.2 trillion,

and the share of cross-border direct investment from Southeast Asia in global trade increased by 9 percentage points compared to 2013. The export ratio of high-end manufactured goods such as new energy vehicles and photovoltaic products has risen, with the Southeast Asian market accounting for 37 % of China's electric vehicle exports in 2024, driving a shift in trade structure from low-value-added to technology-intensive sectors.

In the financial sector, China wants the RMB to become one of the world's major settlement currencies [7]. Institutions such as the AIIB and the Silk Road Fund have promoted the internationalization of the renminbi through project financing. In 2023, the renminbi accounted for 18.7 % of trade settlements in countries along the route, with projects like the Jakarta-Bandung High-Speed Railway achieving a closed loop of renminbi loans and equipment procurement. In Kazakhstan, where foreign direct investment grew by 83 %, renminbi-denominated direct investment made up 32 %, accelerating the process of de-dollarization. This contributes to building a cross-border settlement system for the RMB. In addition, China's infrastructure investments in BRI countries have strengthened the influence of debt providers' currencies [65].

In terms of geopolitics and global governance, the China-Europe Railway has operated over 100,000 trains, covering 227 cities in 25 European countries. By 2024, transportation costs will be reduced by 40 % compared to sea freight, with improved stability and reduced reliance on traditional routes like the Strait of Malacca. The establishment of land hubs such as the China-Kazakhstan-Horgos Cooperation Center has strengthened economic integration in the heartland of Eurasia. The creation of new land-based economic zones has offset China's dependence on maritime transport.

In addition, through "Belt and Road," China can expand its voice and influence⁴⁸, and BRI is arguably an important tool for China, and Rashid S's research shows that China's foreign policy shift in South Asia has been largely driven by its BRI [47]. J An's research also found a significant positive correlation between the implementation of the BRI and China's influence [4]. For example, the "Belt and Road Green Investment Principles" led by China have been signed by 37 countries, and "Chinese standards" in areas such as 5G and photovoltaics have become international

models through project implementation. The water-saving technology standards from Egypt's Aswan Desert Irrigation Project have been incorporated into the African Unions agricultural development plan.

In terms of regional collaboration within China, western provinces have gained new engines for development through "land routes" energy cooperation (such as the natural gas pipeline from Xinjiang to Central Asia). In 2024, trade between Xinjiang and Central Asia increased by 48% year-on-year. Meanwhile, the eastern coastal areas have expanded cross-border e-commerce through the "Digital Silk Road," with Fujian's digital service exports to ASEAN growing by 62%. This can achieve a rebalancing of development momentum between the east and west.

BRI also helps China strengthen its cultural export and soft power influence. In terms of people-to-people exchanges, over 175,000 students from China and ASEAN countries studied in each other country in 2024, and Sino-European cultural and tourism cooperation projects boosted Silk Road-themed tourism by 135%. Such exchanges not only promote cultural identity but also lay the foundation for Chinese enterprises to operate locally, with 75% of employees in African Chinese-funded companies being local. The BRI can also facilitate the export of development models and governance discourse. The principle of "consultation, cooperation, and benefit sharing" breaks the Western logic of conditional aid. World Bank assessments show that the BRI has lifted 7.6 million people out of extreme poverty and 32 million out of moderate poverty. This results-oriented cooperation model has become a new option for developing countries industrialization paths. In summary, the BRI has evolved from a capacity export vehicle to a testing ground for global governance reform. Its ongoing advancement is not only a strategy to counteract deglobalization but also a platform for practicing Chinese-style modernization and the concept of a community with a shared future for mankind. Future focus on digital empowerment (such as cross-border data flow), green transformation (such as integrated wind-solar-storage projects), and deep engagement in people's livelihoods ("small but beautiful" projects) will continue to unleash the comprehensive benefits of "development-safety-discourse." As a Swedish scholar put it, this initiative is significant. The agenda is "changing the geography of the global economy and

civilization", and its deep value lies in providing a new paradigm for non-zero-sum games in a world undergoing changes over the past century.

To sum up, for China, promoting BRI is an ideal strategy. This paper believes that, as the initiator under the impact of the anti-globalization world tide and many domestic demands, China will take "Belt and Road" as one of the future work priorities.

3.2 Prospects of Belt and Road Initiative in Russia

1. What can Russia gain from the BRI?

The prospects of BRI in Russia are closely related to the strategic coordination between China and Russia, regional economic integration and the geopolitical environment. If we want to talk about the prospects of BRI in Russia, we need to talk about the impact that the existing BRI has had on and can have on Russia.

In terms of strategic alignment and regional integration, some scholars argue that Russia actively promotes the alignment of BRI with the EAEU, aiming to establish an interconnected network spanning Eurasia. Chinese scholar Wang Zhi believes that regional integration policies are a crucial component of Russia's foreign policy, deeply influenced by its concept of "state identity" [56]. In Russia, the understanding of "state identity" is one of the ideological roots for formulating national policies. There is a competitive relationship between different understandings. After gaining independence, Russia has maintained three distinct "state identity" propositions: Westernism, statism, and civilizationalism. Due to changes in internal and external environments, their influence on foreign policy varies at different times, leading to shifts in regional integration policies. This has prompted Russia to promote and deepen regional integration processes based on geopolitical and geo-cultural considerations, constructing a regional order that serves its own interests. When attempts at "pro-Western" alignment failed to secure economic and political security from the West, Russia shifted towards "statism" and "civilizationalism." Additionally, Wang Zhi points out that during the early stages of Russian independence, neo-regionalism emerged, with developing countries hoping to emulate the West to achieve modernization. This "neo-regionalist trend" carried liberal economic overtones,

especially after the 2008 financial crisis. The outbreak of machine, the setback of globalization and the return of great power geopolitical game have reduced the willingness of regional powers to promote integration based on market logic, highlighted the color of geopolitical game and made competitive regionalism the main trend.

The regional integration policy of Russia is characterized by the dual drivers of marketization and geopolitical competition, with geopolitical logic gradually becoming the dominant factor. This is closely related to the rise of "state identity" ideologies such as statism and civilizationalism within the country. After the dissolution of the Soviet Union, some Eurasian countries, under Russian leadership, restarted their integration efforts. One key objective was to maintain existing economic ties in the region and provide a platform for them to enter the global market. As a result, marketization logic held a primary position in early Russian regional integration policies. However, the liberal marketization logic promoting regional integration largely failed. A clear fact is that more than two-thirds of the agreements signed by the CIS have not been implemented or enforced. More seriously, the economic ties formed during the Soviet era rapidly weakened; between 1991 and 1995 alone, the total trade volume among CIS member states fell from 70 % to 30 %.

The logic of "marketization" has not effectively promoted regional integration, which is linked to the ongoing deterioration in Russia's relations with the West. This has led Russia to reassess the trend toward multipolarity in the world, enhancing the status of "near neighbors" in its foreign policy. To compete with the West for these "near neighbors," the geopolitical factors in Russia's regional integration policies have increased, as evidenced by the establishment of the EAEU in 2015.

In the process of regional integration in Russia, "Eurasianism" is the slogan and starting point for its fragmentation. However, "Eurasianism lacks appeal to some countries.

Russia's regional integration policy, under the influence of geopolitical thinking, will continue to rely on Eurasianism to resist Western infiltration. However, the appeal of Eurasianism is insufficient, and some Eurasian countries seek to integrate with the West, continuously challenging Russia's dominant position in regional affairs, which endangers Russian national security. As a result, Russia is likely to introduce policies promoting

regional integration as a response. As Myrdh pointed out, when Ukraine resolves to integrate into the West and seeks to join NATO and the EU, Russian leaders will not stand idly by; this is at the core of geopolitics, and a great power like Russia is particularly sensitive to potential threats near its territory. In the current context of increased "fragmentation" in the region, Russia needs to "paint a new picture" of Eurasian integration to attract regional countries, and "turning eastward" has become an important approach. The "turning eastward" strategy is not a recent proposal; as early as the beginning of this century, Russia had already issued the "Strategy for Social and Economic Development of the Far East and Baikal Region until 2025." Of course, during this period, "turning eastward" was mainly concerned with domestic politics, with less emphasis on geopolitical considerations. Meanwhile, the Asia-Pacific region has shown good economic momentum, and more importantly, it is culturally diverse, avoiding serious geopolitical cultural competition with Russia, making it an attractive destination for regional countries to participate in or deepen their engagement with Russia. An important approach to regional integration. In the "Eastward Turn" strategy, the alignment of the "Belt and Road" with the Eurasian Economic Union is a priority. President Putin has stated that the Eurasian Economic Union and China's BRI need to continue efforts to align their integration processes, reach new agreements on cooperation, and focus on forming a Greater Eurasian Partnership in the future. At the same time, Russia is actively promoting closer ties between the Eurasian Economic Union and ASEAN. Russian Foreign Minister Lavrov noted that negotiations for a free trade agreement between the Eurasian Economic Union and Indonesia are progressing smoothly. The connectivity of the Eurasian continent is also a key focus for Russia. After the conflict between Russia and Ukraine, the east-west transportation corridor was obstructed, making the north-south route a priority development direction. In May 2023, the Russian President held a video conference with the Iranian President to advance the north-south transport corridor, comparing it to the Suez Canal, aiming to attract Central Asian and South Caucasus countries and strengthen relations with Iran, India, and other Asian nations.

Under the "pivot to the East" strategy, Russia is willing to deepen cooperation with Asian countries through BRI and the Shanghai Cooperation Organization, while relying on

the connectivity between "Belt and Road," China, Central Asia, and Southeast Asia. As mentioned earlier, joining these initiatives and regional cooperation organizations not only brings economic and trade benefits to Russia but also facilitates the dissemination and construction of Russia's pan-Eurasian regional cooperation ideology, which it upholds as "Eurasianism." This expansion of Russia's influence contributes to the realization of its integration policy.

China and Russia also have important cooperation in terms of potential and progress in key areas,

In the energy sector, as mentioned in Chapter Two, Russia is China's second-largest natural gas supplier. Gas deliveries through the "Power of Siberia" pipeline are expected to increase by 20 % year-on-year in 2025, and this figure may continue to grow in the future. Meanwhile, China's oil imports from Russia are also gradually increasing. In the future, both sides plan to expand cooperation on renewable energy, such as wind power projects in Siberia and hydrogen technology research and development, to address the global trend of energy transition.

In the agricultural sector, Russia has become a major supplier of wheat, soybeans, and other agricultural products to China, especially in the soybean sector. The import of Russian soybeans is crucial for China to diversify its soybean supply away from the United States, particularly under the backdrop of the Sino-U.S. trade war, ensuring secure soybean supplies. Moreover, wheat exports are expected to increase by 25 % year-on-year in 2025. China's pork exports to Russia have also risen by 15 %. Additionally, the trade structure between China and Russia continues to improve, with significant growth in cooperation in areas such as machinery and electronics, automobiles, and cross-border e-commerce. Bilateral trade volume grew by 2.1 % in the first 11 months of 2024. In the high-tech sector, cooperation between the two sides is accelerating in areas like 5G communications, artificial intelligence, and aerospace technology. Chinese companies have made breakthroughs in 5G technology research and development projects in collaboration with Russian research institutions, and both sides have initiated the construction and testing of 5G base stations in multiple cities. By the end of 2025, it is expected that China and Russia will establish a stable cooperation mechanism in the 5G

domain, further enhancing their competitiveness in the global 5G market.

In addition, China and Russia have made new progress in space technology cooperation. In 2025, the two sides successfully signed a number of space cooperation projects, including joint research and development of new satellites, sharing satellite data and promoting manned space cooperation, which will further promote bilateral cooperation in the field of science and technology.

2. Challenges and responses to the promotion of BRI in Russia

However, BRI still faces numerous challenges and risk factors in Russia. On one hand, Western sanctions have caused difficulties for Russian companies in foreign currency settlements, leading to increased volatility in the ruble exchange rate. In 2024, the dollar-to-ruble exchange rate once rose to 114, with inflation reaching as high as 8.88 %. Additionally, sanctions have impacted Russia's oil exports, and President Trump plans to increase oil production. The governments of Brazil and Canada share similar intentions. Under other equal conditions, this would lead to oversupply, causing oil prices to gradually decline. JPMorgan Chase noted that if Brent crude oil is currently priced at \$75 per barrel, it could fall below \$70 next year. Some even estimate it might drop to \$40. This would severely damage the profitability of Russia's oil industry, further impacting the country's finances. For Chinese companies interested in investing in Russia, first, the current situation of Russia being subject to Western sanctions has increased investment instability. Due to sanctions and the U.S. "long-arm jurisdiction" policy, these companies, especially those involved in dollar-denominated settlements and requiring American technology supply chains, must be wary of secondary sanctions on their investments in Russia. Second, Russia's fiscal revenue may be affected by sanctions, potentially leading to changes in tax laws and increased taxes. Incorporating corporate income tax rates for companies, including Chinese enterprises, to increase fiscal revenue and alleviate the shortfall in government income. In other words, these companies face legal risks due to sanctions. Thirdly, the instability of the ruble exchange rate has also raised concerns among these companies about their investment returns in Russia. These concerns have impacted Chinese investments in Russia, and it could even be said that they have affected the progress of BRI within Russia. Additionally, at the standard-setting level, the U.S.-led

"Indo-Pacific Economic Framework" and the EUs "Global Gateway" plan aim to weaken the influence of the BRI by setting standards for environmental protection and labor rights. For example, the "clean energy" standards promoted by the U.S. may increase compliance costs for Chinese infrastructure projects, while Russia's lag in aligning technical standards could further intensify this competitive pressure.

In addition to the direct risks brought about by Western sanctions, there are also institutional barriers within Russia itself. First, high interest rates and capital flight have increased financing costs. In 2024, the benchmark interest rate set by the Russian central bank reached 21 %, and capital outflows from Russia that year amounted to \$30 billion. Despite the Chinese and Russian governments encouraging investment through special funds and preferential policies, financing remains challenging. This not only limits the pace of large-scale infrastructure projects but also restricts Chinese companies access to financing, increasing the risk of extended return cycles.

Moreover, for Russia, although the promotion of BRI is conducive to the propaganda of the "Eurasianism" ideology and the realization of regional integration desired by Russia, the "China-Europe Railway Express" built by China still has the risk of weakening the influence of Russia's traditional sphere of influence in Central Asia.

However, there are strategies to address the aforementioned risks and challenges. First, for the secondary risk issues that may arise from foreign exchange settlement and using the US dollar for settlement, the "RMB – Ruble" settlement mechanism can be promoted to reduce reliance on the US dollar. In fact, China and Russia have already begun using this settlement method in trade for goods such as natural gas, and it could be extended to more types of commodity trade in the future.

Second, BRI can deepen economic and trade cooperation between Russia and countries like China, leveraging China's technological advantages and Russia's resource endowments. For example, Russia could enhance its infrastructure by introducing Chinese technologies such as railway construction, while China would need to import natural resources like natural gas and crude oil from Russia to fuel the basic operation and development of its industrial system. Through economic and trade cooperation with China,

Russia can generate more revenue, which can help alleviate domestic fiscal issues to some extent. At the same time, increased foreign exchange earnings in rubles also contributes to the stability of the rubles value.

For Chinese companies, they need to strengthen risk management (such as buying political risk insurance) and focus on local operations (such as hiring local staff and participating in community welfare) to mitigate cultural differences and legal risks.

The potential geopolitical conflict between the two countries is not the primary contradiction at present. Currently, Russia is facing numerous sanctions from the West, while China needs to open up new markets and has no intention of truly challenging Russia's influence in Central Asia, Eastern Europe, and other regions. As Chinese Foreign Minister stated in an interview with Russia Today on April 1, 2025, "China and Russia have been friends for generations and will never be enemies," which also demonstrates China's emphasis on and commitment to maintaining its relationship with Russia. This article argues that, as both countries face common challenges and cooperate to challenge hegemony, they should strengthen political trust through promoting security cooperation and signing political and economic cooperation agreements.

Finally, for Chinese enterprises, they need to strengthen risk management (such as purchasing political risk insurance), have a deep understanding of local laws and culture in Russia, pay attention to localization (such as hiring local employees, participating in community welfare), and cooperate with local enterprises to alleviate cultural differences and legal risks.

3.3 Influence and Prospects of "One Belt and One Road" in Countries along the Routes

For many Third World countries, despite their excellent natural and human resource endowments, they struggle to participate in the global industrial supply chain due to insufficient investment in infrastructure [49]. In BRI, China's investment in infrastructure for these countries is beneficial for local residents in building industrial chains, expanding the variety and volume of exported goods, and increasing employment. Studies have

shown that China's foreign contracting projects can promote the upgrading of the industrial structure of Belt and Road partner countries by promoting economic growth, expanding import and export trade, and attracting foreign direct investment inflows [22]. For example, in Laos, a landlocked country in Southeast Asia with mountainous terrain and extremely inconvenient transportation conditions, it was not until 2021 that Laos, with China's assistance, completed its first railway, China-Laos Railway. Before the completion of the China-Laos Railway in 2021, Laos had only about ten types of exported goods, and transportation was highly dependent on domestic roads, which were costly, time-consuming, and resulted in high losses when transporting fruits. By 2024, after the opening of the China-Laos Railway, the variety of exported goods in Laos has increased to over three thousand, including potassium fertilizer and natural rubber. Export volumes have also significantly increased; for instance, Laos total exports to China rose from 14.9 billion yuan in 2020 to 26.4 billion yuan in 2024, nearly doubling over four years. Furthermore, with the opening of the Trans-Asian Railway connecting China and Southeast Asian countries, Laos total foreign trade is expected to increase even more. The same applies to Sri Lanka in South Asia. Similarly, after the expansion of Hambantota Port and Colombo Port, their throughput has rapidly increased, creating numerous job opportunities for the local population. In Central Asia, the launch of the China-Europe Railway Express has also boosted trade volumes between China and countries like Kazakhstan. In 2024 alone, 8,000 freight trains passed through the Khorgas border crossing between China and Kazakhstan. That same year, trade between China and Kazakhstan reached 43.85 billion RMB, marking a 6.8% increase from the previous year. Additionally, Chinese investment in local industries helps these countries develop their own industries and related sectors, addressing employment issues and generating more revenue. In Laos, Chinese companies have established factories to produce electronics, building materials, and other products, contributing significantly to the country's industrialization. Moreover, China's investment in the local mining sector cannot be overlooked. Laos is rich in mineral resources, including potash, coal, oil, and gold. The Lao government recognizes its resource endowments and encourages foreign investment. Encouraged by BRI, Chinese companies have actively invested in Laos, leveraging their

financial and technological advantages to play a significant role in the country's mining sector. Notably, Chinese companies have set up Asia's largest potash fertilizer production base in Laos, with an annual output exceeding. Millions of tons have significantly boosted the development of local industries such as warehousing, transportation, and packaging, creating numerous jobs. For example, China's investment in hydropower construction in Laos has greatly increased the local power generation capacity, meeting the country's electricity needs. This has also provided certain conditions for Laos to export electricity to other Southeast Asian countries, bringing in more foreign exchange earnings. The hydropower projects have further spurred other local industries, including traditional manufacturing sectors like building materials and machinery production, which require substantial amounts of electricity to operate.



Figure 3.6 - Map of China-Laos Railway [39]

In Sri Lanka, Chinese investment in the local tea industry has enhanced the deep processing capabilities of Ceylon black tea through capital injection and the introduction of new technologies. This has helped local enterprises develop high-value-added industrial tea products such as instant tea. Additionally, investments in the textile sector have transformed Sri Lanka from a mere cotton yarn exporter into a garment producer.

In Central Asia, Chinese companies have established agricultural bases in Uzbekistan, not only exporting seeds and farm machinery but also introducing blockchain

technology to upgrade the region from a mere supplier of raw materials to a modern agricultural demonstration zone [37]. Chinese enterprises are promoting hybrid rice in Central Asia, increasing yields by 40 %. The Chinese automaker BYD has set up a factory in Uzbekistan with an annual production capacity of 300,000 vehicles, which are exported to Russia and other countries in Central Asia, addressing employment issues for a large number of local workers.

In Latin America, the Roman Blanca wind farm invested and constructed by Chinese companies in Argentina generates 1.6 billion kilowatt-hours annually, with its accompanying energy storage facilities also available for export to Chile and Brazil. Additionally, China's investment in Colombia's cocoa industry has boosted the annual sales of Colombian coffee beans on Chinese e-commerce platforms by 50 %, while introducing new technologies to help develop high-value-added products such as instant coffee.

From these examples, it can be seen that the Third World countries participating in BRI have, to varying degrees, received financial and technological investments from China through their participation in BRI. These investments have brought them certain benefits, including the development of domestic industries, increased foreign exchange earnings, and national construction. At the same time, the establishment of these new industries has also contributed to the industrialization progress of these countries [40]. Moreover, apart from some Southeast Asian countries with territorial disputes (which, to a certain extent, have been overlooked in terms of geopolitical conflicts with China, and in a sense, these conflicts are merely narratives that serve political and economic needs), most of these countries do not have geopolitical conflicts with China. Therefore, they are clearly willing to cooperate with China and play their roles well within BRI. Compared to China, most of the countries that joined BRI have relatively lower levels of industrialization. As mentioned earlier, they either possess good natural resource endowments but lack the ability to convert these resources into higher-value-added industrial products, or they have large labor forces but insufficient job opportunities for full employment. These countries are gaining more. After the revenue is generated, it will become a market for Chinese producers. However, in the long term, these countries that followed China's development

path in the 1970s during the 2020s are likely to become strong competitors to today's China in the future global supply chain. Nevertheless, given China's goal of transitioning to high-end manufacturing and its direction of boosting domestic demand and transforming from a producer to a consumer in the world supply chain, these countries may not pose a real challenge to future China. Perhaps China's goals will not be achieved so easily; it will still compete with these less developed countries, but that is a question for the future, or even a long time after. At least for now, in an era where not all third-world countries have fully industrialized, BRI remains beneficial to multiple parties. Moreover, in terms of finance, Li C studied the panel data of 61 BRI participating countries from 2005 to 2018, and concluded that China's financial development is more likely to contribute to the sustainable development goals of Asian countries and low- and middle-income "Belt and Road" countries than European and high-income countries [31]. On the economic side, Ma S's research also supports this view by showing that BRI has dramatically improved the economic performance of participating countries, especially in low-income countries [38]. These studies support this view. These countries will continue to cooperate under the banner of "globalization" that China raises, and continue to benefit from it.

Of course, the impact of the Belt and Road Initiative on the countries involved is not all positive. First, studies have shown that the international trade brought about by the Belt and Road Initiative can have a negative environmental impact on the environment of the participating countries [63]. In addition, the Belt and Road Initiative also faces many challenges in other countries, such as Komakech R A's research showing that the Belt and Road Initiative faces problems such as labour violations and procurement corruption in Africa [30]. At the same time, in the Western discourse, China still needs to prove that the Belt and Road Initiative is an initiative that benefits the majority, and not just a tool for China to "reshape the world on its own terms" [19; 35].

At the same time, Du M's research shows that the political environment of participating countries also affects the extent to which participating countries can use the resources brought by the Belt and Road, with countries with higher governance standards and more stable political environments more likely to transform BRI external resources

into sustainable competitiveness, while countries with weak governance or recurrent conflicts are at risk of structural dependence or resource misallocation [13]. Wang Huimin's research also found that factors such as capital endowment and political and economic stability in third countries will cause the transfer effect of corporate direct investment, resulting in the crowding out effect of China's direct investment in countries or regions along the "Belt and Road" [53]. Although, according to Wolszczak-Derlacz's study of ASEAN countries, the Belt and Road Policy Initiative could become a promising mechanism for trade facilitation in these countries in the coming years [36;32]. However, it is only by ensuring the effective docking of all parties that the relevant mechanisms can play their role [21; 34].

As the only major power outside China to join BRI, Russia has other demands beyond its economy and industry. On one hand, as mentioned earlier, it seeks a new form of "integration" within its traditional sphere of influence. On the other hand, this article argues that in today's world where the United States remains a political adversary and NATO still exists, despite being led by China, BRI can serve as a transnational ideological construct and dissemination of its "Eurasianism." Therefore, this article suggests that Russia will temporarily remain committed to BRI, and the benefits it brings to other Third World countries, such as industrial development, renewed industrialization (for Russia, this means the re-development of manufacturing), and job creation.

Conclusion

It can be seen that the impact of the Belt and Road Initiative on the participating countries is multifaceted. For the five Central Asian countries located in the landlocked Eurasian continent, the impact of the Belt and Road Initiative covers infrastructure construction, urban development, investment mechanism improvement and foreign trade in an all-round way. For Russia, as an energy powerhouse, the impact of the Belt and Road Initiative includes infrastructure construction, financial system construction, and expanding regional influence. For Latin American countries, China's maritime trading partners, the Belt and Road Initiative has had significant economic, political and social impacts. Through large-scale infrastructure investment and trade cooperation, Latin American countries have made significant progress in economic development and regional integration.

In summary, this article argues that the trade cooperation initiative led by China aligns with the interests of all participants. Third-world countries have gained new funds, technology, industries, foreign exchange, and job opportunities from a series of countries involved in this initiative. Apart from the benefits Russia can derive from industrial and economic gains, it also secures certain political advantages, as the "Belt and Road" is beneficial for Russia's integration aspirations within its sphere of influence. For China, cooperation with these countries not only provides access to cheap resources but also opens up more growing markets, delaying the outbreak of supply-demand imbalances. In the current context of tariff sanctions imposed by the U.S. and Western countries on Chinese goods, this presents an opportunity for China, which is seeking transformation, to buy time. Therefore, for some time to come, BRI still holds significant market potential, especially after the start of Trump's second term in the United States. Trump has repeatedly threatened to impose tariffs on other countries, and on April 2, 2025, he announced that he would impose so-called "counter-tariffs" on all trading partners, imposing tariffs ranging from 10% to 34% on over 180 economies worldwide, effective from April 5. If the new U.S. tariff policy is truly implemented. Then, for countries that view the United States as their primary trading partner, a foreseeable blow is on the horizon. This tariff dispute

could shake the global supply chain, which has long been centered around the U.S. and the dollar. A new "multipolar, de-dollarized" global supply chain and international trade landscape will be considered by more countries. For countries participating in BRI, they may become even more reliant on this initiative to maintain and advance trade relations with other nations. Countries that previously held a wait-and-see or critical stance toward BRI might also reconsider their position. In summary, this article argues that in the foreseeable future, the "Belt and Road" still aligns with the interests and development needs of all parties involved. Therefore, BRI will continue to receive attention and play a role among participating countries, further unlocking the productivity of these nations.

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