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SUSTAINABLE INFRASTRUCTURE DEVELOPMENT PROBLEMS IN CENTRAL ASIA

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Abstract. This article is devoted to the 9th goal of the POST 2015 Programme – creation of resilient infrastructure, facilitation of inclusive and sustainable industrialization and foster innovation. The condition and development level of transport infrastructure is an essential factor in formation and acceleration of sustainable development of regions and their effective cooperation. Issues of resilient infrastructure development bear peculiar traits in Central Asia region, because they are in need of overcoming geographic isolation, solving the problem of being inaccessible and dependent on countries, which provide them an avenues to world markets. Successful solution of infrastructure issues gives Central Asia states opportunities to diversify the resources of state revenues, create new sectors of economy and reduce dependence on raw materials export. As for the Kazakhstani government, it prioritizes promotion of competitiveness on the global market of services, and correspondingly, stimulation of trade flows growth through its territory.

Keywords: Central Asia, infrastructure, railway, highway, transport corridors, TRACECA.

Абстракт. Эта статья посвящена 9 цели Программы POST 2015 – Создание прочной инфраструктуры, содействие обеспечению всеохватной и устойчивой индустриализации и внедрению инноваций. Состояние и уровень развития транспортной инфраструктуры является важным фактором в формировании устойчивого развития регионов и эффективного их взаимодействия. Развитие транспортной инфраструктуры ускоряет развитие регионов. Для региона Центральной Азии вопросы развития прочной инфраструктуры, имеют свои особенности. Прежде всего, странам региона необходимо преодолеть географическую изоляцию, решить проблему закрытости региона и зависимости от стран, обеспечивающих им доступ к мировым рынкам. При успешном решении вопросов развития инфраструктуры, государства Центральной Азии получают возможность диверсифицировать источники государственных доходов, создать новые отрасли экономики и снизить зависимость от экспорта сырья. Если об РК, то на рубеже нового этапа социально-экономической модернизации приоритетной задачей для Казахстана в области развития национального транспортно-коммуникационного комплекса является обеспечение его конкурентоспособности на мировом рынке услуг и, соответственно, стимулирование роста торговых потоков через территорию республики.

Ключевые слова. Центральная Азия, инфраструктура, железная дорога, автодороги, транспортные коридоры, ТРАСЕКА.

It is known that sustainable development is a broad concept, and the concept of sustainable development is linked to the modern strategy of socio-economic development, sustainable economic growth and access to available resources.

This article will draw our attention to the 9th goal of POST Program 2015 – Building a solid infrastructure, the promotion of inclusive and sustainable industrialization and innovation (2015: 11). And it is not accidental. The state and the

level of development of transport infrastructure is an important factor in shaping the sustainable development of the regions and their effective interaction. Development of transport infrastructure accelerates the development of the regions.

So, it is important for each region, but for the Central Asia issues of the solid infrastructure development have their own features. First of all, the countries of the region need to overcome geographic isolation, solve the problem of region's closed nature

and dependence on the countries providing them access to world markets.

1. NECESSITY OF INFRASTRUCTURE DEVELOPMENT IN CENTRAL ASIA

The Central Asian countries apply their own efforts for the development of transport infrastructure, seeking to integrate into the international geo-economic structure, solve their common economic and trade issues, maintain stability and develop comprehensive cooperation. In the case of successful solution of infrastructure development issues Central Asian countries get an opportunity to diversify the sources of government revenue, create new industries and reduce dependence on raw materials exports.

Currently, each of the five republics of the region adopted the state programs aimed at the development of the transport sector, which should allow them to access to international trade routes. (Ordabayev 2012: 9).

As for the Republic of Kazakhstan, on a boundary of a new stage of socio-economic modernization a priority task for Kazakhstan in the field of development of the national transport and communication complex is to ensure its competitiveness in the global market of services and, thus to promote the growth of trade flows through the territory of the republic.

The importance of the development of transport and logistics infrastructure in Kazakhstan indicate a number of strategic documents.

In May 2012, the President of Kazakhstan Nursultan Nazarbayev announced the launch of a large-scale project «New Silk Road». «Kazakhstan should revive its historic role and become the largest business and transit hub of the Central Asian region, unique bridge between Europe and Asia ...», – said the head of the state (Nazarbayev 2012: 5).

The program «Nurly Zhol – the Way of the Future» envisages increasing the country's export potential; the formation of macro-regions on the basis of the hubs; necessity to continue the creation of a logistics hub in the east and sea infrastructure in the west of the country (Nazarbayev 2012: 6).

One more adopted «One hundred concrete steps of President N. Nazarbayev» document notes the necessity of Kazakhstan integration in the international transport and communication flows (2016: 13). For the development of road and transport infrastructure, the launch of a project to create a «eurasian transcontinental corridor» multimodal transport corridor, which allows to carry out free transit of goods from Asia to Europe, and others the government set tasks to attract strategic investors.

As a result, Kazakhstan can become a hub country in the Central Asian region, the integrator of intraregional economic ties, the attraction center of capital and investments, and the place of regional industries or branches of the world's largest companies oriented on the Central Asian market providing international services. According to Kazakhstani experts, in the future Kazakhstan may serve as an important link in a transcontinental economic interaction between European, Asia-Pacific and South Asian economies (Ibraimova 2016: 3).

Therefore, the Republic of Kazakhstan is now in the process of transit policy active building, the improvement of its direction and the formation of new vectors. Properly using its position, Kazakhstan will be able not only to receive income from transit, but also to develop the regions on the basis of their involvement in the exchange of goods, establishing local production of those goods which are in demand in foreign markets.

So there are all necessary preconditions for the further development of transport and transit potential of the region. On the one hand, because of its unique geographic position Central Asia is able to become one of the most important sites of world trade.

On the other hand the implementation of these plans can prevent a whole range of internal and external factors.

To evaluate the transport capacity and infrastructure in Central Asia (CA) is quite difficult. First of all, because there are different approaches to similar estimates (different criteria and indicators).

Every two years The World Bank counts Logistics Performance Index (Logistics Performance Index – LPI). According to the latest published data for 2014 year, out of 163 evaluated countries the overall logistics performance index of Kazakhstan took the 88th place, Tajikistan – 114, Uzbekistan – 129, Turkmenistan – 140 and Kyrgyzstan – 149 place (Turayeva 2014: 16).

One of the problems of an internal character is poor infrastructure. However, analysis of the infrastructure projects implemented in the countries of Central Asia and those which are at the stage of implementation and development shows the absence of any coherent and collaborative policy development of common infrastructure.

From researcher M. Turayeva's perspective, it is generally accepted that «the interaction between the republics of Central Asia slows exports similar nomenclature, the competition for the international agricultural markets, political disagreements between the leaders of some countries, transport

isolation of the poorest countries in the region and the destruction of existed in Soviet times a single economic system» (Turayeva 2014: 17).

Even based on the generalized figures, we can conclude that the value of intra-regional trade is still very small, and for the past three years, a stable positive dynamics in this area is not observed. The main factors of development of transport infrastructure in these conditions are trade relations with third countries and between them. In this regard, transport cooperation is an important activity of many regional and international organizations, which involve the Central Asian countries.

2. EXTERNAL PARTNERS GEOPOLITICS INFLUENCE ON CENTRAL ASIA INFRASTRUCTURE

Meanwhile, the main trend of development of the sector under consideration in Central Asia is a focus on international transport corridors (ITC).

With regard to the external factors, the distinguishing feature is that for the Central Asia region infrastructure issues solution geopolitical and geostrategic factors are very important, the choice of which depends on their further development. In fact, it's a question of its competitiveness, issues of its integration into the world economy and more.

Currently in active stage is the process of transformation of the Central Asian region from the peripheral region to a region where more insistently intersect the interests of several major countries.

According to Kazakh experts, today there are three competing geopolitical projects in Central Asia – American project «New Silk Road», Russian project «Eurasian Union» and the Chinese project «Economic zone along the Silk Road» (EZSR). All three appeared almost simultaneously, and they had been conditioned by the policy change initiated by their countries towards Central Asia (Syroyezhkin 2016: 14).

2.1. Eurasian Project

China and Russia offered their vision of the development of transport routes in the region – within the EAEU and EZSR. Each of them has its own conceptual basis and has a number of pros and cons.

We can agree with the opinion of Kazakhstani expert K.Syroyezhkin, that one of the main problems of the EAEU is a difference in vision the ultimate goals of the Eurasian integration. For Russia it is a predominantly geopolitical project. For Kazakhstan it is solely an economic project. For Belarus, Kyrgyzstan and Armenia is the desire to receive from Russia as many economic privileges as possible.

From a number of issues for further development of the EAEU, we can not omit Sanctions Western policy towards Russia, which, albeit indirectly, affect the economies of other member states and makes further integration with Russia unattractive (Syroyezhkin 2016: 15).

Historically the basis of Russia's transit potential is, on the one hand, the proximity to the EU, on the other – the neighborhood with the Asian countries. The formation the EAEU Russia automatically got the function to protect the interests of the whole space of this association. Therefore, in addition to strengthening the partnership with the countries of the southern borders of the former Soviet Union, it is necessary to understand that the importance the availability of funding sources for the development of the national transit systems in these countries – it is a delicate issue, which should be under the control of the appropriate government agencies.

And, despite the fact that the consequences of the sanctions and changes in foreign economic policy have a negative impact on the Russian economy, the development of regional transport and logistics routes should be made to the list of priority.

2.2 Silk Road Economic Belt

Experts note that «the prospect that promises EZSR, identified by global trends».

Lately, the initiative which was put forward is not just a concept but a major international project that represents a huge economic interest not only for China, but for all the countries located along the Great Silk Road, including the Republic of Kazakhstan.

Trade and economic relations of Kazakhstan and China have a sustained, mutually beneficial and dynamic character, based on the strong foundation of cooperation between the two countries, accumulated over previous years.

Chinese initiative «Economic zone along the Silk Road» and the new economic policy of Kazakhstan «Nurly Zhol», in terms of content complement each other, as they are aimed at the development of infrastructure, particularly transport and communications.

Due to the cooperative practical realization of both strategic initiatives, which are harmoniously combined their synergetic effect will be more significant and profound for economic development of Kazakhstan. Moreover, they contribute to diversification, industrialization and modernization of the national economy (Nurseitov 2015: 7).

The practical implementation of pairing Chinese initiative «One zone one way» to NEP

“Nurly Zhol”, the prospects for the formation of a cooperation mechanism between the “brain centers” and scientific institutes of RK and China in the field of trade and economic, politics, investment, infrastructure cooperation were discussed in March, 2016 in Beijing.

For Kazakhstan, like other Central Asian countries, it is important to participate in the implementation of the Chinese initiative «Economic zone along the Silk Road», and effectively use emerging new possibilities and advantages of regional cooperation, ensuring at the same time minimizing risks and threats.

The project «Economic zone along the Silk Road» creates new opportunities for Kazakhstan’s participation in the regional division of labor and cooperation, international business and investment, the development of goods trade and services, as well as to create new working places.

China’s leadership for its part, considers Kazakhstan as a major and long-term trade and economic partner in Central Asia. Moreover, Kazakhstan has the largest economy in the region and accumulates more than 70% of China’s trade turnover with the countries of Central Asia.

For the purposes of the practical implementation of initiative “The economic zone along the Silk Road” China together with the Asian countries concerned creates two important financial development institution: Asian Infrastructure Investment Bank (AIIB) and the Fund of the Silk Road.

The establishment of these two institutions is a powerful aspect of the Chinese initiative which is of great importance for the strengthening of multilateral cooperation in the Silk Road countries. This will ensure the financing of joint projects in the sphere of energy, transport, communications and other industries.

At the same time, according to Kazakh experts, the formation of Silk Road Economic zone will be restrained due to:

- the existing differences in the level of socio-economic development and life of the country, located along Silk Road,
- insufficient development of transport and logistics infrastructure in Central Asia,
- low level of forwarding service,
- low efficiency of rolling stock of transport,
- unpreparedness of local businesses to international competition and entering foreign markets (Nurseitov 2015: 8).

One of the threats for Kazakhstan may become inability to preserve the raw material orientation of the national economy, as investment projects of Chinese companies are primarily linked to oil and

natural gas.

The practical implementation of the initiative of the Chinese «Economic zone along the Silk Road» can lead to the formation of the new global economy around Eurasia, where the main link becomes Central Asia. In particular, a strategically important place will be Kazakhstan.

Under the leadership of China and with its financial support the Economic zone of the Silk Road will provide implementation of the various investment projects and programs in Central Asia.

The main problem is how to create conditions for the two project – EAEU and EZSR and which should not be viewed as competitive, but complementary. The first step in this direction was taken during the visit of Xi Jinping, in May 2015, in Kazakhstan, Russia and Belarus, where the documents about pairing of these projects were signed.

Pairing of the national program «Nurly Zhol» is not in the triangle with the EAEU and EZSR but with each of the concepts individually. The main emphasis is placed on the pairing of EZSR and «Nurly Zhol».

Directions of pairing EZSR and «Nurly Zhol» were not only found, but gained real outlines in the form of specific projects, and the main thing that they have already ensured financially.

Unfortunately nothing can be said about EAEU, neither in terms of investment nor in terms of specific large-scale projects.

There is one more significant fact that, in contrast to the EAEU and Russian policy EZSR and China’s policy in Central Asia begin positively assessed by the Western countries.

For Kazakhstan, which is not only one of the core members of the EAEU, but also its founder, the question of how to combine EZSR and «Nurly Zhol», without entering into conflict with Russia, and without destroying the Russian-Kazakh relations is quite topical.

2.3. «New Silk Road» initiative by USA

Taking into account the energy resource potential of Central Asia, the United States shows a great interest in the development of transport infrastructure of the region to the west (Euro Asian corridor, East-West route).

Cooperative initiative of Afghanistan, the United States and Germany, “New Silk Road”, in which countries in the region of Central and South Asia, as well as a number of other interested states and international organizations intend to promote a comprehensive, long-term economic strategy to help Afghanistan.

Many experts, both post-Soviet countries and Western countries understand that the need for economic development is crucial to resolve issues of stabilizing Afghanistan and regional security issues.

The current state of Afghanistan gives reason for moderate optimism about the processes occurring in the country's transition to peace and recovery of its economy and social sphere. All governmental and international programs for economic revival of Afghanistan look ideal only on paper. Economically the state is helpless and relies only on foreign investment and private initiative.

We can agree with the opinion of the Russian President's special representative Z. Kabulov about Afghanistan that so far the Afghan economy, held relatively well on several «whales». The first «whale» is the service sector. In Afghanistan there were placed about 150 thousand foreign soldiers. The second «whale» is drugs. The third «whale» – economic assistance to Afghanistan. But it «dries out». Still, it turns out that the economy is somehow able to hold only on the foreign infusions and drug revenues (Kabulov 2015: 4).

One of the main directions of development of the Afghan economy is a question of development of the transport system, primarily railways. The construction of railways in Afghanistan began in 2008 and already the first successes in this area confirm that the railways can become not only the basis for the growth of commodity production and export, but also the basis for the further development of core industries. Thus, the railways of Afghanistan can become a key point of economic development.

One of the most successful transport projects is the opening in 2011 the railway Hairatan to Mazar-i-Sharif, the construction of which was financed by the Asian Development Bank. The width of the railway track is 1524 mm, which makes it compatible with the roads of Uzbekistan and other Central Asian countries (2015: 2). The development of trade with the countries of Central Asia and Russia created opportunities for economic development of the northern region of Afghanistan.

Afghanistan has a unique position as it borders with the countries that use the three different types of railway track: European, Soviet and Indo-Pakistan. Experts believe that in this technological environment railways of Afghanistan should be developed on the principle of «three joint track» that involves the development of overload goods system goods and cargo from one type to another railway route. In the estimation of experts, ensuring «three joint track» scheme's effective functioning, which is supported by the three greatest in the world railway

systems, guarantee Afghanistan a big transit flow of cargoes (Verkhoturov 2014: 18).

A project to build a railway corridor Turkmenistan – Afghanistan – Tajikistan (TAT) is also of great importance to the strategic, political and economic interests of all the member countries of the project.

It is anticipated that Afghan railways can provide an easy and direct access to South Asian countries in the Central Asian, Russian and European markets. The implementation of such projects contributes to the development of the economy, as well as the interest of all member countries in establishing and maintaining security in the Afghan-Pakistani territory. This is a good opportunity to raise the level of economic cooperation between the Central Asian countries (SCO) and formulate a mechanism of multilateral cooperation between them.

On the other hand, we can assume that Central Asian countries consider the construction of Afghanistan infrastructure to connect the country to the outside world, to help Afghanistan to be re-involved in the international community (Baizakova et al. 2014: 1).

The strategy of «New Silk Road» which announced US Secretary of State Hillary Clinton can according to American analysts provide a significant economic growth and trade to Afghanistan's neighbors, including all Central Asian countries.

According to US Deputy Secretary of State Robert Hormats: active participation of Afghanistan and its neighbors the process would lead the initiative of the New Silk Road to reach its full potential (2015: 10).

The transformation of Afghan into a regional crossroads of a new network of economic and trade relations will allow the country to take responsibility for their own economic future and ensure a more stable financial prospects for the Afghans, their neighbors and international partners. Deputy Secretary of State also underlined the «key role» of private investment in the construction of the «New Silk Road».

«New Silk Road» should consist of three main parts – energy trade, construction of infrastructure and the exchange of ideas,» – said Juan Miranda (Juan Miranda), the general director of the Department in Central and West Asia of the Asian Development Bank. The expert notes that Afghanistan has many natural resources, which could be exported. Today the international community has a task to implement an idea about a new way to reality, defining a program of action, as well as short-term and long-term goals, he said (2015: 12).

Experts agree that today the strategy of «Silk Road» is facing important challenges. In particular,

the lack of infrastructure, high customs duties, as well as the conflict situation in some parts of the region complicate the construction of the economic ties between the countries.

The main pivots in the economic revival of Afghanistan, US analysts see large regional projects, such as CASA-1000 (supply infrastructure project for electricity to Afghanistan and Pakistan) gas pipeline construction project TAPI (Turkmenistan-Afghanistan-Pakistan-India), the railway construction project China-Kyrgyzstan-Tajikistan-Afghanistan-Iran and others.

Considering the latest events in the Middle East, we can say that the United States has not left the tries to realize these “mega-projects” in terms of medium term planning. Thus, the integration of Central Asia as a unified region in the Euro-Atlantic area remains on the agenda of the American long term strategy.

Obama administration continues the policy laid by its predecessors, although it is making corrections, usually associated with the sharp changes in the current situation. The main components of this strategy include consideration of CA from the perspective of the problems of Afghanistan, supporting pipeline projects avoiding Russia and Iran.

The new politics of Barack Obama in Central Asia is a caution and account of the interests of Russia. In the future, we should expect an increase Washington’s concern for strengthening the positions of China and Iran in the region. It is possible that this factor will contribute to the convergence of US and Russian positions in the region.

Thus, the United States intends to use as a method of «smart» power – a combination of «hard» and «soft» force; more willing to choose the political, economic methods, diplomacy, cultural relations, rather than military force.

Furthermore, in its strategy in CA United States have to take into account the Chinese factor. Washington is exploring possibilities for cooperation with China in the region. On the other hand, the United States really wanted China to participate actively in the reconstruction of Afghanistan.

2.4. EU collaboration projects

Talking about other geopolitical players, it be mentioned the European Union. For example, the fundamental interests of the European Union in Central Asia are in the field of ensuring the energy

security. Brussels has developed INOGATE program which focuses on deepening cooperation in the oil and gas industry and reducing Europe’s dependence on Russian energy.

The aim of another program the TRACECA is put the development of transport infrastructure and the EU access to China through Central Asia avoiding Russia.

TRACECA is positioned as a program of international cooperation in the field of transport between the European Union and partner countries for the development of a transport corridor from Europe through the Black Sea, the Caucasus, and the Caspian Sea with access to the Central Asian country.

Also an interesting TRACECA project “Silk Wind» (Silk Wind), aimed at increasing transit rail and sea routes in the direction: the border of China Kazakhstan – Georgia – Azerbaijan Turkey’s western border. Project participants (Azerbaijan, Georgia, Kazakhstan and Turkey) plan to use a high-speed train route in multimodal transport, introduce a unified rate for the transport of goods, simplify customs and border procedures, and reduce transit time and travel time.

Representatives of the research field and experts on infrastructure projects in the region characterize the efficiency of TRACECA activities quite skeptical. Their estimates are based on the high level of corruption among officials in charge of national agencies and the general unjustified transit project.

However, countries which interact with the EU as part of its transport project, their dependence on external financing of national transport and logistics networks and readiness of leadership of these countries to sign agreements for the provision of technical assistance, the prospects for the development of the TRACECA projects throughout the Silk Road are rather favorable, providing continuation of their funding policy.

Either way, the two European programs can have an impact on the economic situation of the region, which is actually a “buffer” between Europe and the Muslim world.

Conclusion

Complex, systematic solution of the Economic problems in the geopolitical context of the global crisis, security issues, ensuring social stability require bringing together leading scientists, theoreticians, researchers, practitioners and specialists.

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