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The reality of a consistent rapprochement of the national economic complexes of the Central Asian republics is inevitable and objective for all countries of the region. After all, from the point of view of geographical location, all the republics are located in the Middle part of the Eurasian continent, far from the seas and oceans, so that their geopolitical position is equally disadvantageous, since they are completely dependent on neighboring States for access to trade routes. In any perspective, the well-being of these countries will be determined by the stability in neighboring countries and the nature of relations with them.

In addition to the above-mentioned prerequisites for close cooperation between the Central Asian republics, economic priorities have played and will continue to play a primary role. In the annual report of the International monetary Fund «Doing Business 2019» in the ranking of ease of doing business among 190 countries, Uzbekistan entered the top ten reform countries over the past five years (from 166 (2012) to 69 (2019)), which defines the country as “...one of the most favorable for doing business” [1]. This is actively promoted by comprehensive cooperation with Russian partners in priority sectors of investment activity, as well as the involvement of Russian experience in the development of national engineering projects / R&D, research and technology parks, innovative cities and zones. Such targeted projects could also solve the problem of “...joint development of marketing strategy in the investment segment, eliminating the disparity in the distribution and placement of investments in priority areas of the economy” [2].

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In 2013, Chinese leader XI Jinping, while at the Nazarbayev University, voiced the initiative of the Economic zone of the Silk Road (SREB) at a cost variously estimated from \$ 800 billion to \$ 1 trillion dollars. Later, the initiative «Sea Route of the 21st Century» was announced, the two initiatives were combined under a common Initiative-»One Belt - One Road«. Since then, “...two institutions within the framework of the Initiative have been developed - the Asian infrastructure investment Bank and the Silk Road Fund since 2014 with a capital of 40 billion dollars. The world’s longest freight rail service on the Harbin - Hamburg route was launched on 13 June 2015, taking 15 days of travel” [3].

China is becoming an important foreign policy partner of the Central Asian States. The annual trade turnover between China and the five

Central Asian States has grown from \$ 500 million to an impressive \$ 30 billion a year over 25 years of cooperation. The highest figures were recorded "...in 2013, amounting to \$ 50 billion. China has significantly intensified its activities in the Central Asian States in recent years as an investor, creditor and trading partner of all five republics, pushing Russia to the second and even third positions" [4].

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A recent example of Beijing's large-scale engagement in Central Asia was the expansion of economic cooperation between China and Kazakhstan. Thus, during the SCO summit in Astana on June 8-9, 2017, the parties signed "...22 commercial agreements totaling \$ 7 billion. According to the agreements, the Chinese side have invested in the development of agro-chemical cluster in Kazakhstan and implements a number of projects in the free economic zone in Atyrau region. In addition, the Chinese Corporation Hydro-China Corporation signed a Memorandum with the Kazakh holding «Samruk-Energy» on the construction of a wind farm in the Almaty region and a network of small hydropower plants" [5].

Even earlier, in May 2017 Beijing signed an impressive package of economic agreements with Uzbekistan totaling \$ 20 billion. The agreements were reached during the first visit of President of Uzbekistan Shavkat Mirziyoyev to China as head of state. They imply a significant deepening of cooperation between the two countries in Geo-Chemistry and Hydropower, including the construction of a plant for the production of synthetic liquid fuel and a medium-term contract for the supply of natural gas to China. Thus, "...Tashkent, as well as its neighbors in the region, crossed a certain threshold in cooperation with Beijing, moving to a more active implementation of joint projects with China for the development of infrastructure and industry" [6].

Central Asian Region in Belt & Road Initiative

After the collapse of the Soviet Union and gaining the Independence of the Central Asian countries in 1991, a variety of sovereign countries appeared on the map. During the three decades of the formation of Central Asia as a new geopolitical region of the world, certain changes have occurred. Thus, "...the Chinese economy has grown tenfold since the late 1990s. If in 1999, China's GDP was \$ 1.09 trillion. Then in 2017, it exceeded the figure of \$ 12.5 trillion. Such a large-scale increase in economic power could not but affect the development of Central Asia

as a whole. The growth and development of the Chinese economy has increased the need for the resource base of the Central Asian States, the support of a new market in the sale of their own goods, expanded the opportunities for economic cooperation” [7]. China places considerable emphasis on investment activity abroad and the use of production facilities outside the country. However, this was in line with the same approach, which implies a massive export of investments, the use of Chinese production facilities and industrial technologies in the neighboring region.

Over the past few years, China has become a major importer in three of the five Central Asian countries: Kyrgyzstan, Tajikistan and Uzbekistan. Thus, “...in 2015, 56% of all imports to Kyrgyzstan came from China. The situation is not much different in Tajikistan, where imports from China amounted to 41%. China is also the leader in imports to Uzbekistan – about 20%. Only in Kazakhstan and Turkmenistan, Beijing concedes the palm to other countries – Russia and Turkey, respectively. In the structure of imports of Central Asian countries from China, there is a wide range of products, including machinery and equipment, food, consumer goods and much more” [8].

For example, China has become the main destination for the products of Turkmenistan and Kazakhstan. Thus, the share of China in Turkmenistan’s exports today is a record 68%. At the same time, Ashgabat’s exports to China almost exclusively consist of hydrocarbons. As for Kazakhstan, the “...share of its exports to China is 15%. Here again, oil and gas predominate, but in General, Kazakhstan’s exports are more diversified than Turkmen are. China is the second most important export partner for Uzbekistan” [9].

The peculiarity of economic cooperation between Central Asian countries and China in recent years has been the mutual coordination of domestic economic development programs. This is done to maximize the opportunities to attract Chinese financial resources. Thus, since 2015 Kazakhstan has been implementing the state program of infrastructure development «Nurly Zhol», which implies large-scale investments in the

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construction sector and the renewal of the country’s transport infrastructure. The implementation of the “Nurly Zhol” program is carried out in close conjunction with “...Chinese initiatives to create the transport and logistics infrastructure of the Silk Road Economic Belt in Central Asia and partly with Chinese funding. In a similar way the power

of the other Central Asian States – Tajikistan, which aim to coordinate with Beijing steps for implementation National development strategy of the Republic for the period up to 2030, these Are some of the national program for the development partnership with China in the framework of the One Belt - One Road” [10].

China in Central Asia and Eurasian Integration Issue

Currently, the political and economic presence of Russia and China in the Central Asian region is most pronounced. Moscow retains serious political influence and maintains a serious military presence in the region. “Evidence of this is Russia’s bases in Tajikistan and Kyrgyzstan, as well as the membership of Astana, Bishkek and Dushanbe in the Collective Security Treaty Organization (CSTO). As for China, its economic and political influence in the region is also growing. Other international players, including the US and the European Union, influence Central Asian Affairs much weaker. Washington plans a selective approach. It plans to cut financial aid to Kazakhstan and Turkmenistan, halve it for Tajikistan and Kyrgyzstan, and marginally increase financial support to Uzbekistan” [11].

The strength of China’s economic policy in Central Asia, in addition to the flexibility of interaction on a bilateral basis and the availability of serious financial resources, is the ability of Beijing to diversify cooperation with these countries.

Central Asian countries are actively forming their own agenda and multi-vector foreign policy. The second point of view implies a competition between the integration projects of Moscow and Beijing, a zero-sum game. The establishment of the EAEU is partly an attempt to limit China’s economic activity in the Central Asian region, to create an opportunity for the post-Soviet countries to restart their own Russian programs of industrial cooperation and industrialization. It is no coincidence that “...the Eurasian integration Union is cautious about the idea of creating a full-fledged free trade zone between the EAEU and China, which is advocated in Beijing. Moscow stands for the development of a common position of the EAEU countries to economic cooperation with China, calling for a «Consolidated Deal». Beijing does not accept this approach and relies on bilateral cooperation with the Central Asian States” [12].

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Asian countries make economic cooperation with China, which produces a wide range of diverse products and at the same time is a major consumer of resources, more «organic» [13]. A number of inherent features of this integration Union weakens the capabilities of the EAEU in the region. In contrast to the BRI initiative, which is practically non-institutional, while the EAEU is an international organization. The EAEU suffers from a

high degree of bureaucratization. Within its framework, there is a need to coordinate the positions of the participants, which affects the speed and quality of decision-making. The competitiveness of the EAEU is limited by the “...low degree of diversification of the economies of the participating countries and the low share of intra-regional exports. In the EAEU, it is only 13%. The financial possibilities of the Union are also more modest than those of the Chinese. The authorized capital of the Asian infrastructure investment Bank (AIIB) established by Beijing, according to the constituent documents, amounted to \$ 100 billion. The authorized capital of the Eurasian development Bank — the main financial institution of the EAEU-is 9.5 billion dollars. The economic turmoil of recent years and the sanctions pressure on Moscow have contributed to an increase in the level of contradictions within the Union” [14].

BRI Benefits to Local People, Economies, Nations

Investments from China are also of growing importance for the Kazakh economy. In 2005-2016, the volume of accumulated direct investments of Beijing in the economy of Kazakhstan amounted to 13.9 billion dollars. At the expense of Chinese investors, the country is developing mineral deposits (primarily hydrocarbons), building infrastructure and industrial enterprises.

Chinese funds remain a significant source of funding for projects in Uzbekistan. The total amount of accumulated investments by China exceeds 7.8 billion dollars. At the same time, Uzbekistan, unlike other countries in the region, has managed to orient Chinese capital to work in the real sector. Thus, according to the President of Uzbekistan sh. Mirziyoyev, a striking example of cooperation is “...the Uzbek-Chinese industrial Park of high technologies created in 2013-the free economic zone «Jizzakh“, where mobile phones, sewing machines, con-

struction materials, solar collectors and other competitive products are produced» [15].

Against the background of the successes of Kazakhstan and Uzbekistan, the results of Kyrgyzstan's cooperation with China looks less impressive. Like most Central Asian republics, the main motives for Bishkek's participation in the BRI project lie in the development of its own infrastructure at the expense of Chinese investments. The Kyrgyz side attaches particular importance to the construction of the North-South highway and the China–Kyrgyzstan–Uzbekistan railway (negotiations on the latter resumed after the change of leadership in Uzbekistan). So far, the progress of the project is hampered by the remaining differences between the parties on the route of the potential route and the gauge of the railway track.

Despite the fact that the leaders of Tajikistan and Turkmenistan did not participate in the first BRI forum, both republics are already involved in its projects. In Tajikistan, with the participation of "...Chinese capital, the reconstruction and construction of transport infrastructure (Kulma-Khorog-Kulyab-Dushanbe, Dushanbe-Khujand-Chanak), the Dushanbe-2 thermal power plant was built and repair work on the South-North transmission line was carried out. However, from the point of view of the transit potential of the Republic is significantly lower than in Kazakhstan" [16]. The development of international routes through Tajikistan is hampered by weak infrastructure, low level of economic development, unfavorable geographical conditions on the border with China and the high cost of construction. The temporary "freeze" of the construction of the fourth line of the Turkmenistan–China gas pipeline indirectly testifies to the low efficiency and risks of investments in large-scale routes through Tajikistan.

Turkmenistan, in turn, remains one of the most important suppliers of energy resources to China. The bilateral contract in force since "...2009 provides for the supply of 30 billion cubic meters of Turkmen gas per year with an increase in the volume of supplies to 65 billion cubic meters by 2020. To ensure the import of raw materials in 2009, China has allocated funds for the development of gas fields Galkynysh, becoming the only country to get access to Turkmen resources on land" [17] and also

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secured the construction of three pipelines to transport resources to the site.

Thus, China's global initiatives resonate with the Central Asian republics. Beijing is interested in investing and expanding its economic influence, and the countries of the region need external investment and the development of their own infrastructure. Mutual interest dictates high dynamics of cooperation between the republics of Central Asia and China.

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Policies that Local Government Provide to Support the Project

China is a vivid example of the shift in the balance of global economic forces in the opposite direction from the developed economies of the G7. In the first four decades after the reform, the country experienced double-digit growth thanks to an investment-based production and export model. In addition, China has a strong positive impact on the entire region, acting as an engine of global and regional development. An example of China's positive influence on neighboring countries is the Belt and Road Initiative (BRI), in the implementation of which Central Asia plays a leading role.

A number of factors determine the new economic role of Central Asia:

- Region has many valuable resources, especially large reserves of hydrocarbons;

China is a vivid example of the shift in the balance of global economic forces in the opposite direction from the developed economies of the G7. In the first four decades after the reform, the country experienced double-digit growth thanks to an investment-based production and export model. In addition,

- Location in the center of the Eurasian continent, the region plays an important role in maintaining the security and stability of the mainland,

- Access to the availability of a wide transport and communication network, the countries of the region use their full potential as transit States.

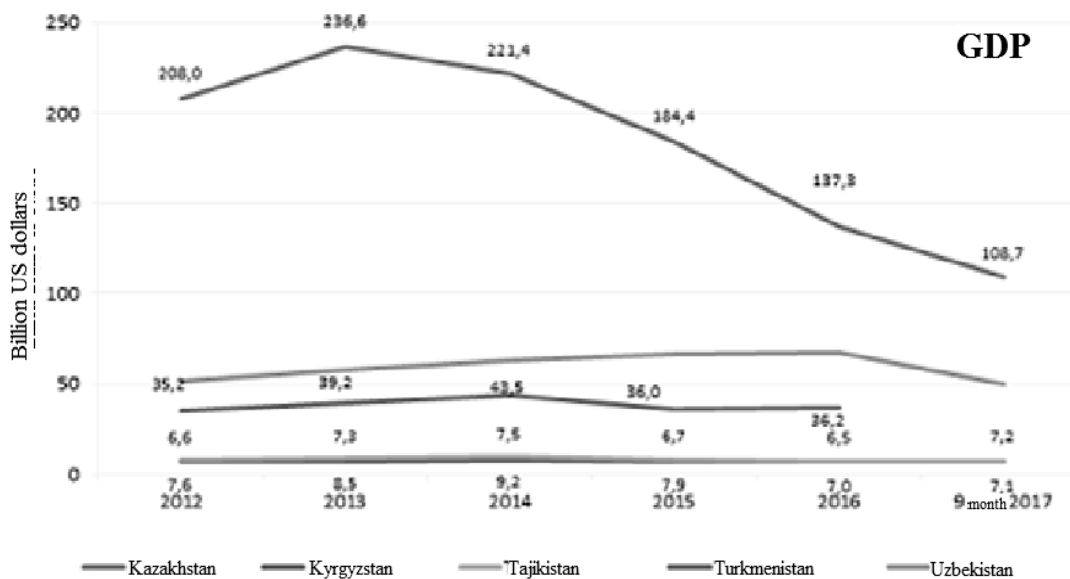
According to confirmed data, the total volume of "...oil reserves in Central Asia reaches 15-31 billion barrels, and the

total volume of natural gas reserves is 230-360 trillion cubic meters, which is 7.2% of the world's oil resources and 7% of gas resources. The region occupies the 10th place in the world in coal production, electricity generation 19th its share have large reserves of ferrous, non-ferrous and rare metals, by total gold production (Uzbekistan – 90 tons, Kyrgyzstan – 21 tons, Kazakhstan – 18,9 tons) took 9-th place” [18].

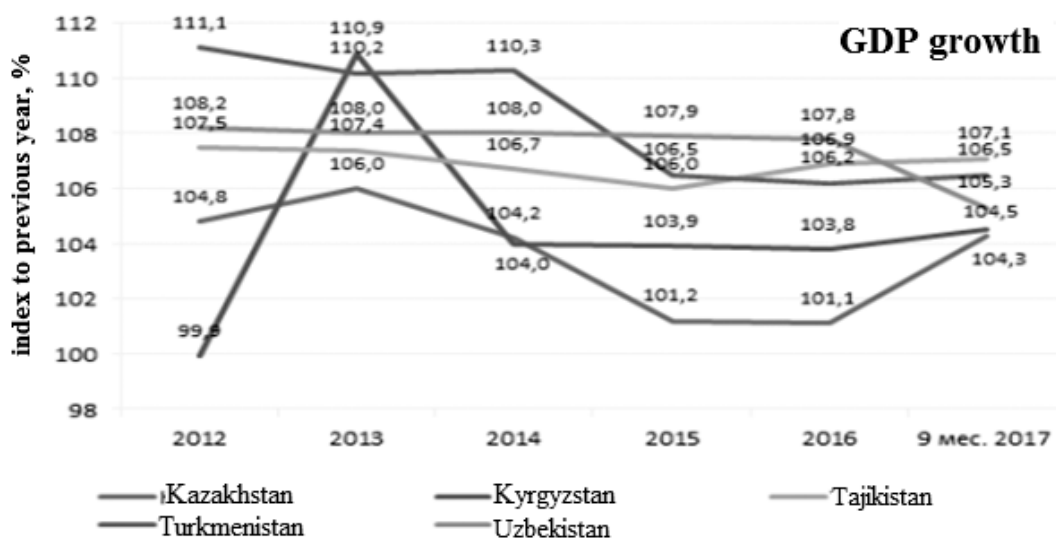
In terms of oil production, Kazakhstan ranks 1st (80 million tons); Turkmenistan 2nd (6 million tons) and Uzbekistan 3rd (5 million tons). Turkmenistan is rich in natural gas deposits, which occupies the 2nd place in the CIS after Russia in terms of reserves. Coal deposits are available in all republics except Turkmenistan.

The power industry in Central Asia is relatively well developed. Kazakhstan produces up to 90 billion kWh; Uzbekistan 52-54 billion kWh.

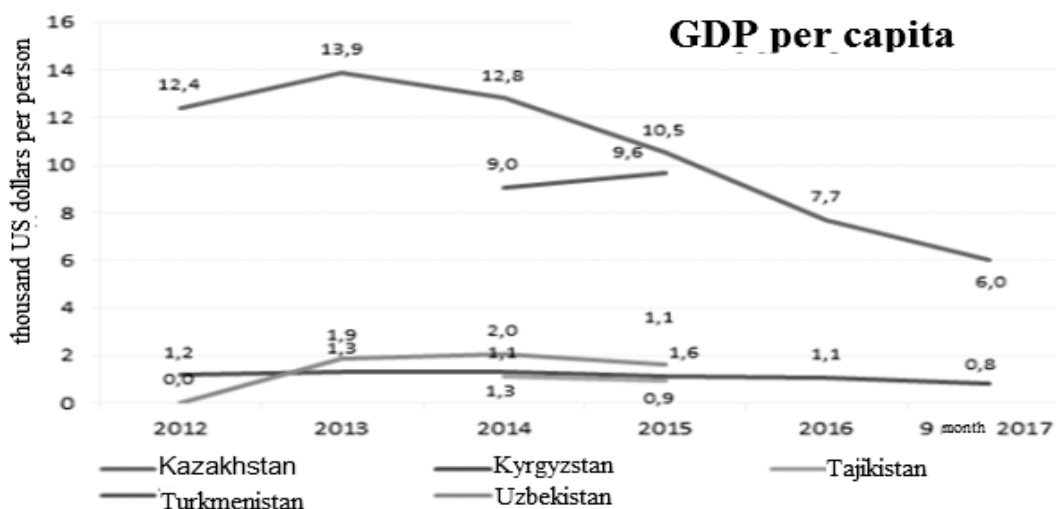
Metallurgy is unevenly developed. Kazakhstan is allocated, smelting up to “...2.0 million tons of steel per year, and Uzbekistan 700,000 tons). Polymetallic products are diverse: lead, zinc, copper, chromium (Kazakhstan); lead, zinc, copper, gold, silver, etc. (Uzbekistan). *Herewith the Chart of CA countries GDP level” [19]:*



The last 3 years, the leader of the region of Kazakhstan GDP in dollars. US falls. This is due to both the fall of the national currency and the problems in the economy of the Republic. The second largest economy – Uzbekistan-on the contrary, is growing steadily. *Herewith the CA nations GDP dynamics [20]:*

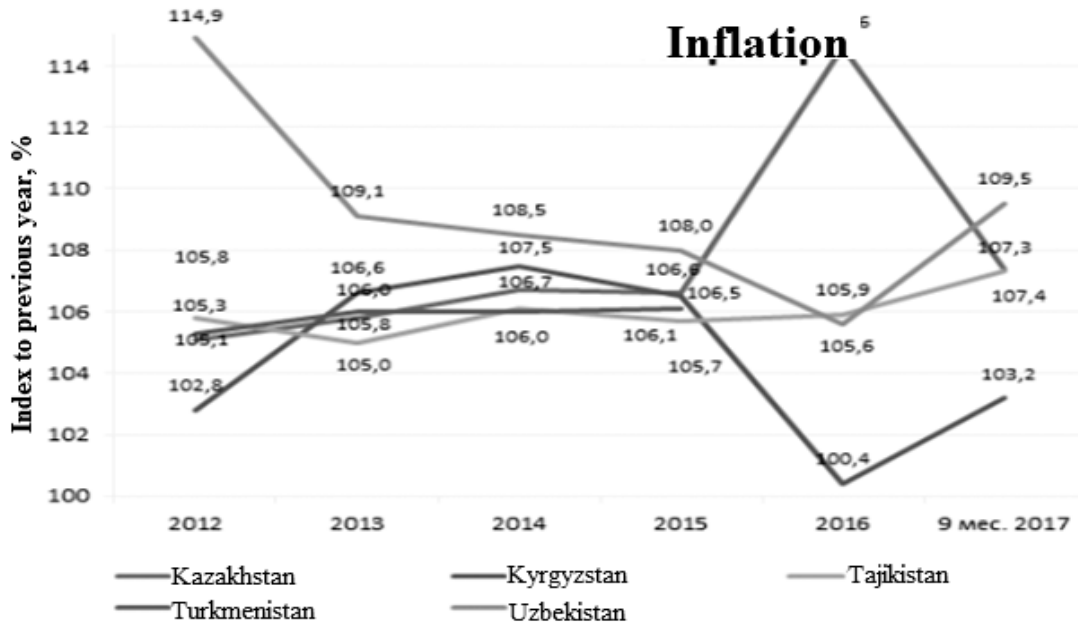


If you look at GDP growth, you can see that Kazakhstan has the “...smallest amount of growth, which is due to the large volumes of this country, while small economies can more easily achieve high growth because of the «low base»” [21].



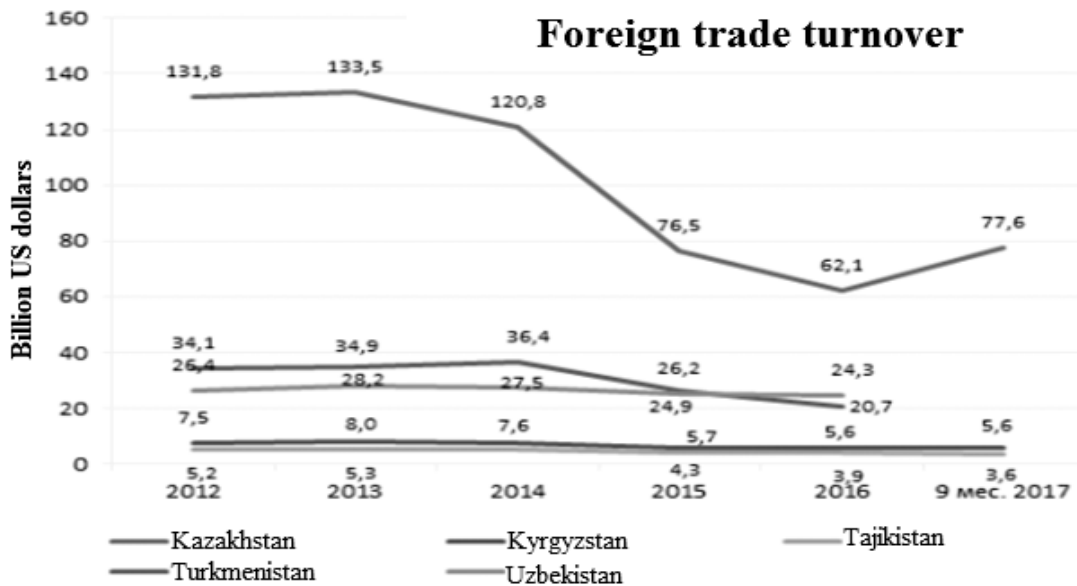
The above chart is GDP per capita in CA nations [22].

If you look at GDP per capita, you can also see that the leaders are exporters Kazakhstan and Turkmenistan. Although Uzbekistan is also an oil exporter, its GDP per capita is lower due to both lower production and larger population.



The above chart is illustrating the inflation rate in CA countries [23]. The inflation rate in the region is quite high. An average of 6-7% in the period under review. It is also necessary to note the volatility of price dynamics. So in 2016 there was a sharp jump in prices in Kazakhstan and in the same period the fall in prices in Uzbekistan and Kyrgyzstan.

Herewith, the foreign trade & economic activity of CA countries: [24]



Due to its high growth rates and low level of public debt, Uzbekistan is characterized by relatively high macroeconomic stability. Since the mid-2000s, Uzbekistan has shown steady GDP growth, due to favorable conditions for its key exports, the government's economic policy and limited dependence on international financial markets, which protected the country from economic downturn.

The leader in terms of foreign trade is Kazakhstan. Although in 2014-2016, there was a decline in this indicator due to the “,,fall in the exchange rate of the national currency to the dollar and the fall in prices for the main export commodity of Kazakhstan – oil. In second place in terms of foreign trade are industrialized Uzbekistan and Turkmenistan. At the same time, this indicator is the most stable in Uzbekistan (about \$ 25 billion). USA.) The lowest volumes of

foreign trade are observed in the countries with less developed industries and economies in the region: Kyrgyzstan and Tajikistan” [25].

BRI Projects through the Case of Uzbekistan

Uzbekistan has a well-developed railway system with “...a total length of 5,800 km, 4,300 of which are in common use. The density of the railway network is 12.9 km of tracks per 1000 km², which is comparable to Turkey (15.6 km) and Norway (12.9 km).¹⁸ In 2018, passenger traffic increased by 6.1% and amounted to 22.3 million people, the volume of cargo traffic increased by 0.8% and amounted to 68.4 million T19. Railways account for about 34% of domestic freight traffic (including pipelines) ²⁰ and almost 80% of total exports and imports. The country continues to expand and modernize its railway infrastructure” [26]. Railways connect Uzbekistan with all neighboring countries, providing proximity to Russia and China. To further increase transit capacity in 2017, China, Kyrgyzstan and Uzbekistan have signed an agreement on the construction of a new railway from Uzbekistan to China via Kyrgyzstan, which will connect East Asia with southern Europe via “...Turkmenistan, Iran and Turkey or via the Baku – Tbilisi – Kars (BTK) high-speed line, opened in October 2017 [27]. Despite the differences in gauge between the former Soviet republics and other countries, the China – Kyrgyzstan – Uzbekistan railway will reduce transportation time between China and Europe by seven to eight days. Construction of the railway was planned to begin in 2018, but the project is still under discussion” [28]. The road will significantly increase Uzbekistan’s transport accessibility by providing shorter and cheaper access to China’s seaports.

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In 2004-2017, Uzbekistan's economic growth rate was 7-9% per year. According to the report «Socio-economic situation of the Republic of Uzbekistan for January – December 2018» [29], prepared by the state statistics Committee of Uzbekistan in early 2019, in 2018 the country's GDP grew by 5.7%. Most of the jobs in all sectors of the economy were created by small businesses, which helped to increase incomes and combat poverty. The growth of exports of gas, gold and copper in the face of high commodity prices provided revenues to the state budget. This led to a significant increase in investment and wages and, as a result, increased consumption. According to the forecasts of the International Monetary Fund (IMF), "...GDP growth in 2019 will be 5%, which will be facilitated by the dynamics of external demand and prices for raw materials, an increase in agricultural production, as well as the development of the construction industry" [30].

Currently, three lines of the Central Asia – China main gas pipeline with a total supply capacity of up to 55 billion cubic meters per year pass through the territory of Uzbekistan. The second available direction of gas supply and transit is Russia through the «Central Asia – Center» gas pipeline built in the Soviet times.

Uzbekistan has a relatively low level of public debt. In the first half of 2018, it was about "...\$8 billion or less than 20% of GDP. It is also worth noting that all public debt is external. The per capita debt in 2016 was \$246 (compared to \$136 in 2006). The Republic ranks 17th from the bottom in terms of debt per capita among 184 countries" [31].

In February 2018, transit procedures for motor transport and railways were "...simplified, and freight traffic started along the China – Kyrgyzstan – Uzbekistan corridor" [32]. The 950 km route will reduce the journey time for trucks from 8 to 2 days and will reduce the cost per ton of cargo by \$200-300. Transport links with Turkmenistan have been significantly improved following the "...opening of the road and railway bridges on the Amu Darya river and with Tajikistan following the opening of a new railway line and nine border crossings for vehicles" [33].

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Several international players are already present in the oil and gas industry of Uzbekistan. Major foreign companies include "...LUKOIL, Gazprom, China National Petroleum Corporation (CNPC), China national Offshore Oil Corporation (CNOOC), Korean companies (as part of a consortium) KOGAS, Lotte Chemical, GSE&R. in 2018, agreements were signed with BP and SOCAR to conduct geological exploration in the Ustyurt region" [34].

In December 2017, the oil and gas joint venture «New Silk Road», established by CNPC and «Uzbekneftegaz», began production of natural gas in the Bukhara region. Production is expected to reach "...1 billion cubic meters by 2021. Along with Gazprom, CNPC is the largest buyer of natural gas exported from Uzbekistan" [35].

Among other BRI projects in Uzbekistan are:

“Establishing a Cement Production in Andijan region. 2017-2019 Total cost of the project 153 000 000 USD Foreign partner / creditor «Zhejiang Shangfeng Building Materials Co.Ltd» People’s Republic of China

Construction of a Cement Plant Kashkadarya region 2018-2019 Kashkadarya region Total cost of the project 200 000 000 USD Project capacity 2.0 million tons Foreign partner / creditor China «Anhui Conch Cement»

Construction of Cement Plant Tashkent Region 2019-2020. Total cost of the project 100 000 000 USD Project capacity 1.0 million tons Foreign partner / creditor China «Hubei Provincial Road & Bridge»

Production of Glass materials and Sandwich panels based on fiber-glass for a total amount of 110.0 million USD (Jizzakh region) together with MINGYUAN SILU INDUSTRY Company (PRC);

Production of Glass Materials, MDF and Particle Boards at a total cost of 28.5 million USD at FE LLC Zhong Tian in Navoi FEZ (Navoi region) together with Hebei New Silk Road Import and Export Trade Company (PRC).

Both - Uzbekistan and China are actively increasing cooperation in the implementation of various projects, primarily in the field of high technology.

Production of Construction Particle Boards from local raw materials with a total value of 10.0 million USD at LLC Krono Plit (Syrdarya region) in cooperation with Hubei Qinglin Industry and Trade Co. Ltd. (PRC);

Production of Ceramic Plates with a total cost of 20.0 million USD at Great Wall Ceramic JV in the territory of Angren FEZ (Stage I) (Tashkent region) together with Hong Kong ZRSC Technology (PRC);

Road Transport Infrastructure Project Bukhara Region 2018-2019Total cost of the project 50 000 000 USD Foreign partner / creditor «Luoyang Wan Bang You Xuan Co. Ltd» People's Republic of China;

Building an Industrial Park Jizzakh Region Total cost of the project 100 000 000 USD Foreign partner / creditor «Habei Haowangjiao Wuliu Fazhan Youxian Gongsi Co» People's Republic of China;

Construction of Chanan Central Asian Industrial Complex. Jizzakh Region-2018-2020, Total cost of the project 82 000 000 USD Foreign partner / creditor «Da Minggun» People's Republic of China;

Construction of Textile Complex Kashkadarya region 2018-2020 Total cost of the project 70 000 000 USD Project capacity 15.0 thousand tons of yarn 10.0 million square meters of fabric Foreign partner / creditor China «Jinsheng Group» [36];

Currently, Uzbekistan and China have a most-favored nation regime, which contributes to the growth of mutual trade turnover, which reached "...\$ 2.2 billion in 2016. USA. China is the first (with a share of 20.3%) foreign trade partner of Uzbekistan. The share of China in Uzbekistan's exports is 22.5%, in imports-18.2 percentage" [37].

Strengthening cultural and humanitarian cooperation to promote the image of China as an ally seeking cooperation and mutual assistance could be an important help. Under this idea in the countries of Central Asia, it would be possible to expand the presence and activities of Confucius institutes operating under state universities.

Both - Uzbekistan and China are actively increasing cooperation in the implementation of various projects, primarily in the field of high technology. "472 enterprises with the participation of investors from China, including 311 enterprises in the industry, operate in Uzbekistan, 78 enterprises operating in the country with 100% Chinese capital. However, it must be admitted that the share of products of enterprises with the participation of Chinese investors in the volume of industrial production of the country is insignificant (about 2%)" [38].

"Soft" Approach to Improve the Project

Strengthening cultural and humanitarian cooperation to promote the image of China as an ally seeking cooperation and mutual assistance could be an important help. Under this idea in the countries of Central Asia, it would be possible to expand the presence and activities of Confucius institutes operating under state universities. Today in Kazakhstan there are "...five Confucius institutes, in Kyrgyzstan – four, in Uzbekistan, as well as in Tajikistan – two. The Confucius Institute in Tashkent, for example, attend about 350 people [39]. "According to the Ministry of

education of the PRC in 2017, the number of Kazakh students in China reached 13.2 thousand; Uzbek about 5 thousand students; about 11 thousand people from Kyrgyzstan; Tajik students in China is still several hundred people. Regular student and scholar exchanges among Chinese and regional universities, mutual research programs with Central Asian think tanks would be very effective” [40]. It is clear that Chinese investments in education or so called “cultural diplomacy” can contribute to economic change in Central Asia and help the region reduce dependence on extractive industries and diversify the economy.

As generations change, China will be able to exert a serious economic influence on the life of the Central Asian States and also increase its «soft power» here. This will certainly affect the further strengthening of Beijing’s role and foster the economic development and cooperation with Central Asian nations.

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