

Asian Infrastructure Investment Bank and post-Soviet Central Asia

New Multilateral Bank Formation in the Context of China's Economic Interaction with post-Soviet Central Asian Countries

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This paper analyses what consequences the Asian Infrastructure Investment Bank's (AIIB) formation brings to partnerships between the People's Republic of China and the post-Soviet states of Central Asia—the Republics of Kazakhstan, Tajikistan, and Uzbekistan and the Kyrgyz Republic. Given that Beijing initiated this new multilateral bank's formation and controls its activity to a great extent, the AIIB's concept and activity are examined in the context of China's global and regional objectives. According to this paper's conclusions, AIIB has become a new tool for China to promote initiatives that serve its national interests. The post-Soviet Central Asian states have joined the bank and therefore accepted its principles. Using AIIB for investment projects in Central Asia will bring China considerable benefits. Indeed, the bank's launch correlates with the first agreements on shifting part of China's industrial facilities to Central Asian countries. In any event, through AIIB, Beijing is able to control the regional influence of its geopolitical rivals—Russia, the United States of America, Japan, India and the European Union, and of regional institutions they dominate in. Generally, AIIB's formation shapes China's economic policy in Central Asia, making it more structural, active and unilateral, entirely serving Beijing's economic interests.



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The formation of the Asian Infrastructure Investment Bank, initiated by the People's Republic of China in 2015, has become an important event both for the system of international relations in the Asia-Pacific region and for the global economic environment on the whole. The bank's activity involves conducting investment projects in Central and East Asia. This article aims to define this new factor's impact on China's economic partnership with post-Soviet countries of the Central Asian region. Therefore, this article analyses the following aspects: the AIIB organisational framework and its initial activity, experts' views on it, how and when Central Asian states joined the bank, a short background on China's policy for it, and consequences for bilateral and multilateral interaction between China and other countries of the region.

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AIIB as an International Relations Actor: Basic Concepts

AIIB is an international intergovernmental organisation, officially institutionalised in 2015, by multilateral agreement.¹ The idea of organising a new multilateral bank was first put forward by China in 2013,² and in 2014, the major part of organisational work had been accomplished.³ In January 2016, the opening session was held in Beijing. The bank's co-founders included 57 member states from Central Asia, East Asia, Western Europe, Central and Eastern Europe, the Middle East and Oceania. Later, in 2016, Canada announced its decision to join,⁴ and some African and Latin American countries are to join in the near future, as reported by Chinese media.⁵ Additionally, China, India, Russia and the Republic of Korea made the largest contributions to AIIB's stock capital.⁶

Signed on 28 June 2015, the original multilateral agreement basically outlines the AIIB framework. The document is voluminous and detailed, and according to it, the bank's purposes include assistance to sustainable development, prosperity and development of infrastructure in Asia, as well as development of regional cooperation in bilateral and multilateral frameworks (see Article 1). The organisation is to facilitate both state and private investment (see Article 2). AIIB is an open

organisation, but the proportion of Asian and non-Asian member states, defined by the agreement, remains permanent. On the Board of Governors, all member states are represented equally, while on the Board of Directors, the number of Asian member states' representatives triples those of other countries (see Article 25). In any condition, regional members' share in capital stock cannot be lower than 75 per cent (see Article 5). The agreement also permits access to AIIB membership for non-sovereign members (see Article 3). The bank's operational currency is the United States dollar (see Article 4), but in many of the agreement's articles, the possibility of using other currencies is mentioned. According to Article 18, the Board of Governors defines profit allocation. Any member, entity operating in a member's territory or international agency can request financing (see Article 11). AIIB activity's special aspects, such as guaranteed pricing, public information policy or the code of conduct for board officials, are regulated by related legal frameworks, available at the bank's official website; however, these are not multilateral agreements, but documents issued by AIIB organs.

As the bank's initiator and main founder, China reserved certain privileges in its operation. Before the bank's official opening, the Chinese government was marked as 'Trustee' of AIIB (see Article 6). The bank president is the former Chinese deputy Minister of Finance Jin Liqun. AIIB top officials claimed that the bank would renew its top managerial staff regularly, to correspond to the organisation's global nature,⁷ but the cohort of already designated officials does not represent all co-founding states. Five vice-presidents represent Great Britain, France, India, Germany and Indonesia, while, for example, Russia and Central Asian states have no high-ranking representatives.⁸ According to Chinese media, however, in principle, the number of member states to choose high-ranking managers was defined immediately after the bank's official opening session.⁹ The bank headquarters will be located in Beijing, close to the famous Olympic stadium 'Bird's Nest'.¹⁰

Beijing's exclusive rights are not limited with the location of headquarters and the fact that the head of AIIB is from China – an even more significant aspect is that Beijing secured its central place and the largest share of AIIB stock capital. Beijing had earlier claimed that the total stock capital should not exceed USD 100 billion,¹¹ so, as the bank was launched, in fact, no single country could surpass China's contribution of USD 50 billion. Indeed, Beijing has enough de-facto authority to block decisions, even though they are formally made by consensus.¹²

Therefore, AIIB is an international intergovernmental financial organisation with open membership, in which China, as its founder, was provided with the above-mentioned advantages fixed by multilateral agreement.

AIIB Activity: Views and Approaches

At the inaugural ceremony on 16 January 2016, Chinese President Xi Jinping announced AIIB formation's main goals, according to Beijing's view. As he claimed, AIIB 'will effectively boost investment to support infrastructure development in Asia. It will serve to channel more resources, particularly private investment, into infrastructure projects to promote regional connectivity and economic integration.' Moreover, 'the founding and opening of AIIB also means a great deal to the reform of the global economic governance system'.¹³

AIIB began its work in a rather special international situation for China, as Beijing is now focused on financing its Silk Road Economic Belt project, a globally directed initiative and the bank will assist, according to Chinese financial integration expert Zhao Honghui. In addition, AIIB is essential for yuan internationalisation.¹⁴ AIIB's focus on infrastructural projects also fully answers China's interests, as infrastructure construction, along with tied loans for it, can be characterised as Beijing's foreign investment priority. Profit that the Chinese side can receive in such projects is multiple: firstly, by providing jobs for its people; secondly, by providing international orders for Chinese companies; thirdly, by interest rates on loans and finally, by payment for goods and services from the same loans. Although China rejects such comparisons, Western analysts compare the Silk Road Economic Belt project, accompanied by large-scale infrastructure construction and credit activity, with the Marshall Plan.¹⁵ AIIB assistance to the Silk Road Economic Belt project can be characterised as strengthening Beijing's investment cooperation with developing countries in a way mostly beneficial for Chinese industrial and financial companies. Moreover, Beijing believes that AIIB can invest in infrastructure and side projects more effectively than the World Bank (WB) and the Asian Development Bank (ADB).¹⁶ The WB and the ADB, as well as the International Monetary Fund (IMF), claimed that they welcomed the new organisation and would cooperate with it.¹⁷ In China, however, AIIB is regarded as a counterbalance and an alternative to the influence of

the United States- and Japan-controlled ADB. Beijing views the two approaches towards development of Asia and the international situation as differing on the whole. That is, AIIB is expected to be more objective in its investment planning in Asia and act more in the Asian countries' interests because it is a "more" Eurasian organisation than ADB, with a more diversified membership. The United States and Canada possess 30 percent of ADB stock capital, and its president is Japanese; Asian member states are less represented in governing bodies.¹⁸

In other Chinese views on the AIIB-ADB relationship, Xie Shiqing, a professor at Beijing University, notes that the two organisations will complement each other rather than compete. A sort of 'division of labour' is possible between them, with AIIB focusing on infrastructure projects and ADB, on education, healthcare and agriculture.¹⁹ Additionally, according to Dollar, the former head of WB China and Mongolia Programme, even co-financing certain projects will not prevent AIIB from competition with ADB and WB.²⁰ Furthermore, Orr (the US Ambassador to WB 2010-16) also predicts a 'healthy competition' between AIIB and ADB.²¹

For the United States, AIIB's formation first demonstrates China's growing potential for leadership in international organisations.²² Joining this bank can be regarded as evidence that a particular country's foreign policy is oriented in China's favour. That is why the United States, in its rivalry with Beijing, expressed concern when its allies in the Asia-Pacific region—South Korea and Australia—joined AIIB.²³

Other analysts' views regarding AIIB include some scepticism about the bank's potential and necessity (considering WB and ADB's existence);²⁴ doubts about China's potential to finance AIIB and other initiatives simultaneously;²⁵ concerns about European Union (EU) involvement in AIIB instead of financing its own integration and security needs;²⁶ lack of EU member states' consultations with Brussels on joining AIIB²⁷ and, finally, environmental and transparency concerns.²⁸

AIIB First Results: Loans and Priorities

The first regular annual session of the newly organised bank was held in Beijing on 25 and 26 June 2016. AIIB president Jin Liqun announced approval of the first investment projects: loans for highway construction from the Tajikistani capital Dushanbe to the country's border with Uzbekistan; construction of the Shorkot-Khanewal highway in Paki-

stan; development of an electric power transmission lines system in Bangladesh and modernisation of slum town areas in Indonesia. The total amount of loans was USD 500 million. It was also announced during the session that AIIB plans to provide loans from USD 500 to 1200 million annually.²⁹ The approved projects are to be partly co-financed by WB, ADB and the European Bank for Reconstruction and Development (EBRD), and in the near perspective, financing one more highway construction in Central Asia was discussed, as reported by Chinese media.³⁰ Jin Liqun also promised that AIIB would give further preference to trans-border infrastructure projects and renewable energy.³¹

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Two more projects were approved in September 2016: a USD 300 million loan for installation of an additional power house at Tarbela hydropower dam in Pakistan and a USD 20 million loan for a combined cycle gas turbine power plant project in Myingyan, Myanmar. The Tarbela project is to be co-financed by WB, while co-financers for the Myingyan project remain as yet undefined.³² One should note two major aspects: the dramatic difference in these loans' volume and that, for the second time in a row, AIIB is supporting a project in Pakistan and not, for example, in India or Russia. Russia applied for AIIB financing for construction of Primorie-1 and Primorie-2 seaport trade corridors in early May 2016. Although Russian Minister for Far Eastern District Development Alexander Galushka personally controlled the application,³³ perhaps China was not satisfied with the terms Russia suggested. By approving loans to Pakistan, China demonstrated its commitment to the bilateral partnership that had earlier reached a very high level.³⁴

Post-Soviet Central Asian States and AIIB

Among post-Soviet Central Asian states, four of five joined the new institution: the Republics of Kazakhstan, Tajikistan, Uzbekistan, and the Kyrgyz Republic. Adhering to its neutrality principle, Turkmenistan³⁵ abstained. The other four countries contributed to AIIB stock capital and received corresponding amounts of shares: 7293 for Kazakhstan, 2198 for Uzbekistan, 309 for Tajikistan and 268 for Kyrgyzstan.³⁶

As witnessed by positions of their political elites in this process, Central Asian countries had great expectations of AIIB. Kazakhstan and Uzbekistan participated in AIIB's organisational stage. Kazakhstan hosted a preliminary AIIB summit, and the state Ministry of Economy coordinated this work.³⁷ Uzbekistan did not participate, but Tashkent

emphasised that it was especially important to enter as a founding member. The work was coordinated by the state Ministry of Finance.³⁸ In Kyrgyzstan, the Ministry of Economy initiated joining the new organisation. As the governmental statement indicated, 'Joining AIIB is an important step in the realisation of national sustainable development strategy' and would let the Kyrgyz Republic 'develop its infrastructure and support quick and stable economic development'.³⁹ The state Ministry of Finance expressed its confidence that joining the new bank would help the Kyrgyz Republic to attract more foreign investment as well.⁴⁰ Tajikistan's Ministry of Finance also expressed the country's hopes of positive impact on the national economy by joining AIIB.⁴¹

Historical Context of AIIB Formation in Chinese–Central Asian Ties

During the last decade, China's cooperation with post-Soviet Central Asian states has developed rapidly. To a great extent, Beijing based this cooperation on the westward strategy that involved intensive development of cooperation not only with East Asian neighbours, but also with Central Asia and Eastern Europe, as a response to the American 'pivot to Asia'. Therefore, multilateral initiatives, such as the Silk Road Economic Belt, the Twenty-First Century Maritime Silk Road, the China–Pakistan economic corridor and the Bangladesh–China–India–Myanmar economic corridor, became elements of this strategy.⁴²

Chinese trade ties with post-Soviet Central Asian countries had developed gradually by then, beginning with simple fairs and trade in border regions and then involving larger Chinese companies, as the Chinese state supported them in their export-oriented activities. In many ways, Chinese traders acted in Central Asian markets as a corporation.⁴³ Probably the most rapidly developing were Sino–Kyrgyzstan ties, as Bishkek joined the World Trade Organisation and liberalised its trade policy in 1998. To a great extent, ties developed successfully thanks to a solid basis of cooperation between the region's countries and the Chinese Xinjiang–Uighur border district.⁴⁴ Generally, as Karrar indicates and according to Chinese Prime minister Li Peng, development of trans-border trade reflected a long-term Chinese strategy.⁴⁵ The organisational structure of Chinese–Central Asian ties was main-

ly formed thanks to the Shanghai Cooperation Organisation (SCO),⁴⁶ which created a certain basis as an ‘energy club’. However, this organisation has always lacked unity and also became grounds for Russian–Chinese rivalry.⁴⁷ As a leading Russian SCO expert Lousianin notes, SCO, due to China’s efforts, emphasised Central Asia from the very beginning and can be regarded as an important part of Beijing’s long-term Central Asian strategy.⁴⁸ Another important factor of intensive Chinese–Central Asian ties could become the activity of Chinese diasporas since they are present in the region as well.⁴⁹ At the present stage, a key factor is the broadening of Silk Road-related political discourse, which contributes much to regional interconnectivity.⁵⁰

Throughout the decade, the two largest-scale projects of Chinese–Central Asian interaction were both connected with energy resource exports: the launches of the Kazakhstan–China oil pipeline from Atasu to Alashankou in 2006,⁵¹ and of the Turkmenistan–China gas pipeline in 2009. This gas pipeline originally included only two lines, but in 2014, the two sides reached an agreement on construction of two additional lines.⁵² For China, energy resource supplies from Central Asia are important primarily because they can help diversify import, negotiate cheaper prices with other exporters and eventually secure its energy independence. Thus, China became the leading investor in this area of post-Soviet space, both in production and pipeline facilities.⁵³ Another major motivation was to solve the social unrest in the Xinjiang–Uighur district through intensive external cooperation, economic modernisation and overall improvement of the living standard.⁵⁴

In addition, China gradually increased credit financing in Central Asia. As a rule, loans were tied (but either with no interest or with preferential rates),⁵⁵ which promoted countries’ loyalty to Beijing. This was particularly important for China, considering its growing concerns about the new US policy in Asia, defined by Chinese international studies experts as *zhanlüe fengso* or ‘strategy of encircling China’.⁵⁶ Furthermore, Beijing gradually purchased equities of local enterprises, for example, of oil companies.⁵⁷

In terms of political interaction, China’s partnership with post-Soviet Central Asian countries has been conducted in different ways. On some important occasions, Beijing acted as one side and all countries of the region, together with Russia, as the other side. Thus was the dialogue organised during talks on the 1996 and 1997 border mili-

tary-activity agreements.⁵⁸ The same format is used in regular meetings monitoring fulfilment of those agreements.⁵⁹ However, in economic interaction, dialogues have been organised separately with every country. Moreover, China refused to participate in multilateral talks on important issues such as the use and environmental problems of trans-border rivers.⁶⁰ These negotiation methods can help Beijing promote its interests without much counteraction, by finding a special approach towards each partner and kindling its interest. Generally, post-Soviet states lacked experience in international integration,⁶¹ and this also helped Beijing promote its interests.

Consequences of Joining AIIB for Central Asia

In discussing consequences of joining the new China-led international bank for Central Asian states, we should first note the financial aspect. For them, certain perspectives on increased investment are accompanied by the risk of increased state and corporate debt. China has already become the main creditor and debt holder for the region's countries.⁶² This consequence looks especially challenging, because, as Reinhart indicates, developing countries' debt overburden might cause a new international financial crisis.⁶³

At the same time, what becomes debt for recipients can be used by China as an incentive to motivate its partners. Well planned external credit policy can even be used to change the partner's economic structure. At the 21st century's beginning, this had already taken place during China's interaction with Central Asia when, for example, Beijing provided tied loans and specified investment to Uzbekistan. China recommended Tashkent reconsider the structure of bilateral turnover and develop mining instead of manufacturing. China's motivation was to eliminate regional competition to its car manufacturers and cotton producers.⁶⁴

Another important consequence of AIIB formation for Central Asia is increased competition between regional economic and financial integration projects. China's rivals promote their interests and views of regional cooperation and integration in a rather assertive way: Russia (via EEU and EDB—Eurasian Development Bank), the United States (via WB), Japan (via ADB) and the European Union (via EBRD). These actors have experienced regional competition through financial diplomacy. For example, WB and EBRD offered their assistance to Western com-

panies that initiated economic expansion in Kazakhstan's oil industry in the 1990s.⁶⁵ In 2016, EBRD had already begun financing a large-scale 'Green Energy' project in Tajikistan.⁶⁶ As the bank's president Suma Chakrabarti announced, EBRD is ready to co-finance projects with AIIB and plans to open new local offices in Asia.⁶⁷ Soon after AIIB formation, Japan, in turn, announced plans to increase its investment in Asia, both in bilateral and ADB frameworks, up to USD 1100 million in the near future, primarily in infrastructure projects. A special investment fund with registered capital of USD 100 billion will be formed. In addition, Tokyo especially emphasises its environment-friendly approach to evaluation of every project.⁶⁸ Loans provided by ADB are considerable; for example, in December 2015, ADB loaned USD 60 million to Tajikistan 'for the first stage of private sector development and improvement of investment environment'.⁶⁹

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Eurasian Development Bank (EDB) is also conducting proactive policy in regional competition. In August 2016, Russian media published a detailed outlook on EDB projects. The list for Kazakhstan includes modernisation of the Ekibastuz electric power plant, formation of a united automatic system of railroad logistics management and construction of a wind turbine power plant in Yereimentau; for Kyrgyzstan, aid to Bishkek fossil power plant system of supplies; and for Tajikistan, construction of a clothing factory. The bank has already completed part of these, while 50 projects are currently being carried out in operation.⁷⁰

From the Russian side, several integration projects which involve Central Asian countries are being developed, including the Commonwealth of Independent States and the Collective Security Treaty Organisation. However, these two are of a more political and military origin, while economic integration has been conducted through the Eurasian Economic Community, which was replaced by the Eurasian Economic Union (EEU). The EEU Treaty⁷¹ came into force on 01 January 2015. In 2015–16, it was joined by Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. The EEU is introducing new common standards for quality of imported goods and border crossing. This can make it more difficult for China to promote its trade relations interests, so Beijing requires new tools of cooperation, among which financial diplomacy, in the form of AIIB, generally looks rather promising. Therefore, other integration projects developed in Central Asia, by actors other than China and China-led AIIB, are competitive and active. Moreover, although this provides another large topic for research, bilateral frame-

works are also developed by these countries and not only Russia or the United States, but also by Japan⁷², India⁷³ and Iran.⁷⁴ On the whole, such competition meets the interests of Central Asian states, as they will be able to have more choice in investment sources and to realise multi-vector policy. Moreover, the competition sometimes results in such attractive conditions as debt remission. For example, Russia has recently written off the major part of Uzbekistan's state debt.⁷⁵

In this situation of international competition, China first promotes its conception of a free trade zone in the region. Russian experts earlier indicated that Beijing had focused on future unification of integration space in the SCO framework.⁷⁶ At the present stage, this trend in China's policy has restarted. In a 2015 SCO Prime ministers' meeting, Chinese Prime Minister Li Keqiang openly claimed, 'China insists on establishing a free trade zone in SCO framework', and 'it is necessary to make efforts in order to introduce up to 2020 the free exchange of goods, capital, services and technologies'.⁷⁷ The same views were shared by the Chinese ambassador to Russia, Li Hui.⁷⁸ Russia passively accepted this concept, and in 2016, a task force, headed by SCO member states' Ministers of Economy began elaborating a future SCO-EEU free trade zone agreement.⁷⁹ Moreover, China is trying to accelerate this process: At the beginning of October 2016, it proposed a draft of agreement, while the Russian experts' negotiating team plans to discuss the issue during a period of two to ten years.⁸⁰ These facts demonstrate that China is very assertive in pursuing its aims. Its multilateral initiatives involving post-Soviet countries are also increasingly becoming proactive tools of its foreign policy. Russia's reluctant response can be explained by the fact that for EEU countries' national industries, a free trade zone with China cannot be established without competitive threat from Chinese manufacturers.

Priorities Discrepancy and Outlook

In discussing the AIIB role for Chinese-Central Asian relations, there is significant infrastructure investment, which is the top priority for China and the AIIB. As Nobel Laureate Stiglitz mentions, lack of infrastructure can be termed the main obstacle for developing countries in increasing their international cooperation and attracting foreign investment.⁸¹ In addition, as Dollar indicates, in future Silk Road Economic Belt countries, the demand for infrastructural investment is

especially high.⁸² According to the European Council on Foreign Relations data, 'aside from natural resources, Silk Road-style transit projects are the main area where public resources are invested in Central Asian states', but cooperation in the region is mainly constrained by corruption.⁸³

Infrastructure in Central Asia was built mainly in Soviet times and has been sufficient so far, although in the 1990s, all the region's countries lacked finances for modernisation. Russia also did not invest in this area in bilateral cooperation.⁸⁴ However, experts from Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan interviewed for this research⁸⁵ mentioned that infrastructural investment is not their countries' first priority and that they would rather 'refocus' Chinese investors and AIB from infrastructural projects to assistance in 'real production' and construction of manufacturing industry enterprises. Experts from Kyrgyzstan especially emphasised that too active and rapid an infrastructure development in Central Asian states and increased transport accessibility for China could threaten their national security. For example, this is why the Kyrgyz Republic's military circles strongly oppose the construction of the China-Kyrgyzstan-Kazakhstan railroad: It 'will divide Kyrgyzstan into North and South' and, 'thanks to its designed parameters, can be used for transportation of heavy armoured vehicles and military equipment'. Negotiations on this issue have long been conducted,⁸⁶ but so far Kyrgyzstan has not accepted China's proposals.⁸⁷

According to an expert poll among Kazakhstani politicians and businessmen, conducted by the European Council on Foreign Relations, the majority of answers confirmed the need for infrastructural investment, but only in the context of lack of foreign investment on the whole. Furthermore, interviewees noted that China's proactive attitude to investment in Central Asia is based on its own need to develop its western districts and that they would need a more detailed outline of infrastructural projects in the Silk Road Economic Belt framework. Finally, they mentioned that for their business community in the situation of Chinese projects' competition with Russian ones, 'due to the cultural and language differences, the Chinese market is still not considered a priority'.⁸⁸ This partly correlates with the policy of broader image building and nation branding that Kazakhstan has recently chosen and that can position the country differently from 'just a raw materials exporter'.⁸⁹

In addition to infrastructural construction projects, one more priority for Beijing's Central Asian policy, for which AIIB resources will probably be used, is the shift of some Chinese industrial facilities to the region. Several preliminary deals, already agreed upon,⁹⁰ will definitely help China partly revive its environment and simultaneously raise its overall economic influence in Central Asia. The same goals are pursued in its projects of agricultural-land rental in Kazakhstan⁹¹ and Tajikistan.⁹² By establishing an international investment bank, China has created an additional tool to secure resources for such projects.

Results and Discussion

This paper's conclusions on AIIB's role in Chinese-post-Soviet Central Asian interactions include the following:

1. In spite of its multilateral framework, AIIB is aimed at serving primarily the interests of China and its industrial companies. This is the key factor in the bank's policy and in choosing partners and projects to support.
2. The bank is an important tool for increasing China's influence and embodying its economic strategy in Silk Road Economic Belt countries, primarily in Central Asia.
3. For Central Asia, joining AIIB brings a certain increase in investment and, simultaneously, debt overburden that will secure local political elites' loyalty to Beijing and allow it to insist on its priorities and plans for partnership.
4. Large-scale infrastructural construction in Central Asia is beneficial for China, meeting its long-term interests and gaining profit from interest rates and offers for Chinese equipment-producing and construction companies. It is also essential for realizing the Silk Road Economic Belt project.
5. After AIIB's launch, international competition with China for influence in Central Asia is becoming more intense. With a certain parallelism regarding AIIB, other powers, including Russia, the United States, Japan, the European Union and others are conducting proactive policies there through bilateral and multilateral ties (via EEU, EDB, WB, ADB and EBRD). While Central Asian countries can benefit from this situation by having choices for profita-

ble terms, more economic contradictions and conflicts can occur between Russia, China, the United States and other rivals acting in the region.

6. China's central goal in this situation is to establish a free trade zone in Central Asia. Its multilateral initiatives will be used for providing a framework for such a zone and incentives for its future members. For Central Asia, it will not be a promising perspective due to difficulties in competing with Chinese manufacturers.
7. Another current priority for Beijing in its relations with post-Soviet Central Asia is partial shifting of its industrial facilities and renting agricultural lands in the region. Due to its considerable stock capital and China's leading role in governance, AIIB can secure support for such initiatives.
8. In their expectations of AIIB, the priorities of post-Soviet Central Asian states and China differ: Beijing prioritises infrastructural projects, while Central Asian countries prefer a combined need for infrastructural investment and investment in manufacturing.

From the above conclusions, future competition between Russia and China, as well as Russian and Chinese integration projects in Central Asia, will be the most interesting for research, due to their ambiguous bilateral relationship that involves close cooperation and intense competition simultaneously. Russia is promoting its integration policy in the region primarily via EEU and EDB, while China uses SCO and AIIB. Russia is currently paying great attention to strengthening ties with Central Asia. Therefore, while China uses both bilateral and multilateral economic cooperation to increase its influence in the region, competition between the two international relations actors increases.



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