GLOBAL REORIENTATION OF LOGISTICS FLOWS TO THE NEW SILK ROAD

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ГЛОБАЛЬНА ПЕРЕОРІЄНТАЦІЯ ЛОГІСТИЧНИХ ПОТОКІВ НА НОВИЙ ШОВКОВИЙ ШЛЯХ
The article analyzes the initiative of the Chinese authorities "One Belt, One Road", or "New Silk Road". The reasons for the restoration of the ancient silk road by China, the main results of the implementation of this initiative to date, options for the built transport and logistics systems are considered. In creating this project, China has set itself an ambitious goal of deepening cooperation between all countries where the Europe-Asia transit corridor passes, using it not as an ordinary transport corridor, but as a way to strengthen its influence in the countries where it passes. The main goal of the New Silk Road is to increase the volume of China's foreign trade and solve the problem of overproduction within the country.

The efficiency and safety of the new transport corridor is based on the fact that it is not one specific route, but a whole network of various interdependent transport corridors. Such diversification will allow, in the event that one corridor disappears as a result of war, a change of government, economic upheaval or trade disputes, to redirect cargo to its destination via alternative routes. To date, quite a number of infrastructure projects have already been implemented within the framework of the "One Belt, One Road" initiative, and more than 60 countries have already been involved in it. A certain group of participants of the initiative, where the developing countries prevail, received assistance in the construction of roads and railways and already today have a modern transport system.

The consequences of the "One Belt, One Road" initiative are quite diverse. First of all, the network of sea and land projects ensures the seamless transportation of people, natural resources (especially oil) and other goods to China. New shipping lines not only make supplies available in the event of a maritime conflict, but also significantly reduce delivery time. In addition, the article indicates the current problems of the functioning of the New Silk Road and its future prospects.
Introduction. At the current stage of development, the transportation of products and goods from Asia to Europe constitutes a significant share in the overall global
trade. Considering this, the issue of finding the safest and fastest way to supply goods of own production to other countries of the world is quite acute for such a significant global producer of products as China. Until recently, the existing routes for the delivery of Chinese goods to the EU were either too long or complicated the return delivery of goods from the EU due to the prohibition of transit through the territory of Russia as a result of sanctions. Therefore, in order to avoid negative changes in the transportation of goods to the EU and back, China revived the Great Silk Road and, in the context of this project, developed the initiative of the New Silk Road ("One Belt, One Road"). In creating this project, China has set itself an ambitious goal of deepening cooperation between all countries where the Europe-Asia transit corridor passes, using it not as an ordinary transport corridor, but as a way to strengthen its influence in the countries where it passes. The main goal of the New Silk Road is to increase the volume of China's foreign trade and solve the problem of overproduction within the country.

The main potential of the New Silk Road lies in its universality - in general, it is assumed that the network of renewed transport corridors and new trade hubs laid between China and Europe will pass through most regions of the planet. Its efficiency, safety and healthy competition are based on the fact that it is not one specific route, but a whole network of various interdependent transport corridors. Such diversification will allow, in the event that one corridor disappears as a result of war, a change of government, economic upheaval or trade disputes, to redirect cargo to its destination via alternative routes.

Among domestic scientists, Melnychuk Volodymyr, who considered the interests and positions of the EU and the People’s Re-public of China regarding the implementation of the «Belt and Road» initiative.. J. Borrell studied the peculiarities of cooperation between China and the EU. M. Krukovska, S. Lu, J. Paton studied the features of the "One Belt, One Road" strategy.

The purpose of the article is to study the features of the New Silk Road and its impact on global logistics flows.

Research methods. During the writing of the article, the following methods were used: the dialectical method, the systematic method, the method of generalization in the study of the features of the New Silk Road; the grouping method, the structural-
functional method was used when studying the features of economic cooperation between China and the EU; the method of the subject approach, the complex method were used in the study of the prospects of the New Silk Road.

The information base was the research of domestic and foreign scientists, materials of international scientific and practical conferences, statistical data of international organizations, data of informational and analytical bulletins, articles in periodicals and information bases in the Internet.

The article is divided into sections. Thus, the first chapter describes the features of the New Silk Road, the main milestones of its development, the second chapter examines the current state of implementation of the New Silk Road, the third chapter analyzes the economic cooperation between China and the EU within the framework of the New Silk Road, and the fourth chapter defines the prospects for the further development of the New Silk Road.

**RESULTS OF THE STUDY**

1. **General characteristics of the New Silk Road**

   In late 2013, Chinese President Xi Jinping unveiled an ambitious plan to revive ancient trade routes that would connect China to more than 60 countries through Southeast Asia, Central Asia and the Middle East, a concept called the New Silk Road (NSR), or the Belt and Road Initiative (BRI). The concept envisages the creation of a network of economic corridors that will connect China with the member states of the European Union, as well as with the countries of Southeast Asia around 6 key trade routes [2].

   Since the announcement of the One Belt One Road initiative, China has been systematically strengthening its position in the world market and continuing its economic expansion. Chinese experts believe that intercontinental rail transportation should occupy the second, most significant share, after sea transport, in freight transportation between China and Europe - at the level of about 20%. Significant volumes of cargo can be transported by rail only in case of serious transport disruptions on the main sea route connecting China and Europe [8].

   The modern initiative "One Belt, One Road" consists of:

   1. The Silk Road Economic Belt is a transcontinental passage connecting China by
land with South Asia, Southeast Asia, Central Asia, Russia and Europe;

2. The Maritime Silk Road of the 21st century is a sea route that connects the coastal regions of China with the Southeast, the Middle East, South Asia, the South Pacific region, East Africa, all the way to Europe.

The Belt and Road Initiative is based on China's old peaceful development system of the mid-1990s, according to which China's own development and stability depend on shared prosperity with its international economic partners, especially developing countries.

The main directions of the "One Belt, One Road" initiative are:
- policy coordination – communication and coordination of countries and international organizations regarding international cooperation in the implementation and development of the "One Belt, One Road" initiative;
- infrastructure is a key direction of the "One Belt, One Road" initiative, which involves the creation of a multi-level and complex infrastructure focused on roads, railways, aviation, shipping, pipelines and integrated space information networks;
- trade – liberalization and promotion of trade and investment in participating countries and regions, reduction of trade and business costs;
- financial integration – cooperation regarding financing of initiative projects, development of financial market systems, deepening of connections between financial systems of countries;
- humanitarian relations - various forms of cultural exchange, tourism, education, trainings, cooperation in disaster relief, poverty alleviation, health care (The Belt and Road Initiative Progress, Contributions and Prospects).

The "One Belt, One Road" project includes more than 60 countries and international organizations, and the covered territory accounts for almost 50% of world GDP and world trade. In 2014, China established a US$40 billion Silk Road Fund to support cooperation projects. Multilateral cooperation is based on Chinese financing in the form of grants and loans at low interest rates with a high probability of cancellation. There are also backed loans, although they are not as popular as expected. The contracts are generally implemented by state-owned enterprises with concessional financing provided by the Export Import (Exim) Bank of China and the China Development
The "One Belt, One Road" initiative is aimed at expanding the sources of economic growth, establishing new and improving existing economic and political relations with other countries, and, most importantly, at finding new sales markets, in particular among the countries of Africa and Europe.

2. The current state of the New Silk Road

To date, quite a number of infrastructure projects have already been implemented within the framework of the "One Belt, One Road" initiative. A certain group of participants of the initiative, among which developing countries predominate, received assistance in the construction of roads and railways and already today have a modern transport system. An example of this is the "China-Pakistan Economic Corridor", the cost of which was more than 60 billion US dollars. Instead, since the beginning of 2016, China has been able to send its goods through the port of Gwadar to African countries.

The initiative "One Belt, One Road" does not have an officially established geographical coverage, classification of projects or clear rules for the inclusion of projects in the initiative (Cooperation agreements and MoUs under the Belt and Road Initiative). Implementation of the "One Belt, One Road" initiative is carried out mainly through the signing of bilateral agreements of individual countries with China. There is also no official list of signed bilateral agreements. The initiative has long since expanded beyond Asia and Europe, including participants from Africa, Latin America, and the Pacific region.

Within the framework of the "One Belt, One Road" initiative, the main six infrastructure corridors are:

1. New Eurasian land highway,
2. China – Mongolia – Russia,
3. China – Central Asia – West Asia,
4. The People's Republic of China - the Indochinese Peninsula,
5. China – Pakistan,

Part of the infrastructure development of the New Silk Road is energy projects,
primarily cooperation in the fields of electricity, oil and gas, nuclear power, new energy and coal. An important part of the initiative was the Digital Silk Road. Thus, China concluded cooperation agreements in the field of digital economy with Egypt, Laos, Saudi Arabia, Turkey, Serbia, Thailand, UAE. These projects include cable and network equipment, among them e-commerce, 5G, smart city projects, mobile payments [10].


Military aspects of cooperation are very important for Beijing. The growing activity in the East and South China Seas, as well as the reforms carried out by the People's Liberation Army, make it clear that Beijing intends to deploy its naval power overseas. In 2015, China adopted an anti-terrorism law that allows units of the People's Liberation Army of China to carry out overseas missions. New ports built for economic reasons can also be used for military purposes. The already mentioned Pakistani port of Gwadar, strategically located on the Strait of Hormuz, is of particular importance. In 2016, China opened its military base in Djibouti. There is a growing industry of Chinese private security companies providing protection for Belt and Road projects. The outposts on the coast of the Indian Ocean testify to the growing assertiveness of China, which is feared by its biggest opponents in the region: India, Japan and the United States.

Chinese investments extend not only to Europe, but also to Asia and Africa. In Central Asia, Beijing is developing energy cooperation with Russia, Turkmenistan, Kazakhstan and Uzbekistan, buying oil fields (Kazakhstan) and building pipelines (Russia) [11]. As part of the China-India-Myanmar-Bangladesh Economic Corridor,
China wants to build a high-speed rail network from Kunming, the capital of Yunnan province, to Singapore via Laos, Cambodia, Malaysia, Myanmar, Thailand and Vietnam. Africa, as an important supplier of raw materials, is also included in the One Belt One Road initiative. In 2015, China agreed with the African Union to help build railways, roads and airports to connect all African countries at a cost of more than US$26 billion. The plans include a 1,400-kilometer coastal railway in Nigeria, an 800-kilometer railway in Kenya, a 740-kilometer railway linking Djibouti and Addis Ababa, and a 1,400-kilometer rail network in Chad. Beijing's other maritime plans include upgrading ports in Tanzania (Bagamoyo) and Mozambique.

China's economic expansion is further enhanced by the growing role of the renminbi, which in November 2015 was included in the SDR basket along with the US dollar, the euro, the Japanese yen and the British pound (IMF, Press Release No. 15/540). While the renminbi cannot currently threaten the dollar as the world's dominant reserve currency, it undermines the West's ability to impose financial sanctions on countries such as North Korea that will be able to transact in renminbi. China's economic and financial power will necessarily be enhanced by political influence and possibly security alliances. The Belt and Road initiative has already stimulated changes to the status quo in the region. Some countries have embraced cooperation in hopes of future economic gains, while others are trying to balance China's power with other alliances. Thus, Turkey, having started economic and military cooperation with Beijing, tried to balance its dependence on NATO. Some countries are turning to China to fill the financial gap created by low oil prices and Western sanctions (such as Russia). To most developing Asian countries, China offers understanding of their domestic problems, immediate financial assistance, political support and rapid development. However, no matter how much Beijing wants to be seen as a safe partner, it still stirs mixed feelings in the region because of its complicated history, current economic power and recent assertive foreign policy in the East and South China Seas. Therefore, his new foreign policy should be very careful and balanced.

3. Economic cooperation between China and the EU within the framework of the New Silk Road

There is still no unified position in the European Union regarding the "One Belt,
One Road" initiative. Many European countries, both EU and non-EU, are already participating in this initiative. On a strategic perspective, as a counterbalance to the initiative "One Belt, One Road" in the EU, a document called "Globally Engaged Europe" was recently announced, which presents the EU's own vision of strengthening ties with Asian countries by building quality infrastructure in compliance with basic European values. The EU lists Japan, India, ASEAN and the USA as strategic partners, i.e. all those who have already expressed concern about the hegemony of Chinese capital on their territory.

Joseph Borrell described the relationship between the EU and China as follows: "Our relationship with China will inevitably be complicated, because it is our second largest trading partner, and which is actually a necessary interlocutor if we want to solve global problems. At the same time, he is inevitably (our) technological and economic competitor. The problem is also the difference between our political systems" [3].

Chinese behavior in the international arena is characterized by him as assertive, expansive and authoritarian.

In February 2019, an analytical report of the Munich Security Conference pointed, among other things, to a worrying trend of increasing dependence of EU countries on Chinese government loans and the resulting indebtedness. This phenomenon was called "debt trap diplomacy", which is accompanied by the use of economic leverage, including, to obtain political preferences (site of the Munich Security Conference). And already in February 2021, Lithuania officially announced its exit from the format of China's cooperation with the CEE countries "17+1", motivating its decision by the fact that this regional initiative destroys the unity of the EU and has not demonstrated a significant economic effect. That is, the PRC and the EU have different priorities in bilateral cooperation: China seeks progress in economic relations, and the EU seeks understanding in political issues as well.

China is one of the largest importers of European goods. It should be noted that the benefits of trade with China are unevenly distributed across the EU, with some, such as Germany, already benefitting significantly from their trade relations with China, while other EU countries benefit less. However, the consequences of Russia's invasion of Ukraine have led to significant changes in the share of the EU's main trading partners
due to sanctions that directly or indirectly affect trade in oil, natural gas and coal. In the period from the fourth quarter of 2021 to the fourth quarter of 2022, the share of imports from China decreased by 2.1 pp., while the share of imports from the USA increased by 2.0 pp. As for exports, the introduction of sanctions against Russia (complicated logistics corridors) and quarantine restrictions led to a decrease in China's share by 1.0%. through logistical arrangements [14].

In general, economic indicators show a decrease in the intensity of trade between China and the EU, which was contributed to by political factors in addition to quarantine restrictions. The EU, which is built on liberal-democratic values and attaches great importance to the issue of human rights, introduced sanctions against China for their systematic violations. The reason for this was the genocide of the Uyghurs and representatives of other ethnic and religious minorities in the Xinjiang Uyghur Autonomous Region and Tibet. These contradictions deepened after the election of J. Biden as the president of the USA, and the coming to power of a new government in Germany and its departure from the pragmatic approach to relations with China, characteristic of A. Merkel's government. Also, an important moment in EU-China relations was the start of a full-scale war in Ukraine, since China did not condemn Russia's aggressive actions and continues to provide informational support to Moscow, which also contributed to the cooling of bilateral relations. Thus, the president of the European Commission, Ursula von der Leyen, has repeatedly stated that Europe cannot rely on China for rare earth elements in the same way that it relies on Russian energy.

The end of 2022 showed signs that relations between the EU and China may warm up, which is undoubtedly related to the new situation and new ideas in Europe. First of all, as the Russian-Ukrainian military conflict continues and the risk of escalation increases, the EU wants China to play its role in its settlement. Olaf Scholz's visit to China in early November 2022 opened a new period of intense high-level interaction between China and the EU, which included talks by President Xi with the leaders of France, Italy, the Netherlands and Spain during the G20 summit (Feng Zhongping. China-EU Relations Expected to Stabilize). In addition, the economic factor for strengthening cooperation is the rise in energy prices in Europe after the beginning of
the Russian-Ukrainian conflict. As energy shortages cause serious economic and social problems, European countries hope that China and the EU will strengthen cooperation to jointly ensure the stability and security of energy supplies.

4. Criticism and prospects of the New Silk Road

The consequences of the "One Belt, One Road" initiative are quite diverse. First of all, the network of sea and land projects ensures uninterrupted transportation of passengers, natural resources (especially oil) and other cargo to China. New shipping lines not only make supplies available in the event of a maritime conflict, but also significantly reduce delivery times. High-speed railways, transport corridors, the creation of economic cooperation zones, increased technology exchange and employment opportunities will contribute to the development of all countries with economies in transition, promoting economic and social change. In exchange for low-cost loans and investments, partner countries provide long-term supplies of raw materials and access to transport hubs. Multilateral cooperation has enabled China to move up the value chain, while partner countries can take over activities with lower added value. New investments will contribute to the economic cooperation of the involved countries. China's participation is crucial for many countries, as they lack the financial resources to improve the investment environment, and Western financial institutions prohibit their activities due to corruption and insufficient structural reforms (Krukowska. China's 'one belt, one road' strategy and its implications for the global world order).

Political achievements are no less important. Continued economic development will strengthen China's position abroad. The Belt and Road Initiative envisages China's greater diplomatic activity, which, supported by intensive economic cooperation, will improve bilateral relations with partner countries. To promote the initiative, President Xi Jinping made many foreign trips to countries along this route (Pakistan, Kazakhstan, Russia, Belarus, Great Britain, Vietnam, Singapore, South Africa, Saudi Arabia, Egypt, Iran, the Czech Republic, etc.). By involving so many countries in cooperation, Beijing receives high legitimacy, which directly indicates its position in the international system. The unusual diplomatic activity of the Chinese president is very symptomatic, as it helps to improve China's image abroad. According to Xi Jinping, China "welcomes
the participation of the United States and other countries and international organizations," and the Belt and Road Initiative is "open and inclusive" [13]. While the US remains very skeptical about participating in the Belt and Road Initiative, it has won China many friends among countries and regimes with poor democratic reputations but rich in natural resources and other assets. China's cooperation with Iran, Syria, and Russia is not approved by the West.

However, this project also has negative consequences, the main of which is the aggravation of relations between Western countries and the participants of the new system, in particular with China. The US and other countries in Asia and Europe are not eager to lose ground and are concerned about China's growing influence. After all, thanks to the "One Belt, One Road" initiative, China will be able to gain hegemony both economically and politically. Opponents raise issues related to a lack of transparency, human rights abuses, government control, murky business practices and the neo-colonial nature of trade relations with developing countries. In addition, it is already clear today that new players, strategic alliances and opponents of the system will emerge on the international market. China has also been criticized for inflated contracts, corruption, a significant increase in its debt burden, similar to that of Asian and Balkan countries, non-compliance with environmental standards and the use of a predominantly Chinese labor force rather than local ones. Chinese investment is often carried out by Chinese companies with the help of Chinese workers, thus limiting the benefits to the host country. In addition, it is accused of exploiting poor countries, trapping them in debt, for political and military gains. China's financial aid has been criticized for endorsing authoritarian regimes and diminishing the positive influence of Western democracies. China's growing influence has provoked increasingly persistent counter-initiatives from other countries. For example, Japan presented the "Enhanced Partnership for Quality Infrastructure" (2015) and together with India launched the "Asia-Africa Growth Corridor" (2017), signed an expanded infrastructure agreement with the EU (2019). These countries are also discussing coordinating their efforts with the US and Australia.

Because of its complex nature, the Belt and Road Initiative could have far-reaching implications for China. The success of the project will provide it with the status of the
largest regional power, whose influence in the Eastern Hemisphere will exceed the influence of both traditional partners: the USA and Europe. China's power will derive from the possession of economic power, which will be translated into political influence, strengthening Beijing's position. However, some conditions must be met. Beijing should maintain its policy of peaceful development without causing unnecessary alarm among its partners. China should make efforts to eliminate all bad practices that undermine its positive image abroad and the trust of partner countries. And, of course, the project should be beneficial for all partner countries, not just China. Under such conditions, Beijing, as a successful leader, will gain leverage over Western competitors in a growing number of countries that closely cooperate with its development model and, most likely, its policy choices. China's influence and economic dominance will spread throughout Asia, perhaps even reaching Europe, giving Beijing almost unlimited opportunities for further development.

Considering the fact that the EU is unable to develop a comprehensive foreign policy of cooperation with developing countries in order to overcome the financial crisis, and the USA is losing its international importance, China looks like a more reliable and stable partner, ready to cooperate, capable of resisting risky projects. The growing circle of partner countries indicates a growing sphere of interests. A strategic partnership created for the needs of the Belt and Road initiative could also prove useful in crisis situations where China would be a valuable mediator. However, success may not be easy. Because of its scale, China will face many problems and setbacks, such as bureaucracy or local unrest. The Belt and Road Initiative could challenge China's economic stability by exposing it to external risks that the government in Beijing will not be able to control or minimize. Many of the partner countries are politically unstable, with unstable markets and extreme financial insufficiency, and Beijing's efforts may not be enough to prevent serious financial consequences felt elsewhere.

A decade after the Belt and Road Initiative was launched, its momentum is slowing due to falling credit and stalled projects. China, having allocated hundreds of billions of dollars, is interested in the further development of this project, despite the fact that currently Chinese lending to projects of this initiative has fallen sharply, mainly due to the COVID-19 pandemic and the country's own economic slowdown. Support has also
waned as partner countries have sunk into debt and project gaps have begun, adding to uncertainty about the future of the initiative. Thus, in 2022, 60% of China's foreign loans were granted to borrowers in financial distress, compared to only 5% in 2013 [8]. With this in mind, in 2022 the Chinese government made some changes to the structure of the initiative. In internal discussions, Chinese policymakers have agreed to more carefully evaluate new projects and allow debt revisions, previously a red line, in a move dubbed "One Belt, One Road 2.0."

However, the fact that China plans to further develop this project is evidenced by the fact that in October, 2023 China held the third international forum "One Belt One Road". The head of the People's Republic of China, Xi Jinping, announced eight major steps China will take to support joint pursuit of high-quality Belt and Road cooperation: building a multidimensional Belt and Road connectivity network; supporting an open world economy; carrying out practical cooperation; promoting green development; advancing scientific and technological innovation; supporting people-to-people exchanges; promoting integrity-based Belt and Road cooperation; strengthening institutional building for international Belt and Road cooperation. (Keynote Speech by H.E. Xi Jinping President of the People’s Republic of China at the Opening Ceremony of the Third Belt and Road Forum for International Cooperation, October 18, 2023)

Conclusions.

Summing up, it should be noted that the New Silk Road is an initiative of the People's Republic of China to develop a transport infrastructure covering Asia, Africa, Europe and the Middle East. The initiative "One Belt, One Road" envisages the restoration and expansion of the historical trade routes of the Great Silk Road (the most famous trade route in the history of mankind, which originated in the first centuries BC, the route through which goods from China reached Eastern and Western Europe, the Middle East, North Africa and vice versa).

Within the framework of the "One Belt, One Road" project, it is envisaged to unify a large group of Eurasian countries, build and improve China's connection with the countries of Western and Eastern Europe, and create a single and effective system for active economic relations. Taking into account the growing population in China, high rates of growth and development of production, problems in the form of a surplus of
labor and manufactured goods are intensifying in the country. The key to their solution should be the "One Belt, One Road" initiative, as it is aimed at opening new sales markets for Chinese goods and building new and updating existing roads that will meet the principles of ease, speed and rationality of transportation costs.

Today, for various reasons, the momentum of the development of the New Silk Road is slowing down as a result of the suspension of many projects. Of course, China, which has allocated hundreds of billions of dollars for it, is interested in the further development of this project, despite the fact that currently Chinese lending to projects of this initiative has fallen sharply, mainly due to the COVID-19 pandemic, the economic slowdown inside the country and the war in Ukraine, which increases the uncertainty about the future of this initiative. Therefore, China plans to revitalize the One Belt One Road initiative.

As a result of the study, the hypothesis that China's development of the New Silk Road contributes to the reorientation of logistics flows in the global economy was confirmed.

Considering the planned strengthening of the "One Belt One Road" initiative in the years to come, and the risks of its implementation due to the existing geopolitical situation, this issue requires further research.

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