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Research Article

**THE CHINA-KYRGYZSTAN-UZBEKISTAN RAILWAY:
CAUSES AND CONSEQUENCES**

Azimzhan KHITAKHUNOV ¹

¹ Khoja Akhmet Yassawi International Turkish-Kazakh University

050004, Almaty, Kazakhstan

azimkhun@gmail.com

ORCID: 0000-0003-3455-563X

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ABSTRACT

This paper aims to analyse the causes and consequences of the China-Kyrgyzstan-Uzbekistan railway. The project is one of the most important and ambitious in the modern history of Central Asia. The construction of the railway will transform trade and transit routes in Eurasia. The paper argues that the start of the project was driven by internal, regional, and global factors. The expected benefits from the railway are significant for each participating country. Kyrgyzstan and Uzbekistan plan to develop their infrastructure, diversify exports, and penetrate new markets, while China diversifies its transit routes and deepens economic integration with Central Asia. However, the paper highlights that there are important risks related to the railway, and addressing these will increase the benefits of the project.

Keywords: The China-Kyrgyzstan-Uzbekistan railway, Central Asia, Transport, Infrastructure, International trade.

INTRODUCTION

Being landlocked is one of the main disadvantages of Central Asian (CA) states, which negatively affects the region's competitiveness. Landlocked countries bear higher transport costs and have to deal with regulations and political issues of transit countries. They have difficulties in attracting foreign direct investments, and many of them are unable to develop their infrastructure due to economic, financial, and technological constraints. Lack of access to international markets constrains knowledge and technology diffusion. According to Gyawali (2024), being landlocked for manufactured goods trade is highly negative, and such an effect is higher for low-income landlocked countries than for high-income landlocked countries.

Landlocked countries try to solve this important problem by improving their infrastructural potential through regional integration and cooperation or participation in global programmes. China's Belt and Road Initiative (BRI) is one example of transforming the landlocked Central Asian region by developing regional infrastructure and improving its connectivity. On June 6, 2024, the intergovernmental agreement on the construction of the China-Kyrgyzstan-Uzbekistan (CKU) railway was signed in Beijing. The Presidents of Kyrgyzstan, Uzbekistan, and China sent congratulatory video messages to the participants of the meeting. They mentioned that the CKU railway will become a symbol of cooperation within the comprehensive strategic partnership in the new era between the three countries. As the shortest land route connecting China with Central Asia, it will allow access through the promising Trans-Afghan corridor to the capacious markets of South Asia and the Middle East (Azattyk, 2024). Moreover, the railway demonstrates to the world the firm determination of the three countries to promote cooperation and seek development together (Xinhua, 2024a). All Presidents pointed out the economic effects of the project, such as boosting regional trade, industrial cooperation, and higher standards of living. In fact, according to Donaldson (2018), railways decrease trade costs, increase interregional and international trade, and real income levels. In Central Asia, as Karymshakov and Sulaimanova (2020) show, both the quality and quantity of infrastructure have a positive impact on trade flows, but this effect varies by country. The authors call for a regional approach to the development of infrastructure, and this policy should be associated with further regional economic integration.

The CKU railway was first proposed in the 1990s, and the three countries signed a memorandum of understanding on the railway in 1997. However, due to technical and political issues, the railway construction was postponed several times (Zhen, 2024). Financing of the project was another important obstacle. Hence, the final steps before the start of the implementation of this infrastructural project raise a key question: what are the main factors that pushed the countries to start the construction of the railway? Hence, the aim of the paper is twofold. Firstly, it reveals the main causes of the project from the perspectives of each participating country, integration processes in Central Asia, and global factors. Secondly, it draws potential consequences of the project, showing the main benefits and risks. The rest of the paper is organized as follows. Section 2 shows the CKU benefits for Kyrgyzstan in terms of trade, development of infrastructure and transit services, and investments. Section 3

analyses the expanding economic cooperation between Uzbekistan and China and shows that the CKU will deepen their bilateral economic integration. Section 4 reveals China’s interests and draws the potential consequences of the project and the main risks for Central Asia.

THE CKU BENEFITS FOR KYRGYZSTAN

China has been one of Kyrgyzstan’s key partners in terms of trade (Table 1), investments, and loans. Bilateral trade between the two countries grew from \$129 million in 2005 to \$4,130 million in 2022, increasing by 32 times. During the same period, Kyrgyzstan’s exports to China increased by 2.3 times, while its imports surged by almost 40 times. It is worth mentioning that Kyrgyzstan benefits from the re-export of Chinese products, and the trade statistics differ substantially. For instance, according to data from the International Trade Centre (Chinese sources), in 2022, China exported to Kyrgyzstan products worth \$15,421 million, which is 3.8 times higher than the reported statistics from Kyrgyzstan. Thus, trade with China remains an important revenue source for Kyrgyzstan.

Authorities in Kyrgyzstan pay substantial attention to implementing energy and infrastructure projects with China. Chinese investment has enabled the execution of many of the Kyrgyz government’s priority national-level projects, such as the Datka-Kemin power transmission line (a \$400 million project). The CKU railway is by far the largest and most intriguing potential project involving China and Kyrgyzstan. However, it should be noted that Kyrgyzstan hopes that China will revive other projects, such as the construction of the Kambarata-1 hydroelectric power station on the Naryn River, worth \$3 billion and with a capacity of 2,000 megawatts, the Upper Naryn cascade of hydroelectric power stations, valued at over \$700 million more than ten years ago, and a hydroelectric power station on the Sary-Jaz River in the Issyk-Kul region in the east of the country. The previous two projects were initially intended for Russian investors, but Bishkek cancelled the deals, citing a lack of progress (Radio Azattyk, 2024).

Table 1. *Kyrgyzstan’s trade with China, million USD*

	2005	2010	2015	2016	2017	2018	2019	2020	2021	2022
Exports	27	28	36	80	97	61	81	43	64	61
Imports	103	666	1029	1468	1500	1942	1734	737	1463	4069
Total trade	129	695	1065	1549	1598	2003	1815	780	1527	4130

Source: Author’s compilation and calculations based on the International Trade Centre (ITC, 2024) data

Given the country’s high dependence on migrant remittances from Russia, Kyrgyzstan plans to diversify and seek alternative sources of revenue. At the same time, Kyrgyzstan is interested in developing its internal infrastructure, as the length of its railways is only 424 km. The country’s railway infrastructure consists of unconnected routes in the north and south that provide access to the railway networks of Kazakhstan and Uzbekistan. Hence, the CKU railway

presents an opportunity for Kyrgyzstan to connect the north and south of the country, as it has not built railways since independence. The second task that Kyrgyzstan's government is addressing is obtaining access to global markets and becoming part of global production chains (Institute of Strategic Analysis and Forecast, 2024). According to the Prime Minister of Kyrgyzstan, Akylbek Zhaparov, the China-Uzbekistan-Kyrgyzstan railway will become the "road of life," turning Kyrgyzstan into a major commercial and industrial centre (Kazinform, 2024). Recently, Kyrgyzstan's Parliament, Jogorku Kenesh, approved agreements between the governments of Kyrgyzstan, China, and Uzbekistan on cooperation in promoting the transcontinental railway project. The countries are establishing a trilateral project company, which will be the main operator of the railway. The construction of the CKU railway requires \$4.7 billion, with China allocating more than \$2.35 billion in the form of a loan. Kyrgyzstan and Uzbekistan are expected to invest \$700 million each. The shares of participants in the project will be distributed as follows: "Chinese Railways" will hold 51%, while "Kyrgyz Temir Zholu (railways)" and "Uzbekistan Temir Yollari (railways)" will each own 24.5%. Almost 312 km (out of a total of 486 km) of the railway will pass through Kyrgyzstan. It is planned to construct 18 railway stations, 81 bridges with a total length of 26.1 km, and drill 41 tunnels with a length of over 120 km. It is expected that, for the transit of goods alone, Kyrgyzstan's budget will receive about \$200 million (Kabar, 2024). According to ITC data, Kyrgyzstan's transport services exports increased from \$204 million in 2021 to \$431 million in 2022. Hence, the expected transit revenues will substantially contribute to the growth of Kyrgyzstan's transport services. Thus, Kyrgyzstan will benefit in terms of developing its internal rail network, gaining access to international markets, and increasing transit revenues. At the same time, the CKU railway's implementation can positively influence the country's labour market by increasing employment and revenues.

IS UZBEKISTAN A KEY BENEFICIARY OF THE PROJECT?

Uzbekistan's foreign policy under Shavkat Mirziyoyev is characterised by openness towards the inclusion of Uzbekistan in global and regional integration processes. Uzbekistan actively participates in and supports China's BRI, holds observer status in the Eurasian Economic Union, and strengthens economic cooperation with South Asia. Uzbekistan's foreign economic policy aims at penetrating new markets, including China, Russia, and South Asia. It is worth mentioning that China has become one of the key trade and investment partners. Moreover, China plays an important role in Uzbekistan's industrialisation.

In January 2024, the President of Uzbekistan, Shavkat Mirziyoyev, made a state visit to China, where he met with his Chinese counterpart, Xi Jinping. During the visit, an investment forum was organised, bringing together heads of departments and regions from both countries, along with more than 600 representatives from major Chinese businesses. The President of Uzbekistan made several important statements regarding the interim achievements of bilateral cooperation and its future prospects. According to President Mirziyoyev, the volume of mutual trade has doubled and reached a record level of \$14

billion in 2023. He highlighted the need to increase this figure to \$20 billion by expanding the mutual supply of agricultural and industrial products and by concluding a new intergovernmental agreement on the establishment of preferential trade for certain types of products. He also noted that the number of enterprises with Chinese capital had increased threefold. Additionally, the parties agreed that Chinese banks would expand project financing in Uzbekistan, and the Export-Import Bank of China would open a representative office. A new investment platform with the Silk Road Fund will also be established in Uzbekistan (President.uz, 2024a). Uzbekistan will open 21 trading houses in more than 10 cities in China, as outlined in the April document adopted by the President of Uzbekistan. This initiative aims to boost the export of agricultural products to China (Kursiv, 2024). Mutual trade between the two countries has increased significantly (Table 2). While total trade amounted to \$4 billion in 2017, it exceeded \$8 billion in 2022, more than doubling. During the same period, Uzbekistan's exports to China grew by 1.3 times, while imports surged by 2.3 times. Uzbekistan primarily exports mineral fuels, metals, and agricultural products, while its imports are diversified, including machinery, electronics, and cars. It is important to note that China was a key import partner for Uzbekistan in 2022, with a 22% share of total imports. There are also discrepancies in trade statistics between China and Uzbekistan. For instance, in 2022, according to Chinese sources, Uzbekistan's imports from China amounted to \$7.5 billion.

Chinese businesses are highly interested in investing and establishing joint enterprises in Uzbekistan. As of January 1, 2024, the number of joint ventures and foreign enterprises in Uzbekistan stood at 14,053. Russia, China, and Türkiye are the top three countries involved in launching and participating in joint enterprises in Uzbekistan. Specifically, the number of companies with Russian capital amounted to 3,044 (22% of the total). The number of enterprises with capital from China and Türkiye was 2,337 (17%) and 1,883 (13%), respectively (Kun.uz, 2024).

Table 2. *Uzbekistan's trade with China, million USD*

	2017	2018	2019	2020	2021	2022
Exports	1313	2121	1768	1282	1744	1753
Imports	2700	3539	5052	4426	4861	6321
Total trade	4014	5660	6820	5708	6605	8075

Source: Author's compilation and calculations based on the ITC (2024) data

It should be noted that in recent years, the volume of Chinese investment in the economy of Uzbekistan has increased fivefold. In the first quarter of 2024, China ranked first among key foreign investors in Uzbekistan, with its share of total investments amounting to 23%, followed by Russia (13.8%) and Türkiye (8.5%) (Radio Ozodi, 2024). During the visit, Uzbekistan and China agreed to prepare cooperation programmes in the areas of infrastructure development, industrial cooperation, technology transfer in agriculture, and green energy. President Mirziyoyev also called on Chinese partners to actively participate in the privatisation of state-owned enterprises and banks in Uzbekistan. More-

over, the importance of constructing the China-Kyrgyzstan-Uzbekistan railway was emphasised (Gazeta.uz, 2024a). Entrepreneurs who participated in a joint investment forum reported that agreements were reached on implementing approximately 500 projects with a total value of \$56.7 billion (Daryo, 2024). As part of his trip to China, President Mirziyoyev visited the headquarters of the leading Chinese automaker BYD in Shenzhen. Together with the company's president, Wang Chuanfu, he participated in the remote launch ceremony for the construction of a plant for assembling hybrid and electric cars, which will be built in the Jizzakh region of Uzbekistan. Initially, the plant will produce 50,000 cars per year, with annual production capacity set to increase to 300,000 units. The agreement also grants the joint venture the right to export BYD vehicles manufactured in Uzbekistan to Central Asian countries. In September 2022, Roodell, the official distributor of Chery Automobile in Uzbekistan, also began assembling cars in the Jizzakh region (Eurasianet, 2024a). In June 2024, President Mirziyoyev visited the joint venture "BYD Uzbekistan Factory" in the Jizzakh region. As mentioned earlier, the annual capacity of the first phase of the project, worth \$160 million, will be 50,000 electric vehicles. The joint venture is equipped with modern industrial infrastructure, including advanced robotic systems from China. Almost 2 kilometres of railway tracks have been laid, and a warehouse and logistics centre for 1,200 containers have been built. The second phase of the project, worth \$300 million, will increase production to 200,000 electric vehicles, while the third phase, worth \$500 million, aims to raise production to 500,000 electric vehicles annually. Higher production volumes will gradually increase the level of localisation. An R&D centre will be established for training personnel and supporting scientific and engineering research. The enterprise currently employs 1,200 people, and 92 specialists will receive training in Xi'an and Changsha, China, in areas such as quality control, technology, supply, and equipment maintenance. Once all three phases are completed, the number of jobs is expected to reach 10,000 (President.uz, 2024b). Additionally, in December 2023, the Chinese firm Henan Suda signed a deal with Uzbekistan's Energy Ministry to build up to 50,000 electric vehicle charging stations across the country by 2033. The project will serve approximately 700,000 electric vehicles when fully completed (Eurasianet, 2023). In cooperation with Chinese investors, Uzbekistan is implementing 26 projects worth \$1.7 billion in the Andijan region. These projects cover critical sectors such as energy, electrical engineering, mechanical engineering, textiles, building materials, pharmaceuticals, agriculture, education, and infrastructure (President.uz, 2024c). Furthermore, the President of Uzbekistan approved an agreement for constructing two wind power plants in the Samarkand and Jizzakh regions, worth \$250 million. The total capacity of the two power plants will be 500 MW. The National Electric Grids of Uzbekistan has pledged to purchase the electricity generated by these facilities for 25 years after their construction and to cover the costs of constructing power lines for 10 years (Eurasianet, 2024b). Thus, China's investments in Uzbekistan's various sectors, from agriculture to energy, have seen significant growth (Table 3).

Table 3. *China's investments and construction projects in Uzbekistan*

Year	Investor	Million USD	Sector (subsector)
2007	China International Trust and Investment	110	Agriculture
2007	China National Petroleum Corp.	880	Energy (gas)
2010	Baiyin Non-Ferrous, China International Trust and Investment, Chang Xin	190	Metals
2010	Jinsheng Trading	110	Other (industry)
2012	China National Petroleum Corp.	2040	Energy (gas)
2013	China Railway Engineering	460	Transport (rail)
2014	Harbin Electric	230	Energy (coal)
2014	China National Machinery Industry, China National Chemical Engineering	480	Chemicals
2014	China Poly	180	Agriculture
2017	Ming Yuan Silu	110	Real estate (construction)
2017	Xin Zhong Yuan	150	Real estate (construction)
2017	China National Building Material	160	Real estate (construction)
2017	Power Construction Corp.	110	Energy (hydro)
2017	China National Petroleum Corp.	190	Energy (gas)
2018	China Railway Engineering, Zhongyun International Engineering	100	Energy (coal)
2018	China Energy Engineering	200	Real estate (construction)
2019	Anhui Conch	150	Real estate (construction)
2019	China Railway Construction	230	Agriculture
2019	Huaxin Cement	150	Real estate (construction)
2019	Shanghai Construction	230	Finance
2019	Minmetals	110	Real estate (construction)
2020	China Railway Construction	100	Transport (autos)
2020	State Construction Engineering	200	Real estate (construction)
2020	Power Construction Corp.	120	Energy (alternative)
2021	China Energy Engineering	760	Energy (gas)
2021	Minmetals	170	Real estate (construction)
2021	China Energy Engineering	350	Real estate (construction)
2021	Anhui Conch	260	Real estate (construction)
2021	China National Chemical Engineering	460	Chemicals
2022	China National Building Material	270	Real estate (construction)
2022	State Administration of Foreign Exchange	130	Energy (gas)
2023	China Communications Construction	170	Transport (autos)
2023	China National Machinery Industry	310	Entertainment
2023	China Energy Engineering	120	Real estate (construction)
2023	China Energy Engineering	340	Energy (alternative)
2023	Power Construction Corp.	560	Energy (alternative)
2023	China Energy Engineering	400	Energy (alternative)

Source: Author's compilation using data from the American Enterprise Institute and the Heritage Foundation (2024).

It is worth mentioning that investments started to increase in 2017, when Uzbekistan began its new course of foreign economic policy, strengthening economic cooperation between the two countries. Deepening economic cooperation between the two countries increased Uzbekistan's interest in the implementation of the CKU railway. The project promises substantial benefits for Uzbekistan: in addition to accessing Chinese and other new markets, it is expected that the country could receive revenues from cargo transit amounting to \$150-200 million annually (UzDaily, 2024). Data from the ITC shows that Uzbekistan's transport services exports increased from \$1.276 billion in 2021 to \$1.490 billion in 2022. Therefore, cargo transit revenues will contribute to the growth of transport services exports. Uzbek entrepreneurs trading with China report that it can take between 45 to 70 days to transport goods by train from China through Kazakhstan to Uzbekistan. Consequently, the CKU railway can alleviate the financial burden on Uzbekistan's entrepreneurs and significantly reduce transportation time (Karimov and Kurbonmuratov, 2023). Additionally, the CKU railway will enhance Uzbekistan's role as a transit hub (People's Daily Online, 2024). On June 7, 2024, delegations from Uzbekistan Temir Yollari and the Xi'an Municipal Committee of China met to further strengthen railway and logistics ties between China and Uzbekistan. According to the Xi'an provincial delegation, in 2023, 5,351 trains were dispatched from the port of Xi'an, 675 of which were sent to Central Asia, with Uzbekistan accounting for more than 50%. By the end of 2024, it is planned to transport 20,000 TEU containers along the Xi'an–Jizzakh route. Uzbekistan's delegation expressed its readiness to cooperate in increasing the volume of cargo transportation through the port of Xi'an to Uzbekistan and beyond. It was also proposed to explore the possibility of transporting goods from Xi'an to Uzbekistan via Kyrgyzstan (Uzbekistan Temir Yollari, 2024). Furthermore, the CKU railway may contribute to the growth of bilateral trade between Uzbekistan and Kyrgyzstan, which increased from \$240 million in 2017 to \$1.145 billion in 2022 (Table 4). During the same period, Uzbekistan's exports to Kyrgyzstan surged by 5.5 times, while its imports grew by almost three times.

Table 4. *Uzbekistan's trade with Kyrgyzstan, million USD*

	2017	2018	2019	2020	2021	2022
Exports	168	251	635	713	770	927
Imports	73	127	124	138	157	218
Total trade	240	378	759	851	928	1145

Source: Author's compilation and calculations based on the ITC (2024) data

Hence, China is strengthening its position as Uzbekistan's key trade and investment partner. The cooperation is extensive and spans various sectors, from agriculture to energy. Thus, the CKU railway will support Uzbekistan's goals of penetrating new markets and will serve as a new source of revenue. Uzbek entrepreneurs will enhance their competitiveness by lowering trade costs, which will positively impact the country's industrial policy and improve the well-being of its population.

CHINA'S INTERESTS AND CONSEQUENCES FOR CENTRAL ASIA

Through the implementation of the new railway following the conflict in Ukraine, China will diversify its transit routes, reduce its dependence on both Russia and Kazakhstan and sustain rail trade with the European Union and Middle Eastern countries in the long term. It is worth noting that the CKU railway will be one of the shortest routes and will save seven or eight days in shipping time. Moreover, the new railway will contribute to the economic growth and development of China's central and western regions, particularly Xinjiang, by boosting the manufacturing industry (Sharifli, 2022).

In November 2023, China launched the Xinjiang Pilot Free Trade Zone (FTZ), the first in China's northwestern border regions, which includes areas in Urumqi, Horgos, and Kashgar, and covers nearly 180 square kilometres. It is expected that the FTZ will substantially contribute to Xinjiang's integration into the domestic and international markets. The FTZ is granted greater autonomy in reform and aims to cultivate and expand industries unique to Xinjiang or in which Xinjiang has a competitive advantage (State Council of the People's Republic of China, 2023). Xinjiang's foreign trade shows promising results. In the first 10 months of 2023, trade surged by 40% to a record \$409.2 billion, with shipments from January to October exceeding the total value of trade in 2022, despite sanctions imposed by Western governments in response to reports of forced labour. Kazakhstan, Kyrgyzstan, and Tajikistan accounted for the largest share of these transactions. Chinese officials plan to transform Xinjiang into an export gateway to neighbouring countries and hope the zone will attract foreign investors from nearby countries, all of which are members of the BRI, and increase the use of the yuan in cross-border trade settlements (Nikkei Asia, 2023). Since the unveiling of the Kashgar subzone, a total of 86 companies have registered with investments amounting to \$1.75 billion. China has improved its logistics efficiency, allowing cargo inspected at Kashgar Customs to pass through Turgart port directly to avoid a second inspection. Additionally, China has established an industrial park for Kyrgyzstani companies in Kashgar. As a result, Kashgar's foreign trade surged by 71.2% in 2023, contributing 23.4% to regional foreign trade (China Daily, 2024). According to Chinese experts, the CKU railway is a crucial part of the New Eurasian Land Bridge, which will change the transport structure in Xinjiang and form the southern part of the Second Eurasian Land Bridge. The CKU railway will enhance trade and economic relations between China and Central Asia. Rail transport is cheaper, operates stably, and is not subject to seasonal restrictions. Thus, transport costs will decrease significantly, leading to lower commodity prices and contributing to the rapid growth of mutual trade (Xinhua, 2024b). The CKU railway will diversify China's trade and transit routes, enhance Xinjiang's economic capacity, and, consequently, strengthen China's role in Central Asia.

However, there are significant risks related to the environment, debt traps, increased competition from China, and dependence on China. It is important to note that as China supports its companies in moving excess capacity abroad, countries participating in the BRI and implementing joint projects may be considered for such relocation. There are concerns that by doing so, China may be shifting its polluting industries to less developed countries. Consequently, China's partners need to advocate for the adoption of meaningful social and

environmental standards in the early stages of infrastructure development planning, ensuring they are at least as stringent as those implemented domestically in China (Tracy et al., 2017).

Kyrgyzstan's total debt is estimated at \$6.2 billion, or 45% of GDP, with about \$1.7 billion owed to the Export-Import Bank of China. It is important to note that Chinese loans have financed large infrastructure projects in Kyrgyzstan. Kyrgyz officials proposed to China a scheme where, instead of repaying the Chinese loans, Kyrgyzstan would use the funds to reduce CO2 emissions or invest in renewable energy projects, but China declined the proposal. There were calls in Kyrgyzstan to fully repay the external debt, including the Chinese loans, using the country's gold reserves, which were rejected by the National Bank of Kyrgyzstan (Voice of America, 2024). During the first half of 2023, public debt in Uzbekistan rose to 36.8% of GDP, amounting to \$31.5 billion, with external public debt reaching \$25.9 billion. Uzbekistan's debt to China was \$3.8 billion (Gazeta.uz, 2024b). Hence, if China provides loans for the CKU railway project, the volume of debt will increase. Given the importance of the project, regardless of the financing sources, Kyrgyzstan and Uzbekistan need to ensure the efficient use of the potential funds.

As mutual trade between the three countries shows increasing trends, the implementation of the CKU railway will further contribute to its growth. In this case, it is important to ensure that trade processes are transparent. Significant inconsistencies in bilateral trade can lead to budget losses and distort industrial and other economic policies, decreasing the competitiveness of Central Asian countries. At the same time, Kyrgyzstan and Uzbekistan need to study China's import structure and invest in relevant sectors. As mentioned, agriculture remains a key priority for Central Asian countries. By addressing the above-mentioned risks in advance, Central Asian states may maximise their benefits.

CONCLUSION

The CKU railway is one of the most important and ambitious projects for the Central Asian region, and its implementation will have a substantial effect on Eurasian transport and trade networks. The start of the project was driven by a combination of internal, regional, and global factors. Kyrgyzstan's intention to develop its infrastructure and Uzbekistan's new foreign economic policy are among the key factors that positively contributed to the project's initiation. Both countries need to diversify revenue sources and reduce dependence on migrant remittances. It is worth noting that transit revenues will significantly contribute to the growth of transport services exports, especially for Kyrgyzstan. At the same time, the countries plan to penetrate new markets. Moreover, the deepening of economic cooperation between the two countries and China also played an important role in the decision to start the project. Additionally, regional integration in Central Asia, driven by Uzbekistan's reforms, has positively influenced the CKU railway implementation.

The war in Ukraine also had a significant effect on the CKU railway and prompted China to diversify its transit routes. The CKU railway will reduce China's dependence on Russia and Kazakhstan for transit and will play an important role

in developing Xinjiang as an industrial and technology hub for Central Asia. Consequently, the CKU railway will strengthen China's position in the region.

Central Asian countries need to address the risks associated with the implementation of the CKU railway in advance. To maximise the benefits of the project, it will be necessary to improve environmental standards, manage debt efficiently, ensure transparency in mutual trade, and develop industrial and agricultural policies to support the export of products needed in the Chinese market. Thus, these policy reforms can enhance the potential benefits of the CKU railway.

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