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REGIONAL INTEGRATION

EURASIAN CONTINENTAL INTEGRATION: PREREQUISITES AND DIFFICULTIES

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ABSTRACT

This study seeks to address underexplored issues in Eurasian continental integration such as the impact of the continental (landlocked) location of vast inland territories on their economic development and possible ways to overcome transportation-economic difficulties within the framework of a Greater Eurasia. It notes the trend towards the progressive formation of this broad integration grouping on a continental scale and, based on a politico-economic understanding of the essence of the new bloc, determines its current composition, which mainly includes member countries of the Eurasian Economic Union and member and observer countries of the Shanghai Cooperation Organization. The author considers the conceptual views of geopoliticians and geographers on the role and place of continental Eurasia in the world and examines the main prerequisites and difficulties of Eurasian continental integration. The study reveals a common geographical feature of the countries included in Greater Eurasia: the unique ultra-continental position of their inland regions, located, globally speaking, at the greatest distance from economical sea routes and major world

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markets. A case study of the Central Asian countries, Russia's Siberia, and the western regions of China shows the negative impact of the ultra-continentality factor as manifested in increased transport costs, which creates serious barriers to economic growth and foreign trade activity. It is suggested that accelerated creation of latitudinal and meridional international transport corridors is a promising way to achieve greater economic consolidation of the inland regions of Greater Eurasia. The study highlights the new opportunities for the economic development of Russia's ultra-continental macroregions offered by Eurasian continental integration.

KEYWORDS: ***Greater Eurasia, Eurasian continental integration, international transport corridors, transport costs, ultra-continental zones, economic interaction.***

Introduction

Recent years have seen a growing urge to integrate among the Eurasian countries, primarily manifested in the enlargement of two major associations: the Eurasian Economic Union (EAEU) and the Shanghai Cooperation Organization (SCO). The idea of a broad Eurasian community was put forward at the highest level by Russian President Vladimir Putin and Kazakhstan President Nursultan Nazarbayev at the St. Petersburg International Economic Forum in 2016, when they spoke of the possibility of forming a "Greater Eurasian Partnership" (or "Greater Eurasia") with the participation of EAEU partners, China, India, Pakistan, Iran, the Central Asian countries, and other interested states of the continent. It is assumed[1] that at the initial stage the leading role in implementing this project is to be played by the Russian-Chinese tandem as Russia turns to the East and China to the West, coupling the EAEU and the Silk Road Economic Belt.

The topic of Eurasian integration is well-grounded in theory, which primarily dates back to the original system of ideas of classical Eurasianism that arose within the Russian émigré community in the 1920s. This powerful school of thought is based on the "Eurasian idea" of Russia as a special type of "heartland" civilization that includes the peoples of mainland Eurasia united by a common history, natural conditions, language, an established interdependent economic complex, the age-old traditions of a single state, and a supranational socio-cultural identity.[2]

At the same time, it should be specified that the doctrine of classical Eurasianism understood Eurasia mainly as the territory within the borders of the Russian Empire and the U.S.S.R., whereas today the ideas of Eurasianism have found a practical embodiment in a broader "Eurasian continental" integration,[3] which encompasses a number of countries neighboring the post-Soviet space. Assessments of this transformation of unification processes differ widely. Whereas U.S. political scientist Zbigniew Brzezinski[4] believed that the creation of an "antihegemonic" coalition of Russia, China,

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[1] See: *K Velikomu okeanu—4: Povorot na Vostok. Predvaritelnye itogi i novye zadachi*, ed. by T.V. Bordachev, MDK Valdai, Moscow, 2016, 36 pp.; *K Velikomu okeanu—5: Ot povorota na Vostok k Bolshoi Evrazii*, ed. by S.A. Karaganov, MDK Valdai, Moscow, 2017, 48 pp.

[2] See: P.N. Savitsky, *Kontinent Evrazia*, Agraf, Moscow, 1997, 464 pp.; N.S. Trubetskoy, *Nasledie Chingiskhana*, Agraf, Moscow, 1999, 560 pp.

[3] Ye.Yu. Vinokurov, A.M. Libman, "Dve evraziiskiye integratsii," *Voprosy ekonomiki*, No. 2, 2013, pp. 47-72.

[4] See: Z. Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, Basic Books, 1997, xiv + 223 pp.

and Iran was potentially the most dangerous scenario for the United States, Russian geopoliticians Alexander Dugin,[5] Igor Kefeli and Dmitri Kuznetsov,[6] on the contrary, advocate a strategy of creating a Greater Eurasia as one of the poles of a multipolar world.

A meaningful discussion on Greater Eurasia requires its clear geographical delimitation. However, there is still no consensus on how to define this concept, and opinions on the dimensions of Greater Eurasia vary widely: from the post-Soviet space to the whole Eurasian continent.

In the foreseeable future, it would probably make sense to be guided by the current international situation of a sharp cooling of Russia's relations with countries of the European Union (EU), the United States and its allies. Increased pressure from the West threatens Russia's national security, which makes it necessary to strengthen allied relations with our nearest neighbors. The negative Western response to China's economic successes (the "trade war" with China unleashed by the United States) is also intensifying. This is why the institutionalization of Greater Eurasia at the initial stage is based in large part on the need to join forces in order to counter the challenges of the "collective" West. Given this politico-economic understanding of the essence of the new bloc, the basis for a Greater Eurasian Partnership is currently provided, in my opinion,[7] by member countries of the EAEU (Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan) and the SCO (China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan, India, and Pakistan), SCO observer countries (Iran, Mongolia, Belarus, and Afghanistan), and Turkmenistan as an organic part of Central Asia.

In the future, it is possible and desirable to admit new members, both Asian and European. First and foremost, this could include Turkey as a key component of Greater Eurasia (but so far it is a member of NATO), Azerbaijan, Vietnam, Serbia, both countries of the Korean Peninsula, and many others.

Greater Eurasia, even one confined to the EAEU and the SCO, is the largest landmass on the continent (70.5% of its area), with a total of 14 countries. As a result, a new powerful entity is gradually taking shape on the planet. Greater Eurasia already exceeds the EU and North America (the NAFTA integration arrangement consisting of the United States, Canada, and Mexico) in area (by 6.9 and 1.8 times, respectively); population size (by 6.1 and 6.8 times in 2017); and gross domestic product at purchasing power parity (GDP at PPP) (by 1.8 and 1.7 times in 2016).[8] Owing to its huge natural resource and demographic potential, as well as expected economic growth and rise in living standards, Greater Eurasia could eventually become the world's largest market for goods, services, capital, and labor.

A wide variety of researchers in Russia and other countries—political scientists, economists, historians, culture experts, and geographers—have been working productively on the interdisciplinary topic of Eurasian continental integration. Nevertheless, many issues have yet to be thoroughly studied. These include issues related to the composition and boundaries of the Greater Eurasian Partnership; the prerequisites and difficulties of integrating such different countries; the limits (depth) of their economic and political integration; the choice of specific projects in creating a global transportation infrastructure; the new opportunities arising in this process, etc. While giving a brief outline of some of these issues, we will focus on the impact of the continental (landlocked) location of large inland territories of the continent on Eurasian integration processes and current economic development.

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[5] See: A.G. Dugin, *Evraziiskiy revansh Rossii*, Algoritm, Moscow, 2014, 256 pp.

[6] See: I.F. Kefeli, D.I. Kuznetsov, Evraziiskiy vektor globalnoi politiki, Yurait Publishers, Moscow, 2018, 274 pp.

[7] See: L.A. Bezrukov, "Geograficheskiy smysl sozdaniia 'Bolshoi Evrazii'," *Geografiia i prirodnye resursy*, No. 4, 2018, pp. 5-14.

[8] See: Ibidem.

Conceptual Views on the Role of Continental Eurasia in the World

As the largest continent on the planet, Eurasia has vast inland territories deep inside the continent. On the one hand, this hinders economic relations and economic growth, and on the other, it is a potentially strong unifying feature of extensive adjacent regions of Russia, China, Kazakhstan, Mongolia, Afghanistan, the Central Asian countries, and partly Iran, India, and Pakistan. The problem of existence on the globe of such a unique huge space super-distant from the seas with all the ensuing political and economic consequences has always naturally attracted the interest of geopoliticians and geographers.

In the global geopolitical model constructed at the very beginning of the 20th century by Halford Mackinder,[9] a British geographer and a classic of geopolitics, global space is hierarchized around a pivot (Heartland) area through a system of concentric circles: the Heartland ("heart-land") as the "pivot area" occupies the center of continental Eurasia; then comes the "inner or marginal crescent" (the coastal areas of the Eurasian continent); and the next belt is the "outer or insular crescent" (Britain, both Americas, the southern part of Africa, Japan, Australia, and Oceania). By Heartland is meant a significant part of the Eurasian continent that stretches from the Baltic and the Caspian to Southeastern Siberia inclusive (mainly the territory of the Russian Empire) and is inaccessible to the ships of maritime powers. Viewing the Heartland as the potential world center of power, or the "geographical pivot of history," Mackinder assumed that, with the construction of railways across the whole of Eurasia, the global domination of maritime powers would give way to the supremacy of the continental Heartland, where a new superpower would emerge. This led him to a geostrategic conclusion in the spirit of Anglo-Saxon geopolitical thinking: that the maritime powers had to tighten control over the outer and inner crescents while blocking access to warm seas for the Heartland and preventing its alliance with the key countries of the inner crescent.

Today it is clear that Mackinder's theory has proved to be true only in part: whereas a new superpower as represented by the U.S.S.R. did appear within the Heartland in the 20th century (even though it ceased to exist in the early 1990s), rail transport has never actually become a real competitor to sea routes in long-distance transportation. Incidentally, that was one of the main factors that made it impossible to realize the Heartland's huge potential to the necessary extent, although the U.S.S.R. experienced rapid industrial growth with a significant "eastward shift in the distribution of productive forces" to the very interior of Eurasia. According to our estimates,[10] the gap between freight charges for shipments by land and by sea in the developed countries increased on average by 1.5-3 times in the 20th century: despite the colossal successes of land transport, maritime transport advanced at a faster rate. The driver here was a sharp increase in ship tonnage and in maritime traffic (especially in the second half of the 20th century), which has made it possible to radically reduce maritime transport costs and freight rates correlated with them. As noted by L. Hekimoglu,[11] no mode of transport in the early 21st century is capable of providing shipping services that can even compare with maritime shipping services in economic efficiency, which is why overland shipments are only supplementary to shipments by sea: the latter account for about 90% of total shipments.

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[9] See: H.J. Mackinder, *Geograficheskaia os istorii* (The Geographical Pivot of History), in: A.G. Dugin, *Osnovy geopolitiki. Geopoliticheskoe budushchee Rossii*, Arktogeya, Moscow, 1997, pp. 491-506.

[10] See: L.A. Bezrukov, *Kontinentalno-okeanicheskaia dikhotomiia v mezhdunarodnom i regionalnom razvitii*, Geo Academic Publishers, Novosibirsk, 2008, 369 pp.

[11] See: L. Hekimoglu, "Whither 'Heartland'? Central Asia, Geography and Globalization," *Central Asia and the Caucasus*, No. 4 (34), 2005, pp. 66-80.

In the 1940s, American geographer Nicholas Spykman corrected Mackinder's model in this matter. In his doctrine, he took into account certain shortcomings of the Heartland's continental location in transportation-economic terms. He believed, and more rightly so, that the key zone of the world was not the Heartland, but the viable and active "Rimland," the strip of coastal land that encircles Eurasia, which corresponds in location to Mackinder's Inner Crescent. In Spykman's opinion, complete control of the Rimland by the sea powers would lead to a final victory over the terrestrial powers of the Heartland, which would be suffocated in the coils of an "anaconda." It is interesting to note that in a new 1994 geopolitical zoning model, the prominent American geographer Saul B. Cohen, who continued to develop Mackinder's ideas, was the first to include not only Russia and other CIS countries, but also China in what he called the Eurasian convergence zone.

Of particular importance for determining the place of continental Eurasia in the world economy is the original geo-economic concept of Eurasianism put forward in the 1920s by P.N. Savitsky, an émigré Russian geographer and geopolitician.[12] A crucial role in the dualism of land and sea powers he assigns to the drastic differences in the economic efficiency of shipments by land and by sea, which creates significant transportation-economic difficulties for continental countries and landlocked regions (especially those located in the interior of the Eurasian continent). As I see it, Savitsky's approach to the problem of the dualism of "Land" and "Sea" is more consistent than the theories of classical Western geopolitics.

Our concept of "continental-oceanic dichotomy"[13] can be regarded as a further elaboration of the geo-economic doctrine of Eurasianism. This concept is also based on the fundamental differences in the efficiency of land and sea shipments (the former are much more costly than the latter), on the one hand, and the specific macro-location of countries and regions relative to the sea, on the other. The essence of the concept is that the fundamental difference that exists between continental (landlocked) and oceanic (coastal) countries in transportation costs and transport intensity of their national economies underlies the mechanism of the constant "flow" of income from continental to oceanic (coastal) countries, and this ultimately leads to profound differences in the national economic efficiency of these two types of countries, their overall socio-economic development level, their interaction with the outside world, and the territorial organization of society. In my opinion, this income redistribution mechanism is a key one among all mechanisms that shape the global economic center-periphery relations associated with the reproduction and entrenchment of global and regional inequality.

The geo-economic doctrine of Eurasianism and the continental-oceanic dichotomy concept aim to identify promising ways to reduce the adverse effects of continentality, which is extremely important for economic growth in the continental countries and regions of Eurasia. The Eurasian doctrine held that the keystone to the development of such countries and regions consisted in ending the total domination of the principles of the "oceanic" global economy within their limits by increasing economic cooperation between adjacent landlocked regions (the principle of "continental neighborhoods").[14] The continental-oceanic dichotomy concept also suggests focusing on short-range ties (with some limitations on more costly long-range ties), well-established territorial division of labor, economic organization based on regional and economic zoning principles, maintenance of relatively low transportation rates, development of traffic arteries, formation of line-and-territorial systems of productive forces along major traffic arteries, etc.[15] All these measures and principles can be used to the best advantage precisely within the framework of Greater Eurasia.

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[12] See: P.N. Savitsky, op. cit.

[13] L.A. Bezrukov, *Kontinentalno-okeanicheskaia dikhotomiia v mezhdunarodnom i regionalnom razvitii*.

[14] P.N. Savitsky, op. cit.

[15] See: L.A. Bezrukov, *Kontinentalno-okeanicheskaia dikhotomiia v mezhdunarodnom i regionalnom razvitii*.

General Prerequisites and Difficulties of Creating Greater Eurasia

Geopolitical and related geo-economic motivations are among the immediate prerequisites for the formation of a Greater Eurasian Partnership, because international relations in a globalized world are characterized by intensifying competition for possession of natural resources, territory, the latest technologies, and high status in the world-system hierarchy. Current trends point to a continued geopolitical and military-strategic confrontation between Russia, its CIS allies, and China, on the one hand, and the Western powers, on the other. Russia's continental location and Western sanctions seriously complicate its integration into the world economy and compel it to form its own system of Eurasian alliances. The unfriendly policy of the "collective" West pushes "non-Western" ("non-Atlantic") countries, primarily Russia and China, towards each other.

The impressive results of economic growth in some countries of East and South Asia, especially China (first place in the world in GDP at PPP) and India (third place) are of great importance. But their natural urge to bring their political weight into correspondence with their economic weight meets with the existence of a basically unipolar world "centered" on the interests of the dominant superpower: the United States. The largest emerging or re-emerging Eurasian countries—China, India, and Russia—can become the backbone of a new multipolar world.

Meanwhile, the road that leads to such a global association will be far from easy. In the opinion of experts,[16] attempts to deepen international cooperation within its framework are constrained by the existence of very big countries with large domestic markets (China, India, and Russia), the heterogeneity of countries and their political systems, and the weakness of infrastructure links caused by the historical separation and long periods of autarky of the U.S.S.R. and China, and partly India. One should also note the sharp contradictions and conflicts between the project participants themselves.

In addition, the economic relations and economic development of most countries of Greater Eurasia are seriously impeded by their unfavorable location in the interior of the continent.[17] This is why an important part of both the difficulties and the prerequisites of Eurasian continental integration is of a transportation-economic nature. Until very recently, maritime transport has continued to play the leading role in global economic relations. Due to its low cost, the global historical trend in population distribution and production location patterns is a steady gravitation towards the coasts of warm seas and oceans, which particularly increased in the 20th century.

The importance of access to sea routes for the growth of big cities and agglomerations is well illustrated by the fact that in 2000 most urban centers with a population of more than 3 million were located on the coast or in the 200 km maritime zone, which accounted for 78.6% of such cities in the world and about 81% of their population.[18] The three key regions of the world economy (the global "triad")—Western Europe, the United States, and Japan—were formed largely in maritime zones as the cores of the respective key world markets: West European, North American, and East Asian. At the same time, the inland regions of Eurasia are located on the distant periphery of these markets, are very weakly connected with each other, and in most cases have a relatively low level of economic development.

At the same time, the radical changes in land transport that have taken place in the late 20th and early 21st centuries ("container revolution," improved logistics, high-speed railways, etc.) have reduced transport technology costs and shortened delivery time for goods and passengers, which has

[16] See: Ye.Yu. Vinokurov, A.M. Libman, op. cit.

[17] See: L.A. Bezrukov, "Geograficheskiy smysl sozdaniia 'Bolshoi Evrazii'."

[18] See: L.A. Bezrukov, *Kontinentalno-okeanicheskaia dikhotomiia v mezhdunarodnom i regionalnom razvitii.*

had a positive effect on the final price of the cargo.[19] As a result, such a disadvantage of sea transport as relatively low transportation speed has become more noticeable. In addition, sea transport has almost reached its natural limits in terms of ship size (passage through straits and canals, port calls, etc.), which is a key factor in reducing shipping costs. The possibilities for narrowing the gap in efficiency between sea and land transport will evidently be determined by the pace of progress in the latter, primarily the pace of development of super-fast rail services as railways get a "second wind."

Given the ongoing changes in the communications sector, plans for the creation of international transport corridors, including across the whole of Eurasia, have great prospects. Whereas in the past the only transit route between East Asia and Western Europe was the Trans-Siberian Railway (TSR), Russia's main railway line, today there are various alternative railways being built across the continent. The construction of a system of international corridors running in latitudinal and longitudinal directions can become a powerful driver of greater economic consolidation and development of the inland regions of Greater Eurasia.[20]

Eurasian continental integration is also favored by prerequisites and factors related to population distribution and the environment, which are usually overlooked. Considering the overpopulation in some parts of the planet, the possession of vast, relatively undeveloped territories could be a great advantage in the future. For example, the territory of Russia's Siberia and Far East in its southern latitudinal belt has great potential for further population settlement and location of production, concentrating large amounts of humanity's increasingly scarce "immobile" resources such as freshwater and land ("living space"). Vast sparsely populated areas also exist in the Central Asian countries, Western China, Iran, Afghanistan, and Pakistan, and their more intensive development could become an important element of overall economic cooperation between Eurasian countries. In addition, Northern and Central Eurasia have retained the world's largest areas of undisturbed land.

Overcoming Transportation-Economic Difficulties Through Eurasian Continental Integration

The factor of continental location and vast overland distances, which leads to increased transport costs, usually has an adverse effect on the economy, hindering its participation in the international and interregional division of labor. Most countries of Greater Eurasia—9 out of 14—are landlocked countries without ocean access (Afghanistan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan). In Russia and China, which have access to open seas, many regions lie very far from the coast.

In order to identify countries (regions) relative to the World Ocean, a special technique has been suggested within the framework of the continental-oceanic dichotomy concept.[21] It is based on the quantification of the degree of "transport-geographical continentality" (TGC) of countries (regions) as a measure of the remoteness of the main part of their demographic potential from maritime routes with year-round shipping. The essence of the suggested technique is,

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[19] See: I.M. Mogilevkin, *Globalnaia infrastruktura: mekhanizm dvizheniia v budushchee*, Magistr, Moscow, 2010, 317 pp.

[20] See: L.B. Vardomsky, "Tranzitnyi potentsial Kazakhstana v kontekste evraziiskoi integratsii," *EKO*, No. 8, 2015, pp. 59-78; L.A. Bezrukov, "Geograficheskiy smysl sozdaniia 'Bolshoi Evrazii'."

[21] See: L.A. Bezrukov, *Kontinentalno-okeanicheskaia dikhotomiia v mezhdunarodnom i regionalnom razvitii*.

- first, to determine how the population of a particular country (region) is distributed across zones located at different fixed distances from the sea; and
- second, to calculate the degree of TGC based on the estimated shares of these zones.

"Maritime" zones include belts located within 50 km and at a distance of 50 to 200 km from the coast; "continental" zones include belts located at distances of 200 to 500 km and 500 to 1,000 km from the sea; and "ultra-continental" zones include territories located at a distance of 1,000 to 2,000 km from the coast and beyond.

When comparing our scheme of ultra-continental zones in Eurasia with Mackinder's scheme of geopolitical zoning of the world, one finds some parallelism between them, albeit only cartographic or formal logical. First and foremost, one can say that the contours of these ultra-continental zones broadly coincide with the Heartland as the central element of Mackinder's scheme. At the same time, although both schemes for dividing the world into zones are constructed based on a continental-oceanic dichotomy, the two authors attribute this dichotomy to different causes, which is why the two schemes themselves differ fundamentally. Mackinder's model, which rests largely on a military-strategic foundation, hierarchizes global space around the "pivot area" (Heartland), located in what he called Euro-Asia, via a system of concentric circles, while the transport-geographical continentality model, built on an objective geo-economic basis, divides the territories of various continents and islands of the Earth into zones of different remoteness from the sea: maritime, continental, and ultra-continental.

The degree of TGC of countries (regions) was measured on a scale of 1 to 100 points based on their demographic potential according to a scheme that provides for a reduction in the actual specific weights of the population in the various zones with decreasing distance to the sea in direct proportion to the average distance of each zone from the coast. The higher the degree of continentality of a country or region, the more unfavorable is its position relative to sea routes. In terms of the degree of transport-geographical continentality, we have established six gradations for countries and regions (in points): very high (60.1-100), high (35.1-60), increased (20.1-35), moderate (10.1-20), low (5.1-10), and very low (1.0-5).

According to calculations for the countries of Greater Eurasia based on this technique,[22] a very high degree of continentality is found in Kyrgyzstan, Kazakhstan, and Mongolia; a high degree in Tajikistan, Uzbekistan, Turkmenistan, Afghanistan, and Russia; an increased degree in Pakistan and Iran; and a moderate degree in Belarus, China, India, and Armenia. Ultra-continental zones in Russia span across Siberia, the Urals, and partly the Volga Region; in China they include the Xinjiang Uyghur Autonomous Region (XUAR), Tibet Autonomous Region, Gansu, Qinghai, and partly Ningxia Hui Autonomous Region, Shaanxi, and Sichuan; the territories of Kazakhstan, Mongolia, and the Central Asian countries are almost entirely ultra-continental; and in Afghanistan, India, and Pakistan these zones cover significant areas. The core of Eurasia's ultra-continental zones (more than 2,000 km from the sea) with an area of about 9 million sq km is in the most disadvantageous position in the world relative to year-round sea routes. The main part of this core—over 60%—is located in Russia (Siberia); China (western regions) and Kazakhstan account for 15-17% each; Mongolia has 6%, and Kyrgyzstan 1%.

Thus, quantification has confirmed that, in terms of areas remote from sea routes, Greater Eurasia is unmatched in the world. An overwhelming majority of its countries have no access to the World Ocean, while the degree of continentality of a number of countries and regions is close to the maximum possible degree.

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[22] See: L.A. Bezrukov, *Kontinentalno-okeanicheskaia dikhotomiia v mezhdunarodnom i regionalnom razvitii*; idem, "Geograficheskiy smysl sozdaniia 'Bolshoi Evrazii'."

For Eurasia's ultra-continental zones, global market entry involves significant transport costs in both exports and imports of goods. A permanent mechanism of "income flow" from continental to oceanic countries (within the international division of labor) and partly from inland to coastal regions (within the interregional division of labor) generally leads to a slowdown in economic growth and a decline in living standards in continental countries and ultra-continental zones compared to maritime ones.

The constraining effect of the ultra-continentality factor on economic growth and international economic relations was shown previously in case studies of Central Asia, Russian Siberia, and China's western regions.[23] Whereas for the Central Asian countries this effect is also compounded by lack of direct access to the sea, the specific impact of the ultra-continentality factor on the inland regions of the largest and most heterogeneous countries of Eurasia—Russia and China—is manifested in the emergence of interregional disparities of a continental-oceanic nature.

The negative impact of the landlocked location of countries on their socio-economic performance is convincingly demonstrated in many foreign studies.[24] It is not surprising that the Central Asian countries—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—are near the bottom of world rankings in cost and time required to export and import cargo containers by ocean transport (out of a total of 183 world economies considered, they rank among the bottom ten).[25] Transportation-economic problems seriously worsen the socio-economic situation in these countries. True, because of Kazakhstan's proximity to the Russian market and significant oil and gas exports from Kazakhstan and Turkmenistan, their GDP per capita (at PPP) is close to the world average. At the same time, Uzbekistan, Kyrgyzstan, and Tajikistan are among the world's poorest countries, with GDP (PPP) per capita figures close to those of the countries of Tropical Africa.

Siberia is a major industrial macro-region of Russia specializing in raw material exports with very long-distance (3,000-4,000 km to seaports or more) and at the same time mass shipments by land. The share of transport costs in the final cost of some products in Siberia has no parallel in the vast majority of Russian regions, let alone other countries in the world: for some kinds of large-volume products exported by the forest, coal, and chemical sectors, this share is 60-70% or higher.[26] Such high transport costs significantly reduce the profitability and price competitiveness of Siberian products in domestic and foreign markets.

A characteristic feature of China continues to be the relative underdevelopment of huge spaces in its inland western part. According to our estimates,[27] whereas the total share of China's eight coastal provinces and three centrally governed cities in 2014 was 55.3% of GDP, 81.0% of foreign direct investment, and 85.0% of foreign trade, the total share of its four ultra-continental regions (XUAR, Tibet, Gansu, and Qinghai) was 2.8%, 0.5%, and 0.9%, respectively. This means that in per

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[23] See: L.A. Bezrukov, "Geograficheski smysl sozdaniya 'Bolshoi Evrazii'."

[24] See: S. Radelet, J.D. Sachs, Shipping Costs, Manufactured Exports, and Economic Growth, 1998, available at [http://www.earth.columbia.edu/sitefiles/File/about/director/pubs/shipcost.pdf], 5 October, 2018; L. Annovazzi-Jakab, "Landlocked Countries: Opportunities, Challenges and Recommendations," in: *Trade Facilitation. The Challenges for Growth and Development*, United Nations, New York and Geneva, 2003, pp. 81-136; L. Hekimoglu, op. cit.; P. Collier, *The Bottom Billion. Why the Poorest Countries Are Failing and What Can Be Done About It*, Oxford University Press, New York, 2007, 205 pp.; C. Grigoriou, *Landlockedness, Infrastructure and Trade: New Estimates for Central Asian Countries*, The World Bank, Development Research Group Trade Team, Policy Research Working Paper 4335, August 2007, available at [http://documents.worldbank.org/curated/en/289461468016849336/pdf/wps4335.pdf], 5 October, 2018; K.D. White, "Geography, Policy, and Barriers to International Trade in Central Asia," *Central Asia Business Journal*, 3 November, 2010, pp. 44-54, available at [https://www.researchgate.net/publication/306380017_Geography_Policy_and_Barriers_to_International_Trade_in_Central_Asia], 5 October, 2018.

[25] See: K.D. White, op. cit.

[26] See: L.A. Bezrukov, *Kontinentalno-okeanicheskaia dikhotomiia v mezhdunarodnom i regionalnom razvitii*; T. Lopatina, I. Perechneva, "Otorvite gruz ot serdtsa," *Ekspert*, No. 26, 2016, pp. 68-76.

[27] See: L.A. Bezrukov, "Geograficheskiy smysl sozdaniia 'Bolshoi Evrazii'."

capita terms the gross regional product of ultra-continental regions is only half that of coastal ones; foreign trade is 10 times lower; and foreign direct investment almost 17 times lower. Despite an active state policy aimed to reduce regional disparities, the gap in living standards between the interior and the coastal regions is narrowing very slowly.[28]

The creation of international transport corridors can be regarded as a promising way to mitigate the adverse effects of ultra-continentality, as well as a powerful instrument for Eurasian integration. At the same time, proper coordination of competing projects and routes in the effort to create a global infrastructure is still lacking. Many of them overlap in very intricate combinations. Some corridors are already in operation, wholly or partly, but most are still in the design stage or are just being discussed. Let us point out only some of the current problems in creating transport corridors of interest to Russia and especially Siberia.

- First, priority is usually given to the transit function of these corridors, primarily to their ability to facilitate latitudinal transit traffic between East Asia and Western Europe. But emphasis on extra long-distance transit, which will mean transportation of mainly Chinese goods, is not necessarily a top priority. Whereas revenue from transit container traffic is significant for the budgets of relatively small countries, such revenue can hardly have a significant effect on the Russian economy.[29] A more relevant issue is the reduction in transport costs, which is necessary to bring the ultra-continental regions of countries in Greater Eurasia closer to each other and to key markets. The corridors being built should become belts for greater economic consolidation and development of adjacent inland territories.
- Second, an analysis of options for creating latitudinal transport corridors raises concerns about the emergence of competition in transit shipments between Russia's Trans-Siberian Railway (TSR) and the routes of China's Silk Road. However, the Southern corridor of the Silk Road is much less efficient in terms of cost and time than the Trans-Siberian Railway, while its Northern corridor does not bypass Russia, but like the TSR runs through its territory over a considerable distance (Urals, Volga Region, and Center). Given the overall length of the route, the TSR will be more competitive than the Northern corridor of the Silk Road for transit cargo not only from Korea and Japan, but also from the northeastern part of China, including Beijing and Tianjin. It is necessary not to contrast the TSR and the Silk Road, but to develop a rational logistics scheme for their interaction taking into account the different distances from the main regions of cargo origin.[30]
- And third, unreasonably little attention is being paid to projects and routes of meridionally-oriented international transport corridors required to create an optimal transport network and driven by the logic of increasing economic interaction between Eurasian countries. It would make sense to ensure direct access for Russia's ultra-continental regions to large markets in China, India, Pakistan, Iran, and other countries along such meridional corridors. For example, a promising option for Siberia is to extend the planned Kuragino-Kyzyl railway to Mongolia and China, and then on to India and Pakistan.

In the current international situation, the eastern and southern vectors of economic ties assume greater importance for Russia, with an objective increase in the overall economic role of regions bor-

[28] See: J.D. Sachs, *The End of Poverty. Economic Possibilities for Our Time*, Penguin Books, New York, 2005, 448 pp.; Ye.N. Samburova, "Regionalnye disproportsii sovremennogo razvitiia ekonomiki Kitaia," *Vestnik MGU*, Series 5, *Geography*, No. 4, 2014, pp. 49-55.

[29] See: G.I. Khanin, "Ekonomicheskie programy i prognozy, ili manilovshchina i samoobman," *EKO*, No. 4, 2006, pp. 2-19.

[30] See: L.B. Vardomsky, op. cit.; L.A. Bezrukov, "Geograficheskiy smysl sozdaniia 'Bolshoi Evrazii'."

dering on countries of the emerging Greater Eurasian Partnership. The ultra-continental industrial macro-regions bordering on these countries—Siberia, the Urals, and the Volga Region—should primarily be oriented towards broader and deeper Eurasian continental integration. The creation of Greater Eurasia with the new opportunities it has to offer is precisely what will spur their development.

One of these opportunities is a broader prospect for using the "continental neighborhoods" principle: whereas in the past this principle operated mainly within Russia, today it can also be used at the international level to enhance economic interaction between adjacent ultra-continental regions of the countries of Greater Eurasia. As Russian regions enter neighboring landlocked markets along transport corridors, this will enable them to cut transport costs while limiting costly entry into key global markets, dominated by developed maritime countries.

Another new opportunity is that Greater Eurasia can help to create conditions for a higher degree of processing of domestic raw materials in Russia by organizing midstream and downstream activities, for the production of transportable intermediate and finished products with high value added that are in high demand in the markets of the Greater Eurasian Partnership. Such a modernization of basic production facilities in Russian industry will help to diversify products, make them more competitive, cut transport costs, and minimize the loss of value added.

The creation of an international transport corridor based on the Trans-Siberian Railway will also provide an opportunity for its radical modernization using new engineering solutions. This could include the construction of a trunk railway on elevated tracks, which will make it possible to boost traffic capacity, speed, and safety, as well as the TSR's profitability and competitiveness compared to sea routes. This will reduce the inhibiting effect of the ultra-continentality factor on economic efficiency in Siberia, the Urals, and the Volga Region.

Conclusion

The main prerequisites of Eurasian continental integration are as follows:

- first, geopolitical and geo-economic motivations for some political and economic unification among a number of Eurasian countries in order to form a major international region capable of resisting Western pressure;
- second, progressive changes in the transport and communications sector leading to the creation of a system of international rail corridors across the whole continent, which can become a powerful driver of greater economic consolidation of the inland regions of Greater Eurasia;
- and third, the advantages of possessing vast, relatively undeveloped territories suitable for further population settlement and location of production.

The main difficulties in creating a Greater Eurasian Partnership include the existence of very big countries with large domestic markets (China, India, and Russia), the heterogeneity of countries and their political systems, the sharp contradictions and conflicts between them, the weakness of infrastructure links, and the unfavorable landlocked location of huge territories in the interior of the continent.

The need for the countries and regions of Greater Eurasia to overcome extra-long overland distances and increased transport costs is a serious barrier to foreign market entry and economic development, on the one hand, and an active unifying force that makes them look for their own (largely "unconventional" by the standards of developed Western countries) political and economic paths into the future. This quest must take into account the persistent differences between the fundamental interests of continental and oceanic (coastal) powers. In view of this, the construction of transport corridors and intensification of international economic ties that help to overcome the transportation-economic difficulties of countries and regions in this bloc should provide the basis for long-term and

sustainable Eurasian continental integration. We need a comprehensive strategy to determine the interests, possibilities, and constraints of Russia and other interested countries in building complementary ties and implementing major integration projects within the Greater Eurasian Partnership.