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The history of development of trade and economic relations between Kyrgyzstan and China on the Great Silk Road

ИСТОРИЯ РАЗВИТИЯ ТОРГОВО-ЭКОНОМИЧЕСКИХ ОТНОШЕНИЙ МЕЖДУ КЫРГЫЗСТАНОМ И КИТАЕМ НА ВЕЛИКОМ ШЕЛКОВОМ ПУТИ

Улуу Жибек Жолунун Кыргызстан жана Кытай соодаэкономи калык мамилелеринин өнүгүү тарыхы

Annotation: the article explores historical stages of the development of the Great Silk Road and the involvement of Kyrgyzstan and the peoples historically living on its territory in the trade and economic exchange with China. The modern interest in the Great Silk Road, the possibility of its revival in a new mode, determine the urgency of studying its history, the stages of its development, the historical trade and market experience of countries and peoples entering the system of its ancient routes.

Аннотация: в статье исследуются исторические этапы развития Великого шелкового пути и включенность Кыргызстана и народов, исторически проживающих на его территории, в торгово-экономический обмен с Китаем. Современный интерес к Великому Шелковому Пути, возможность его возрождения в новом формате определяют актуальность изучения его истории, этапов его развития, исторического торговорыночного опыта стран и народов, входящих в систему его древних маршрутов.

Аннотация: макалада Улуу Жибек Жолунун жана анын аймагында Кыргызстандын, ошондой эле эзелтеден бери жашаган башка элдердин, Кытай менен болгон соода-экономикалык алмашуу тажрыйбасына катышуусунун тарыхый этаптары изилденет. Азыркы Жибек Жолуна болгон кызыгуусу, анын кайра жаралуу мүмкүнчүлүгүнүн жаңы форматы Жибек Жолунун тарыхынын, өнүгүү этаптарынын жана ал системага кирген элдердин тарыхый соода-рыноктук тажрыйбасынын актуалдуулугун айкындайт.

Keywords: the Great Silk Road; the history of the Great Silk Road; the revival of the Great Silk Road; globalization; trans-Eurasian phenomenon; caravan trade; caravan routes; trade and economic relations; Economic belt of the silk road.

Ключевые слова: Великий шелковый путь; история Великого шелкового пути; возрождение Великого шелкового пути; глобализация; трансевразийский феномен; караванная торговля; караванные пути; торговоэкономические отношения; Экономический пояс шелкового пути.

Негизги свздвр: Улуу Жибек жолу; Жибек жолунун тарыхы; Жибек Жолун калыбына келтируу; глобалдашуу; кербен соода; кербен; соода-сатык жана экономикалык карым-катнаштар; экономикалык зона.

Globalization as one of the leading trends of world development at the turn of the 20th and 21st centuries has an increasingly profound impact on the world economy, trade and economic relations between countries, regions and entire continents. As an engine of globalization processes, world trade is rapidly becoming an integral part of a unified system of capital, technology, transport communications and information. The international Silk Road revitalization project, which provides for the prospective development of trade and economic relations between Asia and Europe, China and the countries of Central Asia is consistent with the trends towards globalization.

Current public interest in the Great Silk Road (hereinafter GSR), the possibility of its revival in new formats determine the urgency of studying its history, the stages of its development, the historical trade and market experience of countries and peoples entering the system of its ancient routes. The Great Silk Road Doctrine is now acquiring a new significance and relevance for Kyrgyzstan. The intercontinental deadlock position of the Great Silk Road is transforming into one of the linkages that connect West and East. This was the role that Kyrgyzstan played in the era of the Great Silk Road. And the task of modern economists is to use such favorable changes and historical experience with maximum efficiency. The Kyrgyz-Chinese relations have deep historical roots and play a special role in the economic policy of Kyrgyzstan.

This article explores the historical stages of the development of the great Silk Road and the involvement of Kyrgyzstan and the peoples historically living on its territory, in trade and economic exchange with China.

As a system of caravan trade routes, the Great Silk Road, which connected Eurasian countries starting from Western Europe to China between the 2^{nd} century BC and the 15^{th} century BC is an outstanding phenomenon in the history of mankind. It was the longest (more than 7 thousand km) in the pre-capitalist era, and connected different civilizations and socio-economic structures. GSR is a realized aspiration of different peoples to exchange cultural values, conquest living space and markets for goods, and a powerful tool to develop trade and the economy.

The term "Great Silk Road" was first used in the historical and economic sciences after the K. Richthofen, a German historian published his book "China" in 1877. Although a unified system of caravan communications developed only by the end of the 2nd century BC, some routes existed much earlier. The route of "lapis lazuli" that served as a

channel to transport semiprecious stone lapis lazuli from the Pamirs to the countries of the Middle Mesopotamia and India was active in the 3rd millennium BC. The "jade path" began to be used by end of the 2nd millennium BC to transport gems from Central Asia along the eastern path in exchange for silk from China. In the middle of the 1st millennium BC these two caravan routes began to merge, but because the trade went through numerous intermediaries, Chinese and the people of the Mediterranean had no idea of the possibility of direct trade with each other.

Zhang Qian, a Chinese official played an important role in the formation of the single Trans-Eurasian Great Silk Road. In 138 BC. he went on a diplomatic mission to the nomadic *Yuezhen people* to persuade them to ally Chinese Han Empire to fight against the *Huns nomads* who were attacking the empire from the North. Zhang Qian became the first Chinese who visited Central Asia. There he saw the huge demand for Chinese goods, and learned many things that the Chinese were unaware of. Upon his return to China, Zhang Qian presented to the emperor a report on the goods he saw during the trip, and about the benefits of China's direct trade with the states of Central Asia.

In 123-119 BC. Chinese troops defeated the *Huns*, and the way from China to the west became safe. Thus, the history of the Great Silk Road as a cross-cutting route connecting China, India, the Middle East and Europe begins in the end of the 2^{nd} century BC.

Geographically, the Great Silk Road originates in the city of Chang'an (modern Xian) located in Shaanxi Province. Further, the route continues along the northern foothills of Tibet, northern branch of the Tarim basin, around the Takla-Makan desert and crossing the Tien-Shans, goes to the Ferghana valley, to the Dunhuang city.

This is the area where the culture and civilization of ancient China collided with those of Central Asian countries. The trade route here in Dunhuang city began to branch into two directions and routes: toward the North and the South. Southern route stretched from the north of China through Central Asia to the Middle East and North India. The northern route - from the north of China through the Pamirs and the Aral Sea to the Lower Volga and the Black Sea basin.

The territory of the Tien-Shan and modern Kyrgyzstan was crossed by three branches of the Great Silk Road:

Caravans used the Pamir-Altai route from the Mediterranean Sea through Iran to get to Merv city. From Merv city the road split into two. One route continued to the city of Termez, through the Amu Darya, then along its tributary Kyzyl-Su went up to the Altai Highlands. Further caravans moved the Irkeshtam, and along the Kuk-Su river reached Eastern Turkestan.

The Fergana route from Merv led through Bukhara and Samarkand to Khujand and then to the Ferghana valley. Further, towards East, the caravans visited the cities of Osh and Uzgen. Then they continued on a difficult road up the river Iasi to the Central Tien Shans, to the town of Atbashi. From Atbashi, caravans moved south to the limits of East Turkestan, and others -to the Issyk-Kul lake, to the town of Barskhan.

The Chui route was the busiest one in the early Middle Ages. Caravans from Samarkand would come to Tashkent, then on the foothills of the Kyrgyz range reach the Chui valley. Here the caravan route went through a number of trading cities, where merchants stopped for trade and exchange of their goods. The largest of these cities were Novaket and Suyab. From Suyab through the Boom gorge, the caravans headed to the Issyk-Kul lake. Along its southern coast, through the towns of Yar, Hod and Ton, caravans reached Barskhan (modern Kaisary district). There were two active routes from Barskhan. One led north through the San-Tash Pass to the Mongolian steppes and the Kyrgyz in southern Siberia. The other continued through the Djuuk Pass to the Central Tien Shan and through the Bedel Pass to East Turkestan. From East Turkestan, all the roads led to China.

The development of the Great Silk Road depended on a whole range of trade, economic and geopolitical factors. The exchange of commodities at the initial stages of GSR development was directed mainly from east to west. In the Roman Empire during its greatest periods Chinese silk and other Oriental goods were in great demand. With the decline of the ancient society and the naturalization of the economy in Western Europe, the demand for eastern goods decreased, and trade on GSR suffered a decline. Only from the 11th century, with the development of feudal trade relations, the Western European countries once again began to actively buy eastern goods.

The development of the Great Silk Road also heavily depended on the geopolitical confrontation between different countries for control over caravan routes. The collection of duties from trade caravans gave a high income to the rulers of Asian states located along the caravan routes. Therefore, they sought both to provide merchants with security, and gain control over as much of the routes as possible. There are three short periods when the GSR was controlled by one state: the Turkic Khaganate in the last third of the 6th century, the Genghis Khan empire in the 2nd quarter of the 13th century, and the empire of Timur (Tamerlane) in the last third of the 14th century.

Up to 3rd century AD, Eurasia was controlled by four empires - the Roman (Mediterranean), Parthian (Middle East), Kushan (India, Afghanistan, Central Asia) and Han (China). These strong empires ensured the stability of caravan routes. It was followed by the period of deterioration of the Great Silk Road, which lasted til 6th century. Various nomadic tribes (*Huns, Avars, Oguzes*, etc.) controlled different parts of the Silk Road for

several centuries. In the second half of the 6th century, a strong tribe of Turks tried to capture the entire Silk Road. In 570-600, the Turkic Khanate united the territory of Central Asia and all the Eurasian steppes from the Black Sea to northern China. However, this period of centralization was short. A number of nomadic states (the *Khazar Kaganate, the West Turkic Kaganate, the East Turkic Khaganate, the Uighur Kaganate, etc.*) formed on the wreckage of the disintegrated Turkic Kanate controlled only local segments of the route. Over the next century and a half, the Chinese Tang empire played the leading role in controlling the Central Asian routes of the Great Silk Road. While warring with nomadic tribes, the Chinese placed under their control all Central Asia, from Samarkand to Bukhara. This period (7th century - first half of the 8th century) is often referred to as the period of the highest prosperity of the Trans-Eurasian trade.

From the first half of the 8th century, the western routes of the Great Silk Road were under the control of the Arab Caliphate. China attempted to establish control over the Central Asian section of the GSR, but failed: during Talas battle in 751 the Arabs defeated the Chinese army. From this time til the 15th century, caravan trade was completely controlled by Muslim merchants. China was unable to retain control even over the eastern section of the road, which was controlled by the Tibetans in the 8th century, and the Khitan nomads in the 9th century.

The last rise of trade on the GSR was recorded in the 13th-14th centuries. Having conquered the territory stretching from China to Iran in the 1210s-1250s, the Mongols established a single control throughout the trade route for a century and a half. After the collapse of the Chinggisid Empire, control over the Silk Road was divided between four empires - the Yuan in China, Jagatai ulus in Central Asia, Khulagid Empire in Iran, the Golden Horde in the Caspian Sea and the Black Sea. The Great Silk Road was divided into separate sections, and became an object of constant struggle and dispute between these states.

The rulers wanted to ensure the safety of merchants while they conducted trade or passed through their territories. They received income from customs duties levied along caravan routes. To secure these revenues, the rulers of Asian countries adopted strict laws that protected merchants.

But, despite all the measures to protect the merchants' lives and properties,

caravan trade was associated with a high risk. In the pursuit of profits, many merchants perished on the road from diseases, attacks of robbers and nomadic tribes, arbitrariness of rulers. If a merchant died at some point in the long journey, his goods were often taken away by a local ruler. Merchants sought to minimize the dangers of doing business not individually, but along confessional and ethnic lines. To protect themselves from robbers, merchants set out on a dangerous road from city to city with large caravans consisting of hundreds and thousands of armed men. Caravans from China often consisted of 800 loaded cattle.

The decline of the Great Silk Road began in the second half of the 14th century. The decline was caused by Timur (Tamerlane), who tried to reunite the main Eurasian trade routes on the territory of his state. During in the 1370-1380s, merchants following the southern road through the Empire of Timur once again received reliable protection. However, during the campaigns against the Golden Horde in the 1389-1395s Timur ravaged the commercial cities of the Caspian Sea and the Black Sea region, which led to the abandonment of the route. Timur's descendants could not retain the powerful Central Asian state that he created. The empire disintegrated, and so did the southern routes.

The final sunset of the Great Silk Road came with the development of merchant shipping. In the 14-15th centuries, maritme trade became more attractive than dangerous land caravan routes: the sea route reduced the delivery time twice, one ship carried as much cargo as a very large caravan of 1,000 pack animals.

As a result of these geopolitical and geo-economic factors, the Great Silk Road had finally ceased to exist by the 16th century. However, some routes of the Silk Road continued to function. For example, the caravan trade between Central Asia, in particular the Kyrgyz territories and China, did not stop until the 18th century.

The destroyed Great Silk Road once again played a crucial role in the history of China in the 20th century, during the civil war in China. In 1939, after the seizure of all Chinese seaports by the Japanese, the Kuomintang government asked the USSR to build an automobile road approximately along the route of the northern direction of the Silk Road. The road ran from the railway station Sary-Ozek to Turksib, through Khorgos, Kulju, Hami, to Lanzhou, for about 3 thousand km. In 1940, the United Kingdom, at the request of Japan, closed the Burmese road, and the Soviet-made Silk Road became the only road through which China could receive help from outside. In the 1937-1941s, intensive military deliveries were carried out along this road, including the new arms. These supplies allowed the Chinese government to hold out in the fight against the Japanese.

The positive outcomes of the long-term operation of the Great Silk Road for all countries and all territories were: development of commodity and money relations, trade and economic relations, various market economy institutions, creation of an international division of labor, boost of export production, and development of transport infrastructure. The main goods on the GSR in the East-West direction were silk fabrics and raw silk. They were convenient and profitable for transportation for long distances, since silk is very light and was valued in Europe more than gold. China maintained a monopoly on silk until the 5th-6th centuries, and afterwards it remained as one of the centers of silk production and export along with Central Asia. In the Middle Ages China also exported porcelain, tea, spices, paper, musk, precious stones.

Central Asia exported to other countries Fergana horses, valuable goods such as wild animal furs, grape wines, pomegranates, nuts, horse saddles, leather quivers. Middle Eastern and Central Asian countries were specialized in the production of woolen and cotton fabrics that traveled along the Silk Road to the east, to China. Central Asia supplied to China a variety of woolen products-carpets, veils, bedspreads, carpets, Kyrgyz felt products, horse blankets and sweaters. These products highly impressed the Chinese unfamiliar with the techniques of processing wool, flax, carpet production and palas weaving. The "West - East" route was called "woolen way".

The merchants brought from South and South-East Asia to Europe spices (pepper, nutmeg, cinnamon, cloves, etc.), which were used by Europeans for preserving products and making medicine. The sample artworks of Safavid Iran - carpets, ceramics, bronze, lacquer, cold steel, etc. still excite everyone. Ceramic masters in Kerman, Ijez, Kashan and Tehran knew how to make counterfeits for Chinese porcelain for export. Iranian masters achieved great successes in the processing of metal. They manufactured cold weapons, musket trunks, astronomical instruments, metal utensils, etc. Products of Iranian gunsmiths were exported to Russia and Western Europe. Members of other tribes captured and imprisoned by nomads during their attacks were also sold as slaves.

Central Asia exported camels, highly valued in China, military equipment, gold and silver, semi-precious stones and glassware. Samarkand glass was especially valued for its high quality. It was seen as a luxury item. Exotic items - watermelons, melons and peaches, fat-tail sheep and hunting dogs – were also exported.

Chinese trade trips to Central Asia were stimulated by the desire to obtain famous hourses (argamak) - a highly valued breed of horses. Indeed, the Massagets, Akhal-Teke, or, as they were also called, the Argamaks -were valuable not only in China, but in the entire Eastern world. Nomads, however, constantly needed many goods of sedentary farmers, but could not offer them equivalent goods, and were forced to procure the necessary goods by force, in dangerous predatory raids. The Great Silk Road gave them the opportunity to find a place in the peaceful division of labor. They began to act as conductors of merchant caravans through deserts and steppes, charging fees for help and security. The Silk Road has become a unique manifestation of the long-term mutually beneficial cooperation of sedentary and nomadic peoples.

The organization of trade for long distances required creation of special conditions for caravan trade, including transit points, specialized bazaars, stable cash payments and protection of property rights of foreign merchants. This market infrastructure was maintained along the Eurasian routes for more than 1,500 years. Its operation was tested for centuries and is fully projected today, under the conditions of revitalizing GSR in the 21st century.

The Great Silk Road stimulated the development of commercial cities in medieval Central Asia, which played the role of transit points on caravan routes. In Kyrgyzstan, these are such localities as Djul, Suyab, Navoket, Nuzket, Balasagyn, Barskoon, Tash-Rabat, Osh, Uzgen, Local markets of the most popular goods were organized for foreign merchants. A variety of people worked for the maintenance of trade caravans: translators, money changers, camel drivers, caravan guards, tax collectors. Caravan trade required complex maintenance. Therefore, caravan-sarais were built in towns and villages located along the whole route. The caravan-sarai had hotels for merchants and maintenance personnel, facilities for horses and camels, mules and donkeys, forage and provisions. In the caravan-sarai, one could sell or buy wholesale goods, learn commercial news and prices. There were special merchants or even companies that were contracted to deliver goods. The nomadic cattle breeder Kyrgyz often accompanied caravans, provided cattle for food and transportation. Whole families and villages were involved in caravan trade. The vitality of Central Asian trade cities depended on servicing of caravan trade, the destruction of the Silk Road led to the decline of these cities as well.

Large trade transactions between merchants from different countries required the use of universally recognized currencies. Gold Byzantine and silver Arabic coins were used in transaction throughout the Great Silk Road, including China. But the Silk Road merchants did not have enough cash for transactions, and moreover having cash in making long journeys was fraught with dangers. Therefore, merchants widely practiced barter transactions (goods for goods), using cash only to cover the difference in the cost of goods. Trade was mainly barter, and money served only as a unit of account. Merchants evaluated their goods in a certain amount and exchanged it to another product with an equivalent price. The merchants of the Silk Road created an exceptional precedent - they began using checks ("check" from the Persian means "receipt"). Going on a trade trip, merchants would give their cash to a currency exchanger and take a receipt. These merchants could present the receipt in those Silk Road cities where currency exchanger had his trusted people, and receive again cash less fee for services.

Due to the operation of the Great Silk Road various peoples learnt about new consumer goods. Western Europe won the most from the spread of new products. Western European countries received through the Silk Road mostly expensive luxury items (silk fabrics, spices, carpets, porcelain ware, etc.) for the greater good of upper classes. Silk fabrics improved personal hygiene of Europeans, spices promoted the development of pharmaceuticals, long-term storage of products, paper made in China and Central Asia began to displace parchment and papyrus, thus reducing the cost of replicating hand-written books.

The Silk Road promoted the spread of not only goods, but also technologies of their production. During cultural contacts along the Silk Road, the West borrowed mainly industrial "novelties", whereas the East borrowed agricultural. Sericulture was introduced in East Turkestan in the 1-2nd centuries AD, Iran - in the 5th century, and Greece in the 6th century. Having bought the paper from eastern merchants, the Europeans learned how to make it in the 13th century. Thus, gunpowder was discovered in China in the 9th century, and first guns shoots with gunpowder were invented in the 14th century. The place and time of the gun invention are unknown. Specialists indicate China, Arab countries, and Western Europe. Europeans were never able to gain some technical secrets of Oriental artisans (damask weapons, porcelain ware) to in the era of the Silk Road.

China itself learnt about many new products due to the Great Silk Road. When the Chinese traveler Zhang Qian returned from Central Asia, he brought information not only about the Fergana horses, but also the fodder of seeds, which had long been cultivated in Central Asia, grapes (previously, China did not know anything about grapes or grape wine). Later, the Chinese have mastered a few more agricultural crops - beans, onions, cucumbers, carrots, etc. - due to caravan trade.

The history of trade and economic relations between China and Kyrgyzstan is closely connected with the history of the Great Silk Road. Currently, GSR is being revitalized in a new format. China has become the initiator of one of the large-scale intercontinental projects. The Chinese initiative "One belt - one way", put forward in 2013 by Xi Jinping, is a set of

various economic projects. The "Economic Belt of the Silk Road" is a longterm geopolitical initiative, which is especially relevant and significant in connection with the need to expand trade and economic cooperation, search by all countries of new markets for products and direct investments for largescale projects. The main essence and idea is to link China with Europe through Central Asia and Russia. Major accent in this superproject is made on the global economic and political partnership, the construction of a transit-transport system and the elimination of various trade and investment barriers. Unification of all Chinese initiatives into one concept "One belt one way" talks about a serious geopolitical component of these projects.

Kyrgyzstan occupies an important place in this project. During the years of independence, Kyrgyzstan has concluded with China more than 10 state investment agreements worth over \$ 1.812 billion (excluding grants). In the early 1990s, these were large commodity loans, as well as loans for the construction of a Kyrgyz-Chinese paper mill, rehabilitation of road infrastructure, in particular, the Osh-Sary-Tash-Irkeshtam highway, and in the last 10 years - the Bishkek-Naryn- Torugart highway. New Kyrgyz-Chinese agreements have been signed for the coming years to restore two road sections in the regions. The volume of investment exceeds \$129 million. Modernization of the Bishkek Centralized Heating Plant (BCHP) is one of the most significant projects in the energy sector. The Chinese partners are committed to allocate \$386 million for this project. The investment has been made, and currently large-scale renovation works are underway at BCHP. The construction of the 500 kV Datka-Kemin power line and the Kemin substation (\$ 389 million) were completed. Currently the construction of high-mountain lines in the south of the country is underway.

The first phase of construction of an alternative highway "North-South" with a length of 154km is in progress (worth \$ 400 million).

It should be noted that China allocates loans to Kyrgyzstan on preferential terms. Agreements stipulate a grant component of at least 35%, and repayment terms of six to twenty years.

Chinese investors find as most attractive the manufacturing industry (27.74% of total incoming FDI); trade, car repair, household goods and personal items (7,95); financial injections into transport and communications (3,16), other sectors (3,76%). During these years, 57% of the total investments to Kyrgyzstan constituted real estate transactions, leasing and provision of services to consumers. In addition, China's interest in investing in professional, scientific and technical sectors is growing. Currently, the most promising areas of bilateral cooperation have been identified. The are:

construction of the China-Kyrgyzstan railway, the construction of a ring road around the Issyk-Kul lake and the transfer of some production facilities from China to Kyrgyzstan. According to the suggestion of President Almazbek Atambayev, the "One belt - one way" project covers the building through Kyrgyzstan of a technical network designed for the construction of a "digital" silk road.

Thus, China today is gradually involving Central Asia and Kyrgyzstan in the "Economic Belt of the Silk Road", which has a huge range of projects covering almost all economic sectors. Therefore, the attractiveness of this economic belt for Kyrgyzstan increases due to the long-term goals of this project and the large scale of trade, economic and investment cooperation.

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