

GLOCAL SOFT POWER AS AN INSTRUMENT OF CHINA'S STRATEGIC INFLUENCE IN THE SOUTH CAUCASUS: A NEW MODEL OF INTEGRATION AND GEOPOLITICAL CONSEQUENCES

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Abstract

The article analyzes the global and regional importance of the South Caucasus region for China from an economic point of view, primarily as a market for its goods, as an area for investment. Armenia, Azerbaijan and Georgia are part of China's global bridge to Türkiye and the countries of the EU, which are the most important partners and necessary for China's rapidly developing economy. In addition, the countries of the South Caucasus have both resource potential and a favorable geographical position with access to the Caspian and Black seas, so China actively interacts with Azerbaijan, Armenia and Georgia. The article examines the issues of China's soft power, which has begun to conduct active public diplomacy for strategic influence on the foreign policy of the South Caucasus and with the states bordering this region. The main focus is on the implementation of China not only humanitarian projects, but also its economic projects, such as the Belt and Road Initiative. As a result, significant successes of China are highlighted and characterized, which, thanks to the voluntary participation of these countries interested in new investments, in creating an atmosphere of mutual trust and mutually beneficial cooperation. It is emphasized that, given the current geopolitical and regional realities, the countries of the South Caucasus have the opportunity to become a regional part of Chinese global projects.

Keywords: *glocal soft power, strategic influence, foreign policy strategy, geopolitics, geoeconomics, China, Türkiye, South Caucasus, Belt and Road Initiative.*

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Introduction

The relevance of the research article is caused by the Chinese global foreign policy strategy the Belt and Road Initiative (BRI), which, if implemented, can become one of the leading geopolitical instruments of the new world order. The countries of Central Asia and the South Caucasus are actively involved in the implementation of the project. It is the BRI in close connection with the contacts that China has managed to establish with the post-Soviet countries that is the key direction and basis of China's foreign policy in the post-Soviet space.

It is well known that the effectiveness of soft power policy depends, first of all, on the extent to which certain aspects of public life of a specific subject of the world politics are attractive. First of all, it concerns issues of the effective functioning of the political system and its focus on ensuring the rights and freedom of citizens, the dominance of a certain value system, ensuring a high level of economic, technological and social development. Over the past decades, these factors have allowed many developed countries to succeed in using various soft power instruments and exert a strong influence on the foreign policy of other states.

Unlike them, China doesn't have a full set of soft power instruments yet, that would ensure the unconditional attractiveness of its socio-political system. However, the current speed of socio-economic development of the country, the increase in the level of well-being and political culture of citizens in the future will be able to create the conditions for turning China into a worthy world center of power. In this regard, Chinese diplomacy in the area of soft power has chosen a slightly different vector of development. The main emphasis is placed on the originality of the country's foreign policy concept, special forms of cultural and economic interaction with other states.

During its history, China has almost always acted as a significant subject in international relations. However, despite many achievements and dominance in relations with other countries, China didn't claim global dominance, didn't strive to turn its empire into a world power, imposing its values on the rest of the world. Certainly, this was mostly determined by both the geographical location and the level of socio-economic development of the country. However, perhaps this approach to international relations let this state to exist for millennia, preserving its unique civilization and culture.

The unprecedented growth of the modern China's economy coincided with the process of disintegration of the world socialist system, and then the USSR. Taking advantage of it, the American foreign policy in the world significantly intensified, aimed at strengthening the leadership of the United States in all the global processes. These circumstances awakened fears in the PRC regarding the potential for the creation of a unipolar world order, which couldn't have a positive impact on the growing Chinese economy. The foreign policy concept of China was supplemented with a new idea indicating the inadmissibility of global dominance and dominance of any state, which increased the degree of vulnerability of the comprehensive security system of the PRC. The foreign policy concept of China began to focus on the formation of the multipolar world order.

According to a number of Chinese researchers, after the end of the Cold War, China realized that the thinking of the old era no longer corresponded to the new times

(Xuetong 2023; Zhang 2023). As for the most important circumstances of the formation of international security in the new Chinese foreign policy concept, its core can be considered common interests of countries, trust and the development of economic cooperation between them instead of demonstrating superiority of force. Naturally, the main condition for ensuring security is common interests, and not the superiority of one country's group of states' force. In spite of the difference in power, if there are common interests, then there is a basis for mutually beneficial cooperation in the field of security. In this context, modern security cannot be based on the growth of armaments, cannot be based on a military alliance, since security must be based on mutual trust and common interests (Yuanyuan 2023). If trust is established between states, the probability of a military aggression or a threat of its use decreases.

The growth rate of China's economy has significantly enabled the country to make extensive use of its increased material resources in implementing its foreign policy strategy. According to Chinese President Xi Jinping, China's current capabilities are fully consistent with its aspiration to create a 'community of common destiny for mankind' where mutual cooperation reigns and a new approach to international relations replaces the outdated one. As Chinese politicians say, a 'community of common destiny' is achieved through the creation of a 'community of common interests' and a 'community of common responsibilities'. Common interests roughly correspond to a situation of economic interdependence, where countries complement each other¹.

The pragmatism of China's modern foreign policy is expressed the following value imperatives: 'not to call oneself a hegemon', 'to hide talents', 'to look for common ground while preserving differences', etc. This leads analysts in many countries, pondering the intentions of the Chinese leadership, to imagine these soft power values as merely a temporary 'freezing before the leap' tactic to ensure the implementation of the Great Chinese Strategy in the 21st century (Kane and Falkovich 2023; Krieger 2022; Men 2020).

The main instruments of Chinese soft power policy in the South Caucasus

Since the early 2000s, China has been moving towards work to form a positive image of the country. The main components were propaganda of the successes in economy, peaceful foreign policy, humanistic values of traditional Chinese thought, ideals of a "harmonious world" and diversity of civilizations. The authorities have stepped up work to create and develop international media capable of spreading the influence of Chinese soft power.

In order to implement its foreign policy plans, China actively uses soft power in the field of culture and education. Thus, in 2007, speaking at the 17-th Congress of the CPC, president Hu Jintao stated that China should expand cultural influence as a component of soft power². Cultural exchanges and educational programs carried out by

¹ MFA of the PRC. 2020. "Remarks by H.E. Xi Jinping President of the People's Republic of China At the High-level Meeting to Commemorate the 75th Anniversary of the United Nations." September 21, 2020. Accessed January 21, 2025. https://www.mfa.gov.cn/eng/xw/zyjh/202405/t20240530_11341449.html.

² CHINA.ORG.CN. 2007. "Hu Jintao's report at 17th Party Congress." October 15, 2007. Accessed January 21, 2025. <http://www.china.org.cn/english/congress/229611.htm>.

the PRC are the obligatory components of the Chinese diplomacy. The main structure for organizing such events is the State Chancellery for the Dissemination of the Chinese Language (Hanban).

In order to implement the soft power strategy, China opens cultural and educational centers – Confucius Institutes – in many countries around the world. Thanks to these institutes, students become familiar with Chinese culture, history and language and, as a result, show more favorable attitude towards China and its geopolitical and geoeconomic projects. The main task of Confucius Institutes is to teach Chinese and introduce the history and culture of the country. The project, launched by the State Chancellery for the Dissemination of the Chinese Language Abroad, began in 2004. Based on information that appeared in the Chinese media several years ago, experts assumed that this organization spends about 100-150 thousand dollars annually on the maintenance of one Confucius Institute. China spends more than 500 million dollars a year on the creation of Confucius Institutes (Lee 2019).

In the early 2000s, Hanban began opening Confucius Institutes in various countries and planned to increase the number of institutes to 1000 by 2020 (Sergeyeva 2013). However, tense relations with the United States prevented the implementation of China's plans. The Western countries, led by the United States, viewing the Confucius Institutes as an instrument of Chinese propaganda and a threat to the weakening of Western influence in the world, began to restrict the activity of these institutions and their sponsor Hanban. For this reason, a number of institutes in Western countries were closed, and in the United States they received the status of foreign missions (O'Keeffe 2020).

As a result, China has changed its soft power tactics, renamed Hanban into the Language Education and Cooperation Center and transformed the headquarter of Confucius Institute into the China Foundation for International Education. This structure coordinates all educational, humanitarian and cultural projects implemented abroad. In addition, thanks to the reforms, existing Confucius Institutes have been given the opportunity to establish bilateral relations with Chinese and foreign universities. The new format, based on cooperation centers with foreign universities and organizations, contribute to the increase of the popularity of the Chinese language abroad, as is done in many countries around the world (Dukic 2020).

Through the Confucius Institute project, China may eventually gain a large number of loyalists scattered around the world. The Chinese language is becoming increasingly popular among students around the world, and, as a result, their attitudes toward China are changing to a more positive one. For instance, Confucius Institutes teach the official Mandarin dialect of Chinese language, which is spoken and written in mainland China (distinguished by its use of simplified hieroglyphs). The teaching materials also introduce the Chinese point of view, and it means that students are likely to follow the official Chinese position rather than others in the Chinese-speaking world, especially Taiwan (which uses traditional, more difficult hieroglyphs).

The second important area for the application of China's soft power is the active attraction of students from all over the world to Chinese universities. According to data statistical report of the Chinese Ministry of Education, before the pandemic, in 2019, more than 490000 students from about 196 countries studied in China, including from

the countries of the South Caucasus³. China's soft power policy in these countries works in a targeted manner and is aimed at involving the most educated and literate strata of society in this process (Rice 2023; Brown 2021; Boc 2015).

In the South Caucasus, particularly, in Georgia and Azerbaijan, two Confucius Institutes are functioning, where there is steady increase in the number of students studying Chinese. As for Armenia, China has also opened a Confucius Institute, which was established within the framework of the agreement signed between the governments of the Republic of Armenia and the PRC, and has been operating since February 26, 2009, in accordance with the agreement signed between Hanban under the Ministry of Education of China, Yerevan State Linguistic University (YSLU) and Shanxi University. The Confucius Institute of YSLU is designed to improve the level of knowledge of the Chinese language and culture among Armenian youth, and to strengthen cooperation between China and Armenia.

The mission of the Confucius Institute is to teach the Chinese language, which gives everyone access to Chinese art, education, science and culture, as well as to preserve and develop informal Armenian-Chinese relations that have a rich historical past. The Confucius Institute library provides textbooks for school-age children, including books, CDs, self-study discs, workbooks, parent or teacher guides and teaching materials, posters and interactive study books. Textbooks are also designed for passing the HSK and BCT exams – the Chinese equivalents of TOEFL and IELTS – with the help of which Armenian students get the opportunity to study in Chinese universities from a month to a year, depending on the chosen program. Textbooks are devoted to the geography, history and literature of China. The texts are presented in Chinese and Russian, with colorful illustrations. The Confucius Institute at YSLU has a collection of books in Chinese, which are devoted to Chinese history, and it is told about one Chinese dynasty in each of them. Similar events are being carried out in Georgia and Azerbaijan as well.

In addition to Confucius Institutes, Chinese language study centers are also opening in various universities in the region (Sun 2022). For example, in 2015, the Center for Chinese Language and Culture opened at Yerevan State University in Armenia. Teaching is conducted by highly qualified specialists from China. A similar center was also opened at the Russian-Armenian University in 2014. Both centers are very popular among students and there is a steady trend of growth in the number of students in them. On August 22, 2018, the opening ceremony of a Chinese school in Yerevan, designed for 405 students, took place⁴. Moreover, even before the opening of the school, the number of applications exceeded the number of available places in the school, which indicates a high interest in the Chinese language and culture in Armenia.

China's success in economic development has significantly changed the country's foreign policy agenda, focusing it on protecting the economy from external challenges, the country's progressive development as a global center and, as a result, transforming

³ Ministry of Education of the PRC. 2019. Statistical report on international students in China for 2018." April 18, 2019. Accessed January 21, 2025.

http://en.moe.gov.cn/documents/reports/201904/t20190418_378692.html.

⁴ ARMENPRESS. 2018. "Armenian-Chinese friendship school opened in Yerevan." August 22, 2018. Accessed January 21, 2025. <https://armenpress.am/en/article/944603>.

soft power into smart power, which implies a combination of soft and hard, mainly economic, methods. However, unlike other centers of power, China doesn't seek to impose its vision of global development and focuses primarily on the interested participation of other countries in joint projects. Emphasis is placed on the need for all countries to adhere to the basic principles of free and fair trade, which have been developed by the entire community of nations over the past decades. In this sense, Chinese President Xi Jinping has been actively calling for greater Chinese influence in many global and regional affairs at the same time. In recent years, the new policy has been embodied in the creation of new institutions, such as the Asian Infrastructure Investment Bank (AIIB), and new initiatives, such as the BRI, to create the physical basis for the future 'community of common destiny'.

In general, the BRI itself certainly has a geopolitical focus. Therefore, the countries involved in this project have to take more balanced approach to the political consequences of implementing this initiative. These problems make a huge influence not only on countries, the interests of which intersect at the regional level, but also on those located at the 'end points' of the route. This is especially true for China itself, which, despite the assurances of its leaders about the lack of aspirations of the state to expand its geopolitical influence in the world, competently, systematically and stably implements a foreign policy strategy of smart power, which ultimately should provide the necessary conditions for turning this country into one of the world leaders.

However, almost all countries express their readiness to be involved to one degree or another in this global project. The initiator state of the BRI only needs to correctly set priorities on the political map of the world in order to, firstly, guarantee its active participation in ensuring political stability in the regions; secondly, develop the infrastructure of transport arteries, thereby ensuring its economic presence in transit countries on a permanent basis; thirdly, achieve a high level of capacity on the relevant communications, which, of course, should increase the level of profitability of the entire project; and fourthly, involve as many states on different continents as possible in the project.

The latter problem is associated with the development of competent logistics for the entire communication system and a balanced foreign policy. First of all, this concerns the issue of eliminating the monopoly position of any state in the entire Eurasian transport network, which is fraught with the weakening of Chinese influence. In our opinion, in order to resolve this problem, in addition to the main transport corridors, a wide network of secondary railways and highways will be developed, which will create the necessary conditions for bypass maneuvers during the implementation of passenger and freight transportation.

Despite the fact, that the northern route of the BRI, which passes through Russia and Belarus, is more profitable from the economic point of view, however, due to the Ukrainian crisis and the escalation of confrontation between Russia and Western countries that have imposed sanctions against Russia, China is forced to reassess all the risks to its foreign trade, as a result of which the southern route, which passes through the countries of Central Asia, the Middle East and the South Caucasus, may temporarily become more expedient. For example, in 2022, China has already sent a freight train from the Chinese city of Xi'an through the territories of Kazakhstan,

Azerbaijan, Georgia, Romania, Hungary, Slovakia and the Czech Republic to the German city of Mannheim (Jamshidian Tehrani and Golshan Khavas 2024; Vida and Illés 2024). In this case, some states that are not located on the main transport artery will certainly gain economic benefits, including the countries of the South Caucasus.

The South Caucasus is one of the most important regions in the world, where the interests of various global and regional powers collide. In recent years, China has begun to pursue an active policy of regulating relations with all the countries of the South Caucasus and the states bordering this region. Azerbaijan occupies a special place in the region, striving to become a key transport hub between Europe, Asia and the Middle East. This is due to the desire to maintain a balance between the main geopolitical players implementing various large-scale transport projects in the South Caucasus. As a result, Azerbaijan is participating in several projects at the same time: TRACECA (which largely coincides with the BRI) and the North-South international transport corridor. The desire to diversify the export routes of its own energy resources, as well as to make the most of the transit potential is manifested in the country's inclusion in alternative projects of diametrically opposite significance in the political sense.

Over the past years, there has been a significant strengthening of economic relations between China and Azerbaijan. According to the latest data, in 2023, trade turnover between China and Azerbaijan increased by 43.5% compared to 2022, reaching 3.1 billion dollars, and the volume of Chinese direct investment in Azerbaijan increased from 800 million to one billion dollars⁵. In turn, the trade between the two countries from January to October 2024 exceeded the previous year's result by 17.1% and has already amounted to more than 3.7 billion⁶. Chinese investors are actively involved in investment projects in the energy sector, oil refining industry, highway construction and telecommunications systems (Kladensky 2024).

In October 2023, China and Azerbaijan signed a memorandum of understanding aimed at developing cooperation and stimulating investment, including in the field of renewable energy. The document was signed following the meeting between Azerbaijani Energy Minister Parviz Shahbazov and Head of the National Energy Administration of China Zhang Jianhua on the sidelines of the Belt and Road Forum for International Cooperation in Beijing. The memorandum is aimed at developing cooperation in the electric power, oil and gas, petrochemical and renewable energy sectors, as well as stimulating investment in energy projects. Particularly, the discussion focused on participation of Dongfang Company in the construction of the 230 MW Garadagh solar power plant and cooperation with China Gezhouba Group Overseas Investment Company on renewable energy projects. The meeting also discussed the prospects for expanding activities of SOCAR Trading Company in the Chinese market (Sharifli 2024). About a year later, in November 2024, SOCAR Green and China Energy Overseas Investment Co. Ltd. signed an agreement to build a 160

⁵ REPORT.AZ. 2024. "AZPROMO: Chinese investments in Azerbaijan near \$1B." Accessed January 21, 2025. <https://report.az/en/business/azpromo-china-s-investment-in-azerbaijan-nears-1b/>.

⁶ Karimli, Ilham. 2025. "China Becomes Azerbaijan's 4th Largest Trade Partner in 2024." *Caspian News*, April 22, 2025. Accessed April 30, 2025. <https://caspiannews.com/news-detail/china-becomes-azerbaijans-4th-largest-trade-partner-in-2024-2025-4-22-32/>.

MW solar power plant in the Fizuli district. Memorandums on the development of renewable energy were also signed with China Energy and China Datang Co. Ltd⁷.

In the context of China's increased activity in the South Caucasus, it is necessary to pay special attention to the example of Georgia, with which China has developed not only humanitarian, but also trade and economic relations, in particular, purchasing almost all agricultural products from Georgia. According to the free trade agreement concluded between China and Georgia in 2017, 94% of Georgian products and services are exported to the Chinese market without customs duties. It mainly concerns the export of wine, alcoholic and soft drinks, tea, nuts, honey, vegetables and fruits, as well as nitrogen and mineral fertilizers, plastic products and other goods. Georgia is the first state in the South Caucasus to conclude such an agreement with the PRC. As a result, China is one of Georgia's largest trading partners, and trade turnover between the two countries has a generally stable growth trend. Thus, in 2022, trade turnover between the two countries increased by 25.8% compared to 2021 and amounted to 1.8 billion dollars. Exports from Georgia to China increased by 19.7% and amounted to 736.7 million dollars⁸. In 2023, trade turnover amounted to 1.6 billion dollars, slightly less than the previous year, but imports from China increased by 18% and exceeded 1.3 billion⁹.

Chinese companies are also involved in the construction of new and development of existing infrastructure objects related to various sectors of the Georgian economy. Chinese capital is present in the Poti port free industrial zone, 75% of which belongs to CEFC China Energy Company Limited since 2017¹⁰, and highways are being built in different regions of Georgia as well (German 2022; Rekhviashvili and Lang 2024).

A major infrastructure initiative in Georgia is the Anaklia deep-sea port project, which aims to enhance the country's role as a transit hub between Europe and Asia. In May 2024, Georgian authorities announced the results of a tender to find an investor to build the deep-sea port. Levan Davitashvili, the country's Minister of Economy and Sustainable Development, announced that the winner was the Chinese consortium China Communication Construction LTD. Due to its location, it has strategic importance for both Georgia and China, as it can be integrated into China's Belt and Road Initiative as a complement to the existing ports of Batumi and Poti in Georgia, creating a more flexible and extensive logistics infrastructure in the South Caucasus (Akhmedova and Gelashvili 2024).

One of the most important infrastructure projects is the construction of a 23-kilometer road and a 9-kilometer tunnel on the Kvesheti-Kobi section, which is an

⁷ REPORT.AZ. 2024. "Azerbaijan signs green energy agreements with Chinese companies." November 14, 2024. Accessed January 21, 2025. <https://report.az/en/cop29/azerbaijan-signs-green-energy-agreements-with-chinese-companies/>.

⁸ GEOSTAT. 2023. "External merchandise trade of Georgia in January-July 2023 (Preliminary)." August 21, 2023. Accessed January 21, 2025. <https://www.geostat.ge/media/55924/External-Merchandise-Trade-of-Georgia-in-January-July-2023.pdf>.

⁹ GEOSTAT. 2025. "External merchandise trade of Georgia in 2024 (Preliminary)." January 20, 2023. Accessed January 21, 2025. <https://www.geostat.ge/media/67898/External-Merchandise-Trade-of-Georgia-in-2024.pdf>.

¹⁰ PB Services. 2025. "Free zones in Georgia: how do they differ from each other?." April 21, 2025. Accessed April 30, 2025. <https://pbservices.ge/blog/free-zones-in-georgia-difference/>.

important part of the high-speed highway modernization project of the North-South international trading corridor and will bypass the existing road – the dangerous Kobi-Gudaur section, where very often there is a risk of avalanches¹¹.

Chinese companies have also increased their activity in the construction of residential complexes in Georgia, in particular in the Hualing Tbilisi Sea Plaza project. The main investor in the project is the Chinese construction and real estate company Hualing Group. Launched in 2013, the project includes the development of a large multifunctional complex of residential, commercial and entertainment areas around the Tbilisi Sea. Chinese investment in the Hualing Tbilisi Sea Plaza project is estimated at approximately 200 million dollars (Lomsadze 2019). This project is one of the largest foreign investments in the real estate sector in Georgia. In the development of the Tbilisi Sea area with the aim of creating modern residential and commercial areas, while contributing to the overall economic growth of the region¹².

In July 2023, during the visit of former Georgian Prime Minister Irakli Garibashvili to China, Chinese President Xi Jinping stated that regardless of the developments in the international arena, bilateral relations between the countries had already reached a new level, which is characterized as a strategic partnership in China's foreign policy concept (Lin and Fu 2024). In addition, the Chinese leadership emphasized in every way that the political trust between Georgia and China is strong, and the results of cooperation in various areas are noticeable and will become even more noticeable (Avdaliani 2023).

Garibashvili also met with the Prime Minister of the PRC Li Qian, who announced a 'new era' of Georgian-Chinese relations; with the Chairman of the Board of Directors of Huawei Lian Huam, who expressed interest in the prospects of working in Georgia; with the President of the AIIB Qin Liqun, with whom the prospects for implementing new investments in Georgia and improving the investment circumstances were discussed (Avdaliani 2023). In addition, a memorandum of understanding on the study of the Chinese language in Georgian schools was signed at the Beijing Language and Culture University (Avdaliani 2023).

It is important to highlight that Georgia has been one of the most loyal allies of the United States for many years. However, today it doesn't prevent the Georgian leadership from developing ties with China, and it was done during the tensest period of relations between China and the United States. The Georgian leadership understands that from China's point of view, Georgia is an important part of an infrastructure project that involves mutually beneficial trade and economic cooperation.

As Georgia, Armenia can also significantly deepen cooperation with China in the economic, educational and cultural spheres, as well as within the framework of the Belt and Road Initiative. Armenia's participation in this project opens up great opportunities for the country, especially if we take into account that economic cooperation between

¹¹ EBRD. 2025. "North-South Corridor (Kvesheti-Kobi) Road Project." Accessed January 21, 2025. <https://www.ebrd.com/home/work-with-us/projects/psd/50271.html#customtab-7daf14d83f-item-17de12cf03-tab>.

¹² European Parliament. 2024. "Three Eastern Partnership neighbours in the South Caucasus." Accessed January 21, 2025. <https://www.europarl.europa.eu/factsheets/en/sheet/172/three-eastern-partnership-neighbours-in-the-south-caucasus>.

China and Armenia has been steadily growing in recent years. In 2023, trading volume between the two countries amounted to about 1.3 billion dollars, which is about 28% more than the previous year¹³. Moreover, this trend has been maintained over the past few years, despite the coronavirus pandemic, which demonstrates China's interest in further expanding bilateral cooperation (Matin and Najdov 2020).

Attention is paid to the development of transport and logistics infrastructure. Two planned logistics routes in Armenia – the North-South highway and the Armenia-Iran railway – if implemented, could be included in the global Chinese project. The North-South highway is one of the most significant projects in the history of independent Armenia¹⁴. It will facilitate access to the Black Sea not only for Armenia, but also for Iran. Thanks to the highway (including the Kvesheti-Kobi section, which is under construction in Georgia), a high-throughput route will be formed from China to Iranian ports, and from there along the North-South highway to the ports of Georgia or Russia. Unfortunately, Armenia has not been able to complete the construction of this highway for such a long time.

The construction of the Armenia-Iran railway could become an additional stimulus for the economic growth of Armenia, Iran and Georgia, since the new railway will significantly increase the volume of cargo transportation between the countries and connect the port of Bandar Abbas and the Georgian ports of Batumi and Poti, which are important links in the BRI project (Vinokurov et al. 2021). However, the construction of this railway requires careful analysis. The problem is that the question of the economic feasibility of the project arises here, as the construction of the railway network connecting Iran, Azerbaijan, Georgia and Russia is almost completed in the region. The construction of the Armenia-Iran railway may be feasible only for geopolitical reasons, since it will be an alternative to the Azerbaijani railway. However, it should be noted that the function of this alternative can also be performed by the North-South highway, which is already under construction.

One of the most notable projects involving China in Armenia is the development of the Smart City. The agreement, signed in 2020, envisages investments of 10-15 billion dollars over 15 years to create a city where innovative technologies will control all systems, ensuring a high standard of living. The project is expected to contribute to the development of innovative technologies in the construction sector of Armenia, as well as deepen scientific cooperation between China and Armenia.

In addition, China National Geological and Mining Corporation (CGM) has shown interest in investing in Armenia's mining industry. The visit by the representatives of the Chinese corporation to Armenia in 2021 led to discussions on possible cooperation, with both sides exploring investment opportunities in the country's mining sector. Unfortunately, in some regions through which important communications for the BRI

¹³ ARMSTAT. 2025. "External trade database." Accessed January 21, 2025.

<https://armstat.am/en/?nid=160>.

¹⁴ ADB. 2025. "Armenia: North-South Road Corridor Investment Program - Tranche 3." Accessed January 21, 2025. <https://www.adb.org/projects/42145-043/main>; EIB. 2016. "Armenia North-South road corridor." Accessed January 21, 2025. <https://www.eib.org/en/projects/all/20100130>; EFSD. 2014. "Construction of the North-South Road Corridor in Armenia." Accessed January 21, 2025.

<https://efsd.org/en/projects/construction-of-the-north-south-road-corridor-in-armenia/>.

pass, high political tensions remain (Jiang 2021). One of these regions is the South Caucasus, where there are many unresolved conflicts dating back centuries. In the 1990s, the conflict in Abkhazia and South Ossetia broke out, which escalated again in 2008, and tensions between Armenia and Azerbaijan are constantly growing. The presence of such problems makes the South Caucasus politically unstable (Yang 2024).

In our opinion, given these circumstances, the question arises about the expanding of China's military presence in regions where there is high political tension. The military-political component of China's foreign policy doesn't correspond to the role that China plays in the global economy. In this regard, China's military presence in many unstable regions would allow it to reliably protect its economic interests, which are linked to the global projects (Bayramov, Safarova and Garajayev 2023; Fawn and Bruder 2022). In particular, according to some sources, within the framework of the Iranian-Chinese agreement of 2021, the content of which are not disclosed, a project to build a Chinese military base on the coast of the Persian Gulf is being considered. It should be taken into account that the American fleet is located in the Persian Gulf, and on the other side of the Gulf, in Qatar (only 200 km from the Iranian coast), there are large US and Turkish air bases. The construction of the military base by China in Iran will mean a significant change in the balance of power not only in the Persian Gulf itself, but also in the entire Middle East. A military presence in Iran will allow China to protect the communications it has invested in the region to supply its economy with the necessary resources from the Middle East, and will also create a reliable basis for expanding its presence in the South Caucasus.

In our opinion, in cooperation with states for which the establishment of peace in the relevant regions, including the South Caucasus, is also vitally important, China will be able to play a significant role in ensuring stability on the entire Eurasian continent as a whole, which will preserve and strengthen the conditions for mutually beneficial cooperation between states. This circumstance will also become a deterrent for those forces, the activities of which may lead to a weakening of China's geopolitical influence in Central and Middle Asia.

Conclusion and discussion

Therefore, China's infrastructure projects in the South Caucasus under the Belt and Road Initiative have significant potential to transform Armenia, Azerbaijan and Georgia into an important bridge between Asia and Europe. The region's strategic location allows it to be used as a transit hub for cargo transportation. Investments in infrastructure, energy and trade reflect China's interest in integrating the South Caucasus into its broader Eurasian strategy. Major infrastructure projects such as the Baku-Tbilisi-Kars railway and the construction of the Anaklia port will help China create a Middle Corridor to speed up trade with Europe, create alternative routes through Central Asia and the Caucasus, and reduce dependence on maritime trade routes. The latter issue is especially relevant for China given the increased geopolitical tensions in the Asia-Pacific region between China and the U.S. in recent years. However, with Donald Trump taking office as U.S. President, there is a possibility that economic interests will ultimately prevail, resulting in bilateral agreements between China and the U.S.

Expanding trade ties can boost local economies, create jobs and attract additional foreign investment in regional logistics, which can facilitate smoother trade flows between China and Europe, increasing the economic potential of the South Caucasus and offering local businesses access to new Chinese markets. Relations with these countries also allow them to diversify their external partnerships. Armenia, Azerbaijan and Georgia have traditionally balanced their foreign relations with larger powers such as Russia, the EU and the U.S., each of which has unique strategic and economic interests in the region. China's approach of pursuing economic development without imposing political conditions makes it an attractive partner, as the South Caucasus countries can benefit from investments without compromising their foreign policy independence (Sigurdh 2024).

China's soft power policy in the South Caucasus demonstrates a strategic approach aimed at developing influence through economic, cultural and diplomatic engagement rather than coercion, investing in infrastructure projects, promoting trade through the BRI, and facilitating education and cultural exchanges, in order to establish itself as a reliable neutral partner in the region. This strategy allows China to navigate the complex geopolitical dynamics of the South Caucasus while avoiding traditional direct competition with powers such as Russia, Türkiye and some Western countries. However, the effectiveness of China's soft power remains limited by local skepticism, cultural differences and limited historical ties with the region. Despite these challenges, China is taking a pragmatic and long-term approach. Ultimately, China's influence in the region will depend on its ability to balance its strategic interests with the needs and sensitivities of local states.

In general, all these circumstances allow us to assert that China, in the process of implementing its foreign policy strategy, successfully applies in practice such means and methods of foreign policy activity that are inherent in the smart power, combining various political and economic levers of influence. At the same time, not only the political and economic influence of the PRC is expanding in the world, but also impulse is given to the development of the economies of many countries.

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Conflict of Interests

The authors declare no ethical issues or conflicts of interest in this research.

Ethical Standards

The authors affirm this research did not involve human subjects

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