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# КИТАЙСКО-КАЗАХСТАНСКОЕ СТРАТЕГИЧЕСКОЕ ПАРТНЕРСТВО И ДВУСТОРОННЕЕ ЭКОНОМИЧЕСКОЕ СОТРУДНИЧЕСТВО

## Аннотация

Сегодня, в век интенсивной глобализации на переднем фронте динамично развивающегося мира, трансформация экономической системы международного порядка приобретает особое значение. Китай и Казахстан в XXI веке являются одними из быстрорастущих экономик мира и обладают огромным потенциалом и возможностями для экономического роста.

Таким образом, в данной статье рассматриваются двусторонние отношения между Китаем и Казахстаном в контексте стратегического партнерства, сопровождаемого двусторонними дипломатическими контактами. Следует отметить, что двусторонние отношения прошли путь от приграничной торговли Китая с СУАРОМ до стратегического партнерства, состоящего из инициативы «Пояс и путь». В настоящее время обе страны, Китай и Казахстан, пользуются значительным преимуществом.

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## POLITICAL SCIENCE

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# THE SINO-KAZAKH STRATEGIC PARTNERSHIP AND THE BILATERAL ECONOMIC COOPERATION

## Abstract

Today, in the century of intense globalization at the forefront of the dynamically developing world, the economic system transformation of the international order takes particular importance. China and Kazakhstan in 21st century are one of the rapidly growing economies in the world and have a huge potential and opportunities of economic growth.

The paper examines the bilateral relationships between China and Kazakhstan in the context of a strategic partnership accompanied by diplomatic exchanges. It should be noted that bilateral relationships have passed the path from China's XUAR border trade until strategic partnership consisting of the Belt and Road Initiative. Nowadays both countries China and Kazakhstan take a significant advantage.

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Стратегическое значение Казахстана, расположенного в Центральной Азии, для КНР все больше проявляется в экономической сфере, сохранение региональной безопасности важно для обоих государств, в первую очередь, для их экономического развития. В свою очередь, для Казахстана важным очевидным преимуществом сотрудничества с Китаем стало транспортно-логистическое соединение с действующей международной торговой артерией между Западом и Китаем.

**Ключевые слова:** Китай, Казахстан, стратегическое значение, экономическое партнерство, региональная безопасность.

### Конфликт интересов

Автор заявляет об отсутствии конфликта интересов.

### Источники финансирования

Данная работа не имела источников финансирования.

## Importance of the research

Today, in the century of intense globalization at the forefront of the developing world, the economic transformation of the international order takes particular importance. The new economic red star China is rising to the international arena.

Today, China is considered as one of the significant rising powers and hence has set of goals regarding its development. It is worth noting that in recent times, the People's Republic of China (further PRC) has surpassed such economic giants as Japan and the United States, which indicates the steady and gradual development of this country. Due to the specifics of its model of socio-economic development, huge economic, financial, scientific, and technical potential, as well as the huge human resource potential expressed primarily in the number of people (labor), the presence of some natural resources and the desire not only to work but also to earn money, the People's Republic of China has confidently established itself as an economic leader. Since 1978, the PRC authorities have embarked on a path of openness and moved on to reforms that let foreign investment to penetrate successfully. Moving to the gradual economic transformation China's GDP began to grow. As a result of rapid economic growth, averaging about 10% per year, China has become a leader in the global economy. Successful economic leadership in the world, as well as the expanding of industrial projects in China, required new political approaches to further maintain and increase economic stability. However the political issues weren't cancelled and even after stabilizing its economy China has to arrange a set of goals regarding cooperation with the bordering countries.

The USSR break-up and the gaining independence by the Eurasia states in 1991 as well as the establishment of formal diplomatic relations meant for China a cardinal change in its own geopolitical environment. Thus, 5 sovereign states such as Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, and Tajikistan have emerged on the political map, and their internal and external course and prospects, the development were not yet been defined clear.

The Chinese government realized the fact that this region would play an important role for its security and stability. In the same decade, Beijing recognized the importance of Central Asia that could serve as source of resources for the its economic development. The states of this region have a rich variety of natural resources. It was particularly important to realize this at the stage of China's economic progress, when the slowdown in economic growth is directly related to the raw material issue, namely, the exhaustion of opportunities for extensive development within the country. Using the resources of Central Asian countries would help China to compensate for the domestic deficit, and in its turn China would support the pace of economic growth of the former USSR countries.

One of the significant countries for China that gained sovereignty was Kazakhstan, when the latter gained its independence

in 1991. The formation of diplomatic ties between the China and the states of Central Asian region took place almost immediately after they gained independence. China was the third country after Turkey and the US, announced the recognition of the Kazakhstan independence. Moreover, Kazakhstan became the first republic of the region with which China established diplomatic ties at the embassy level (January 3, 1992). At the initial stage of establishing relations (1992-1993), the development of political and economic relations was especially active.

From this stage, China begins to actively support Kazakhstan in the economic aspect, thereby providing of various kinds investments, grants and loans. China has repeatedly emphasized the importance of Kazakhstan and paid great attention to maintaining the economy of this country. Undoubtedly many scientific papers argue that this is primarily dictated by the fact that China needs Kazakhstan as economic strategic partner as one of the main sources of natural resources to maintain its energy security as well as Kazakhstan plays a key role in the flagship infrastructure project the One Belt, One Road Initiative. In turn of Kazakhstan considers China as a source of investments.

China and Kazakhstan in 21st century are viewed as one of the rapidly growing world economies and have a huge potential and opportunities of economic growth. The perpetual demand and consumption of energy in China has reminded the Western analyst to define China a 'new resource warrior'. China is the largest consumer of primary energy in the world, using some 145.46 exajoules in 2020. China's primary energy mix has shifted from a dominant use of coal to an increase of natural gas and renewable sources. That fact demonstrates China's demand for energy will increase gradually in the future. For instance, according to International Energy Agency report, China's energy imports will reach 77% in 2030.

However, it is also necessary to recognize the fact that both countries China and Kazakhstan need each other not only in the economic aspect, but also in the political. And hence the geographical factor plays the significant role. As China borders Kazakhstan in the north-west of China that means the Xinjiang Province of China is situated. (*Figure 1*)

Thus, I would like to raise the following research question:

1) What is the multidimensionality and versatility of the mutual importance of both China and Kazakhstan predetermined by geographical factors.

2) What is dictated by the mutual interests of both countries?

To determine the significance of geographical relationships of both countries, a short brief discourse should be made into the history of both states. Before gaining independence, Kazakhstan and China have long had contacts, first at the level of tribes and nationalities, then at the level of states. When in the XVIII century Qing China, having defeated the Dzungaria, and took the final control over the province, which later became known as Xinjiang (translated from Chinese – «new frontier»). The geopolitical significance of



Figure 1. The north-west border between China and Kazakhstan

this event was enormous, since it opened the way for China to Central Asia. The border between the Chinese and Russian empires passed through the territory inhabited by Kazakhs. Since that period, relations between China and Kazakh tribes have become permanent. Soviet Kazakhstan was included in the USSR-PRC system of relations.

Three Central Asian states have land borders with China, making them the focus of particular Chinese attention in its «periphery diplomacy». These states – Kazakhstan, Tajikistan, and Kyrgyzstan. Hence regional stability is become essential for China. There are key several China's vital economic interests led at the core as follows:

## Secure the stability in XUAR border region

Maintain and extend internal stability in Central Asia as a condition necessary to implement economic (energy and communication) objectives.

Maintain and strengthen the sovereignty of the states of Central Asian and the regimes operating there as a condition for unrestricted Chinese economic activity in the region.

It follows that China attaches great importance to cooperation with Kazakhstan, and associates with this the solution of

a set of cross-border problems, as well as a number of tasks of economic development, and gives a significant place to cooperation with Kazakhstan in the formation of its own foreign policy strategy. All of the above indicates that the study of the geopolitical significance of Kazakhstan in relation to the PRC and, in general, Kazakh-Chinese relations has serious scientific and practical significance.

Currently, Kazakhstan is the largest and most relatively economically developed state among Central Asian countries, with rich base of natural resources. Kazakhstan is China's first trading partner in Central Asia and the second among Commonwealth of Independent States (CIS) countries, after Russia in the region as well as the biggest hub for further transportation of goods, which has big positive impact on economic relations between these two countries. Joint energy, water, agricultural and other projects implemented with the participation of China and Kazakhstan, not only bring neighbors together, but also make a significant contribution to the economy of both countries. The Chinese factor is constantly operating for the foreign policy of the Republic of Kazakhstan. Hence its direct impact on the security and stability of the Central Asian region. Currently, there is an increase in the functioning of projects of existing transport lines between China and Kazakhstan. This is evidenced by the newly made global the Belt and Road Ini-



tiative (hereafter the BRI), which was announced by the Leader of China Xi Jinping during his official visit in the capital of Kazakhstan – Nur-Sultan (Astana) as part of a state visit to Kazakhstan in September 2013. As noted by Xi Jinping, China and Eurasia countries have a broad aims and objectives, one of the majors is sustainable economic growth. The Chinese leader highlighted the importance to "entirely strengthen cooperation in all aspects" and "turn the advantages of political dialogue, economic complementarity and geographical proximity into the mutual benefits of cooperation, in order to enhance a sustainable growth, creating a community of interests." The Chinese constructivism could be found. The BRI policy is aimed at enhancing the current trade and creation the new one, economic and transport corridors, linking over 60 states of Eurasia, Europe and Africa. The creation of this path is the main goal of China's foreign economic strategy, and Central Asia, in connectivity with its convenient geographical position, plays a key role in it.

It can be argued that Kazakhstan is not only an economic stabilizer in XUAR region, but also a transport corridor and a window to Europe. Thus, it follows that China can "kill two birds with one stone" at the simultaneously, that means solving not only economic problems, as well as political ones.

For Kazakhstan China is considered as a state that has evolved from a «world manufactory» into a «world banker». In this sense many policy makers hope that China will help Kazakhstan diversify its economy. Kazakhstan, after the USSR break-up, tried to choose a strategy for entering promising world markets in order to strengthen its subjectivity and viability as a sovereign economic unit in the world system. However, the first attempts to enter the developed markets of the West turned out to be unrealistic and made the country dependent on international, but essentially Western financial institutions, transnational corporations, their investments and technologies. As a result, the country was assigned the petrostate status, a country that supplies oil to the world market, and no more. Modernization and diversification of the economy in this conditions was virtually impossible. Kazakhstan, as a resource base under the Soviet Union, was doomed to remain a space where natural resources are mined, only for developed Western markets. In this regard, the most rational solution for the decaying integrated economic mechanism of the post-Soviet space and joining the international division of labor as a raw materials appendage of the West was the development of cooperation with China.

Nowadays the economic recovery in China, especially in terms of the human consumption index, has stimulated economic growth in many economies of the world. For instance, the appearance of the "Asian tigers" was largely due to the phenomenon of the "Asian miracle", in which the Chinese development model played a special role. The concentration of strong political power in the same hands with simultaneous economic liberalization, along with numerous labor resources and a dynamically growing consumption market, have be-

come the common basis for the success of a number of South-east Asian countries. It can be said if the initial factor in China's breakthrough was the timely entry of this country into the world economy on the "rules of the West", but with Chinese characteristics, now "drop on the bandwagon of the outgoing development train" means a connection with the dynamics of China's economic development. This fact is now recognized not only by emerging markets, but also by developed Western countries. Therefore, an important and very promising and justified decision of the leadership of Kazakhstan was the desire to establish effective economic cooperation with China.

Transport and logistics sector is a new resource for Kazakhstan. As a matter of fact, the first step towards a strategic partnership with China was energy cooperation, since China is an ardent energy consumer. The construction of pipelines in the eastern direction stimulated the localization of adjacent production capacities in the oil and gas industry of Kazakhstan and formed a more technologically advanced transport and logistics infrastructure in this area. The economic growth was ensured not only due to the growth in oil and gas supplying, or high prices for energy carriers, but also due to the expansion and modernization of the entire system of oil production and oil trading. For Kazakhstan, the emergence of an independent and updated oil and gas industry from production, refining to production and sale of petroleum products was a major breakthrough. And hence the positive role of China is objectively difficult to overestimate.

## Methodology

Studies of international relations try to explain a wide range of political interactions between countries, societies and organizations. To study economic cooperation that fosters a methodologically oriented understanding of international politics, a systematic approach to identifying the fundamental processes and forces of change is required.

The study used qualitative secondary research methodology. Secondary analysis of qualitative data provides the existing data to find answers to research questions. Secondary sources allow to broaden this research by providing background information, analyses, and unique perspectives on various elements for a specific campaign.

This research is based also on historical and dialectical methods, as general scientific methods of cognition of various events, processes, phenomena in their many interconnections and relationships, as well as a systematic approach, including: functional and structural analysis

In empirical work, political realism developed in 1940 is taken as a basis. The main place in the theory of political realism is occupied by the concept of interests and the balance of forces. After the collapse of the USSR, Central Asia, including Kazakhstan, became a zone of strategic interests of China. This period can be characterized as the "Chinese season" due to the huge number of delegation exchanges and concluded agree-

ments. At the same time, realizing that Central Asia at the time of the collapse of the USSR did not occupy a leading place in the priorities of world powers, Chinese foreign policy towards Central Asia did not go beyond the logic of traditional schemes of political realism. The traditional schemes of political realism involved maintaining a balance of power and maintaining the status quo in the region, as well as countering the intervention of third states (for example, Turkey).

## The current state of the economic cooperation between China and Kazakhstan

Since 1991, Kazakhstan and China have developed multifaceted relations that have no precedent in the history of diplomatic relations. Despite the fact that Kazakhstan and China are long-standing neighbors, political, cultural and humanitarian relations and security cooperation have developed in the last three decades after Kazakhstan gained independence. All the agreements reached in various fields make the relations between the two countries comprehensive and multifaceted. The agenda and structure of these relations are changing, from demarcation of the border to innovative cooperation, and the dynamics of growth of indicators in all areas of cooperation is significant and has no analogues in the post-Soviet space, even compared to similar indicators between China and Russia.

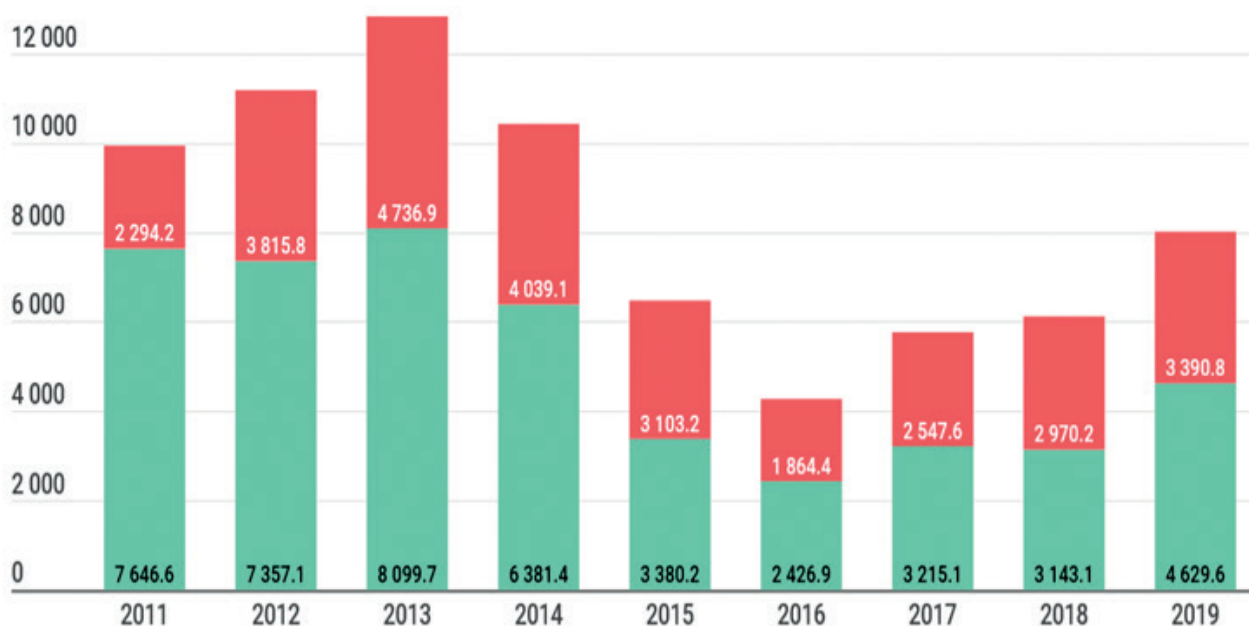
Today, China is one of the major trade and economic partners of Kazakhstan. Let's turn to the growth dynamics of the share of China in Kazakhstan's trade, thus in 2018 it amounted to 11.8% of the total, amounting to 11 505 071 thousand US dollars. In addition, Beijing is one of the top 3 partner countries in

terms of turnover, commonly with Russia and Italy. However, unlike other countries, trade with China is more balanced: import and export volumes are almost equal. According to the results of 7 months of 2019, the trade turnover between Kazakhstan and China exceeded \$ 8 billion, which is the highest indicator in the last five years.

According to the results of the seven months of 2019, China accounted for 15% of Kazakhstan's trade turnover (11.7% a year earlier), 14.1% of exports (9.5%) and 16.4% of imports (15.7% in January-June 2018.). Traditionally, Kazakhstan exports to China is raw material oriented. The main export commodities of Kazakhstan to China are mineral products, metal, and chemical products. For instance, from 2011 to 2016, oil was the main exported commodity. After the fall in oil demand from 2017 to 2018, copper has become the major export commodity. Import commodities from China are much more diverse. At the beginning of 2019, 841 commodity items were imported from China to Kazakhstan. The most popular import goods have not been changed for several years – such as textiles, machinery, equipment, metals, minerals, ceramics and glass products and consumer goods.

It is noteworthy that the Belt and Road Initiative was announced by Chinese President Xi Jinping in 2013 in Kazakhstan. This is an indicator of high interest in Kazakhstan as a partner in the implementation of this strategy. The same opinion is shared by Fudan University professor Zhao Huasheng, who is a well-known Chinese expert on Central Asia, who believes that countries along the route should in turn be interested and become not only recipients of investments, but also actively involved co-founders and players. As an outgrowth, the countries of the region will become “allies” of China, and not an inte-

Figure 2. Kazakhstan and China turnover (according to the last 7 months of 2019)



gration bridge within the framework of incorporation chain. Kazakhstan immediately responded positively to the idea of rebuilding the “New Silk Road”, later integrated its national industrial program for 2015-2019 with the BRI. Many researchers also call the BRI a new model of Chinese international and geo-economic policy. Official Beijing claims that the BRI aims to eliminate various barriers, mainly infrastructure, trade in Eurasia. However, many scientists and researchers consider the BRI in terms of its geo-economic and geostrategic role.

On September 10-12, 2019, the newly elected second president of Kazakhstan, Kassym-Jomart Tokayev, made his first state visit to China from the moment he took office. The visit secured Tokayev's status of successor to first President Nursultan Nazarbayev's political course, as the main message of the negotiations was the consolidation of previous agreements and the expansion of comprehensive strategic relations between Kazakhstan and China.

The two-day visit of Kassym-Jomart Tokayev was full of meetings and events. The President of Kazakhstan met with Yang Jiechi, a member of the Politburo of the Central Committee of the Communist Party of China (CPC) and the director of the Office of the Commission on Foreign Affairs of the Central Committee of the CPC.

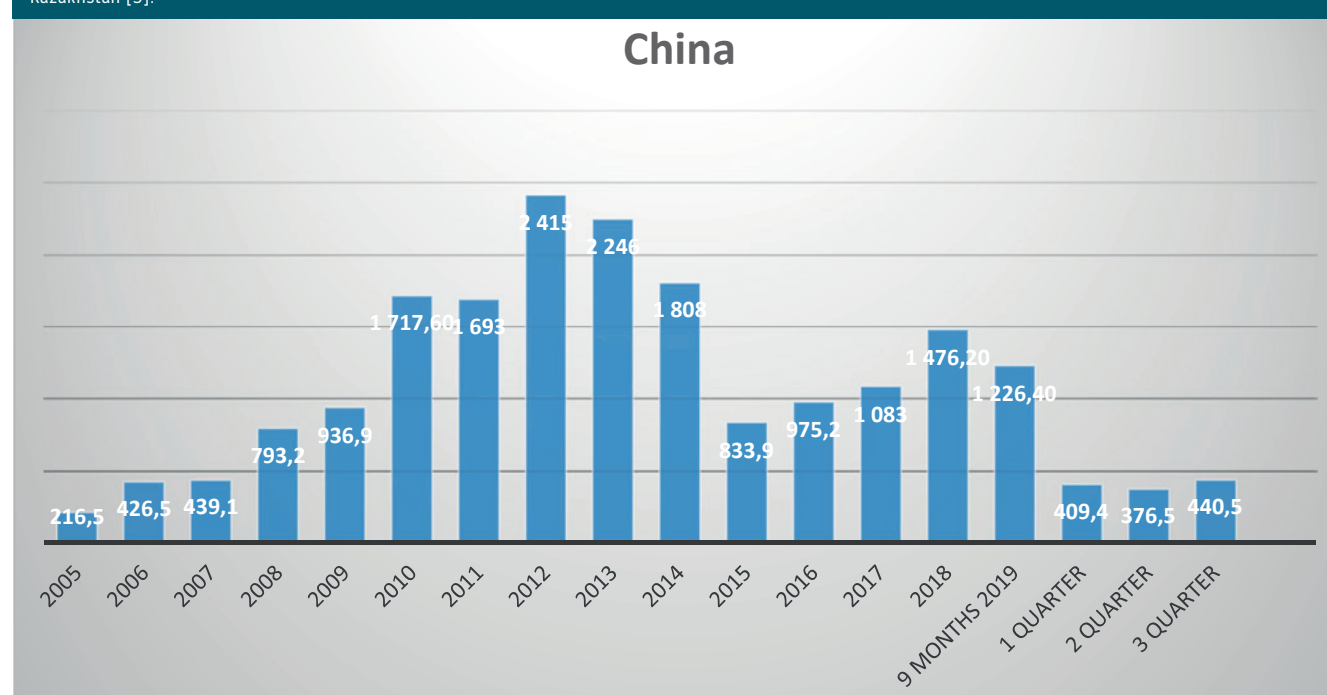
President Tokayev K. K. attended the opening of the sixth meeting of the Kazakh-Chinese Business Council, where the president announced that since the establishment of diplomatic relations, China has invested 20 billion dollars in the economy of Kazakhstan. Following the results of the event, representatives of the Kazakh side signed a number of commercial agreements with Chinese businessmen, however there is no informa-

tion on the details of these agreements [7].

One of the immediate outreaches of the visit and the accompanying information campaign was a raise awareness of Kazakhstan and its economic opportunities in the Chinese business community. Currently, Chinese investments in Kazakhstan are mainly related to intergovernmental agreements involving Chinese quasi-state companies and banks. Today, China is also promoting its private business to actively invest in Kazakhstan. It is worth noting that the dynamic growth of Chinese investment in the economy of Kazakhstan is observed against the backdrop of a decrease in interest from Western countries, and in some areas the growth of Chinese capital remains undeniable. Apparently for the President of Kazakhstan, Kassym-Jomart Tokayev, one of the important tasks of the negotiations with Chinese colleagues was to alter the pattern of economic cooperation with Beijing and shift the focus on investing in innovative sectors of the economy. Since current economic cooperation is mainly aimed at the export of raw materials and partly at manufacturing industries. The next task is to intensify cooperation in the field of modernization 4.0, where China is making significant progress along with the technologically developed western countries and Japan.

During a meeting between President of Kazakhstan Kassym-Jomart Tokayev and Chinese Prime Minister Li Keqiang, the parties focused on discussing economic cooperation. According to Li Keqiang, China is willing to better integrate the BRI with the development strategy of Kazakhstan, including expanding cooperation in bilateral trade, energy and production capacities, nuclear energy, finance, science and technology, cross-platform e-commerce, as well as contribute to the achievement of

Figure 3. Gross inflow of foreign direct investment in the Republic of Kazakhstan from the PRC, million US dollars. Source: National Bank of the Republic of Kazakhstan [5].



mutually beneficial outcomes. To crown it all, President of Kazakhstan Kassym-Jomart Tokayev and President of China Xi Jinping signed a number of critical documents confirming previous commitments and agreements, including a joint statement on expanding the strategic partnership between China and Kazakhstan and an intergovernmental memorandum of understanding on the implementation of the cooperation plan to unite the national infrastructure Nurly Zhol development program and the construction of the Silk Road Economic Belt, as envisaged to be set up as an integral part of the BRI [6].

Moreover, President Kassym-Jomart Tokayev met with the Chinese business elite and visited Hangzhou, one of the most technologically advanced cities in China, where also visited «Hikvision», the world's largest provider of video surveillance products. Kassym-Jomart Tokayev also took participation in the meeting with the president of the largest Internet holding company Alibaba Group, Jack Ma, who had previously joined an action dedicated to the 175th anniversary of the Kazakh poet and philosopher Abay Kunanbayev, reading his poems in Chinese. The President of Kazakhstan and a well-known Chinese businessman exchanged views on pressing issues of the global economy, including new trends in e-commerce [4]. Cross Border e-commerce is an increasingly significant component of China's economy and its growing share of foreign trade. The possibilities of e-commerce are endless and an implementation to Kazakhstan would bring benefits.

However, it should be pointed out that President Kassym-Jomart Tokayev made his first state visit to Moscow, then to Tashkent, and only then to Beijing. Accordingly, his state visit to China confirmed Kazakhstan's commitment to the current foreign policy of "relying" on Russia in global issues while expanding economic and, as a result, political ties with China.

## China's investment projects in Kazakhstan and its motives

It is well known that the Asia-Pacific region has been the dominant priority in Beijing's foreign policy historically and still is considered. It is based on many economic and strategic aspects. Despite the fact that Kazakhstan and the Central Asian region as a whole do not play a paramount role in Beijing's list of foreign policy partners, as well as in the economy, where trade relations with entire five Central Asian countries have a small share of 1% of all foreign trade in China. Nevertheless, the region plays crucial role in the foreign policy of China. The strategic importance of Central Asia for China should be viewed through the prism of the following aspects. For instance, the importance of Kazakhstan and the entire Central Asian region as a strategic partner for China is due to several important factors.

As it mentioned above firstly, the relevance of Kazakhstan and Central Asia as a whole, lies in its territorial position, which makes the region an obligatory part of the neighboring

regions of China and hence the object of Chinese diplomacy in relation to neighboring countries. The strategic importance of the region becomes even clearer due to its territorial proximity and constant historical and cultural ties with Xinjiang. Chinese officials and experts consider that the regional stability at the bordering part of the China to some extent also depends on the stable environment around the Xinjiang region, which should also create conditions for the economic prosperity of the administrative region. In particular, the Central Asian-Chinese border, with a length of about 3300 km, represents more than half the length of the inter-state border of entire Xinjiang. Central Asia is indeed important for the Xinjiang's economy, as it accounts for half of all its international trade.

The natural resources of Kazakhstan are also critical for Beijing, autonomously from the process of developing bilateral diplomatic relations. The first Chinese international oil pipeline, which directly imports crude oil from Kazakhstan, was designed to facilitate the long-term export of raw materials from Kazakhstan to China. As a result, three lines of the Central Asia-China gas pipeline are constructed today by Chinese companies, which start from Turkmenistan passing Uzbekistan and Kazakhstan to the land border point of Khorghos situated on the border of Kazakhstan and Xinjiang. Hence Beijing managed to become an important player in the energy market of Kazakhstan. As a result, Kazakhstan annually increases the supply of raw materials to China, thereby diversifying its export routes. Briefly, gas supplies through Kazakhstan take a long-term strategic significance for China. Over the past ten years, foreign direct investment from China has grown mainly in the energy sector [3].

The development of transport and logistics infrastructure and energy cooperation between the two countries, insufficient attention is paid to the relationship in the manufacturing industry. A shift in the development of this important direction was the implementation of the mechanism of the Kazakh-Chinese industrial cooperation, which connected the two national programs of industrial development. In concluding, it can be noted that there are stable aspects of the importance of Kazakhstan in China, as well as new promising areas of cooperation are developing.

Since Kazakhstan and China are neighboring countries, the development of transport and logistics infrastructure is crucial for building harmonious trade and economic relations. In connection, along with the proclamation of the Belt and Road Initiative, Kazakhstan began implementing 14 rail and road projects with a total funding of \$ 14,539.3 million (Figure 5). It is worth noting the amount of financing for infrastructure projects varies greatly: from several million to several billion US dollars. Frequently the construction of projects is carried out by Chinese companies. Obviously, Beijing seeks foreign markets for Chinese contractors, which are considered the best in the construction area and infrastructure development in the world. Most investment projects in rail and

## Number of projects

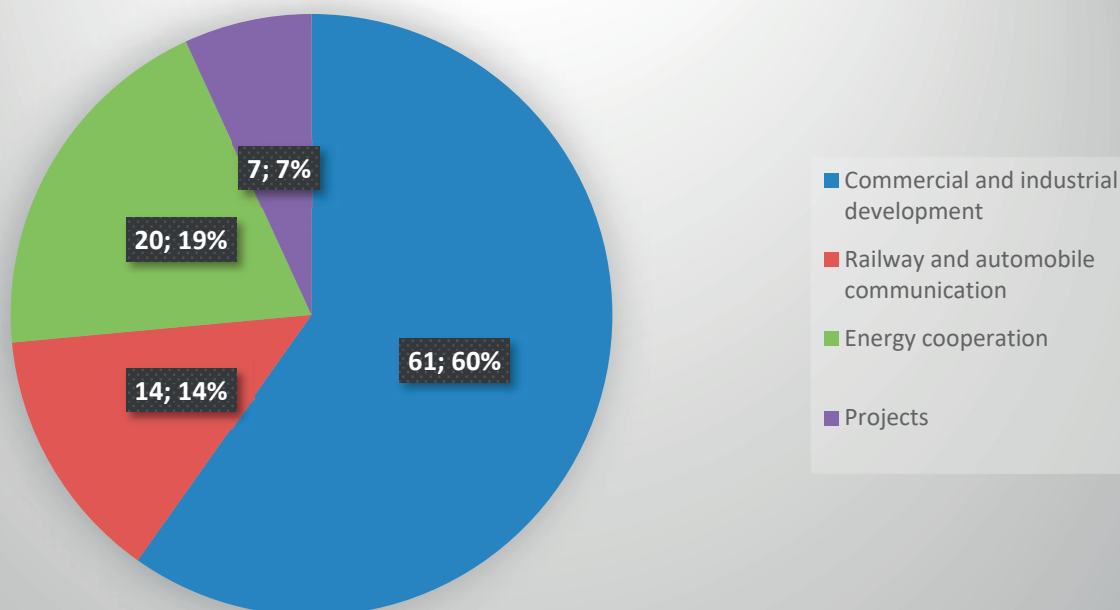


Figure 4. Number of Chinese bilateral and within the Belt and Road Initiative projects in Kazakhstan by sector. Source: National Bank of the Republic of Kazakhstan

## Total amount around country 90 862,43

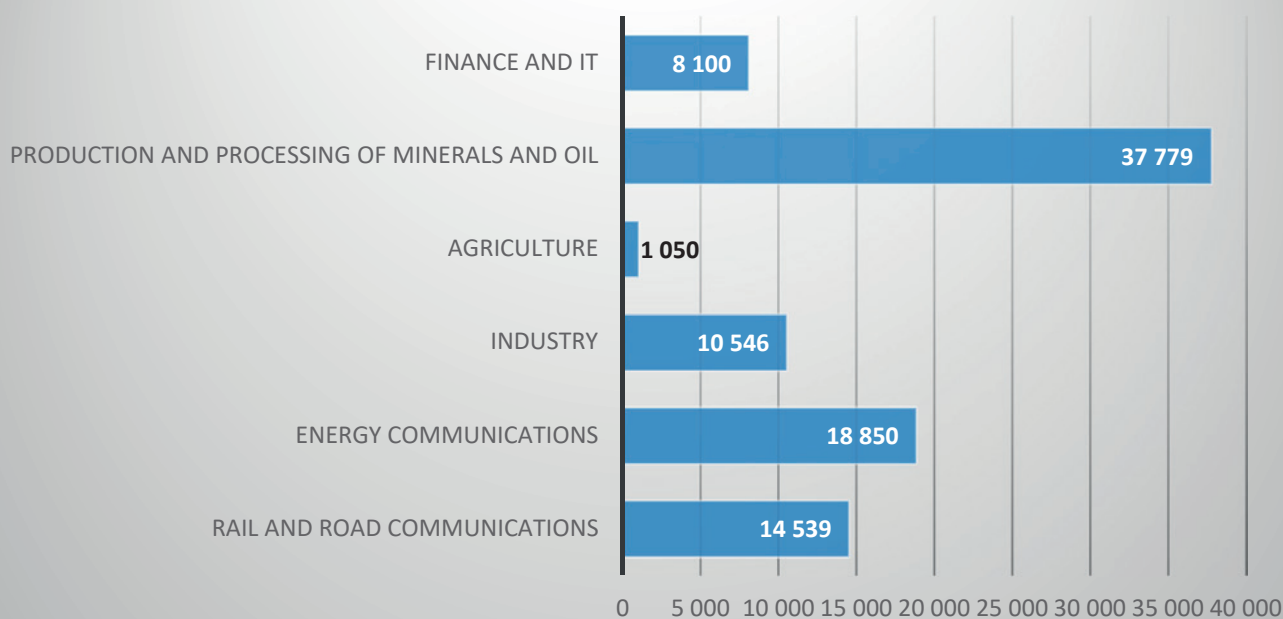


Figure 5. Total investment of Chinese projects in Kazakhstan by sector (million US dollars). Source: National Bank of the Republic of Kazakhstan

road infrastructure in Kazakhstan are long-term. Despite the fact they had been launched before the official announcement of the IPP in 2013, many were introduced during the IPP period (i.e., since 2013).

### Cooperation in the energy field.

China's booming economy is the world's largest consumer of oil and gas. The Kazakhstan economy consists of more than

70% of oil exports, the country is a large-scale seller of hydrocarbons. Hence, the partnership between Kazakhstan and China is driven by economic complementarity. Accordingly, the energy industry has become one of the main goals of China's investments in Kazakhstan. Kazakhstan is the leader among the Central Asia states in attracting Chinese investments within the framework of the BRI projects, numerous are implemented in Kazakhstan, including in the oil and gas sector. In the light of the



strategic importance of energy resources for the Chinese economy, projects range from small one worth a couple of million US dollars (e.g. small hydropower plants) to large oil pipelines and gas pipelines, including large-scale construction projects and complexes, such as the Central Asia-China gas pipeline, worth of 7 billion \$ US. China in the 1990s embarked on a path of overseas upstream oil and gas investments and intensified the activities during the latter part of the decade. The start of the new millennium marked a new era in which Chinese state oil companies began an all-out effort to expand overseas, strongly favored and encouraged by the Chinese government. Beijing began its activities in the Kazakhstan oil industry in the late 1990s.

So, in 1997, a bilateral agreement on energy cooperation was signed. June 4, 1997 CNPC purchased 60% share of Aktobemunaigas—for \$ 4.3 billion, there are also shares in Kashagan oil fields; 51% of Uzen oil fields. On June 3, 2003, during a visit by former Chinese President Hu Jintao, it was noted that energy cooperation is characterized by "strategic importance."

In May 2004, during a visit by President Nazarbayev, it was announced that Atasu would be connected to the Alashankou pipeline. Nowadays it complements more than half of Kazakhstan's regional trade with China. The Kazakh-Chinese oil pipeline, completed in 2005, is designed to transport oil from the Kazakhstan offshore Kashagan project. Kazakhstan-China Pipeline is China's first direct oil import pipeline allowing oil import from Central Asia. It runs from Kazakhstan's Caspian shore to Xinjiang in China. The pipeline is owned by the China National Petroleum Corporation (CNPC) and the Kazakh oil company KazMunayGas. Crude oil exports to China in 2011 amounted to 11 million tons (\$ 8 billion) - 52.8% of exports to China [1].

The Kazakhstan-China pipeline is 11 million tons in 2011 and 20 million tons in 2017-19.

20% of Kazakh oil is produced by Chinese companies.

Khorgos dry port (4 million tons of cargo per year) and the Kuryk sea ferry port in the Caspian.

20 Chinese energy projects in Kazakhstan are valued at total funding of \$ 18,849.5 million.

Currently, CNPC owns oil and gas investment not only in Aktobe Munai Gas, but also in Petro Kazakhstan, Mangistau, Kashagan, North Buzachi, ADM, and KAM (located in Kyzylorda of southern Kazakhstan). Moreover, CNPC is the EPC contractor of the Kazakhstan-China Crude Oil Pipeline, the Kazakhstan-China Gas Pipeline, the Beineu-Shymkent Gas Pipeline, and the Kenkiyak-Atyrau Crude Oil Pipeline, and jointly operates these pipelines with our Kazakh partners. CNPC carries out oil and gas business in Kazakhstan adhering to the philosophy of «mutually beneficial and win-win cooperation for common development» [2].

Furthermore, to investing in projects aimed at establishing a connectivity between the Chinese energy market and Kazakhstani exporters of raw materials, Beijing also invests in research, exploration and production of energy and mineral resources in the Central Asian region as a whole and in Kazakhstan partic-

ularly. Since China has both technical and material and technical capabilities, including the financial resources necessary for the implementation of large-scale projects. Chinese economic activity in Kazakhstan includes investments in projects for exploration, production and processing of minerals and oil. Mineral resources is the crucial sector receiving most of the Chinese investment in Central Asia. China and Kazakhstan pursue both strategic and commercial goals, promoting projects in the mineral sector. Kazakhstan accepts the largest number of projects and receives the highest amount of Chinese investments among the countries of Central Asia.

## Conclusion

An analysis of China-Kazakhstan integration shows that the interaction between Kazakhstan and China during the period under review not only has huge potential, but as well has reached a level that can provide a reliable guarantee for the strategic partnership of China and Kazakhstan in the prospect.

Both Kazakhstan and China have taken certain steps in this direction. For instance, Kazakhstan-China collaboration is characterized by high dynamics of contacts at the highest levels, and an imposing legal base. The legal base of this bilateral relation consists of more than 230 contracts and agreements in different areas, among which are the most fundamental agreements as the Treaty of Good-Neighborliness and Friendly Cooperation signed in December 2002 in Beijing and the Joint Declaration of the heads of state of the Republics of Kazakhstan and China on a new stage of comprehensive strategic partnership (August 2015, Beijing). In this vein there is a Kazakh-Chinese strategic partnership in the region. The role of China's foreign policy is crucial. Some Chinese researchers talk about the strategic importance of the region in China's foreign policy and even the "vital interests" of China in the Central Asian region.

The strategic importance of Central Asia for China is increasingly manifested in the economic sphere, the preservation of regional security is important, primarily for economic development. China and Kazakhstan will continue to jointly advocate for the creation of «a new economic and political order in international relations». According to this issue, the parties demonstrate a unity of position, which, however, contradicts the interests and goals of the United States in the region. China is a natural ally and strategic partner for Kazakhstan. Utilizing the resource and transport potential of Central Asia, China can also solve the issue of economic growth in the XUAR. There are also general threats to security and stability (the "three evils") [9].

In turn, Kazakhstan is in dire need of China as an investment source. An important obvious advantage of cooperation with China was the transport and logistics connectivity to the current international trade artery between the West and China. The Nury Zhol program, which is currently being implemented in conjunction with the Belt and Road initiative, involves solving the ambitious task to be a regional transport and logistics hub. Ka-

Kazakhstan has no access to the seaport and hence the need arises to always look for possible land routes. A significant outcome was Kazakhstan's exit from the land lock country to the oceans through the opening of the Kazakhstan terminal in the port of Lianyungang in eastern China, carried out by the good will of the Chinese leadership.

In the future, even in the conditions of a negative situation on raw materials, Kazakhstan will be able to assure its subsistence only by increasing the volume of transported goods across the country and participating in the production chain along with China. In this context, the significance importance of China as a growing market is critical. The increase in the total trade and economic potential of the country and the expansion of relations between the Celestial Empire and other wealthy markets, especially through the continental transport corridors passing through Kazakhstan, are strategically necessary, since they also increase Kazakhstan income in the transport, logistics and manufacturing segments of the economy. Due to the strategic significance of the geographical position of Kazakhstan between East and West for transcontinental land transportation in Eurasia. In the recent years for instance in 2020, the volume of transit rail traffic through Kazakhstan increased by 17%. Almost 900 thousand containers were transported, of which more than 90% falls at the China-Europe-China route. In 2020, the disruption to global supply chains hit most of the world's trade. Nevertheless, the trade turnover between Kazakhstan and China not only did not decrease, but even increased by 4%. In general, the volume of trade between Kazakhstan and China in 2020 amounted to USD 15.4 billion. In January-April 2021, trade has already exceeded

\$ 5 billion, showing an increase of 10% compared to the same period last year [8].

The long-term development plans of the two countries are based on modernization, digitalization, innovation, as a result, the commonality of tasks largely determines the nature of bilateral cooperation, the relations of leaders and the intensity of interaction between Kazakhstan and China. Further development of efficient strategic cooperation between Kazakhstan and China within the framework of the implementation of regional and bilateral projects requires appropriate intellectual understanding.

Bilateral relations between Kazakhstan and China in the global economy is a continuation of the globalization trend; it is desirable from the point of view of international stability. It can provide a decisive influence on the success of forming greater cooperation and will help to avoid the conflicts in the Eurasian space. The involvement of two states can facilitate a creation of a balance of interests that will benefit all countries. China and Kazakhstan in the light of economic integration in the region and the implementation of the One Belt, One Road Initiative can make a significant contribution to the further economic development for the whole Central Asia. Today, China is objectively one of the world's main sources of investment. The image of the «world manufactory», characteristic of the Celestial Empire some time ago, is gradually being replaced by the image of the «world banker» and the «center of technological innovation».

Nowadays China and Kazakhstan realize the crucial role of peace and development, while maintaining good relations and constructive dialogue in regional and global organizations and structures such as the SCO, CICA and the UN».

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