Participation of Kazakhstan in China's “One Belt - One Road” Initiative.

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Abstract.
The article examined the issues of participation of Republic of Kazakhstan in China's initiative “One belt - one way”. At the present stage, the development of bilateral cooperation between Kazakhstan and China is taking place within the framework of combining the idea of China related to the formation of the Silk Road Economic Belt (SREB), as well as the national Kazakhstan program called “Nurly-Zhol”. This is the main goal of the latest agreements between Kazakhstan and China.

Key words: Kazakhstan, China, One belt - One Road, Silk Road economic belt, Nurly-Zhol.

The role of Kazakhstan in the implementation of international transport corridors in Eurasia.
The problem of the formation of the Great Silk Road as a system of international transport corridors is now being comprehensively considered at various levels. However, there is still no complete clarity on the choice of specific routes. In the official government concept of the PRC “The Economic Belt of the Silk Road and the Sea Silk Road of the 21st Century”, land routes are considered in a general way. Meanwhile, the prospects for transit traffic through Russia (to a large extent) and even the development of its eastern regions (to a certain extent) depend on their choice.

According to competent sources, in the framework of international transit latitudinal transport between Europe and Asia, along with sea routes, 4 railway transport corridors are of no small importance. The key place among them belongs to the Trans-Siberian Railway, which was formed over 100 years ago, crossing the territory of the Russian Federation along the Moscow-Vladivostok route, leaving in the western direction to domestic seaports, primarily the Baltic ones, as well as to the states of Western Europe, to the largest Dutch ports such as Rotterdam / Amsterdam. Speaking of railway routes, in the near future, the Silk Road Northern Corridor, starting from the Chinese port of Lianyungang on the Yellow Sea, passing through the territory of China (Urumqi), Kazakhstan (Astana), can act as the main competitor of Trans-Siberian Railway in transit traffic. going through the Kurgan to the Trans-Siberian Railway to Russia and further to the countries of Europe. The Silk Road southern corridor, starting also in Lianyungang and separating from the Northern corridor in Kazakhstan, passes through Turkey, Uzbekistan, Iran, Turkmenistan, 5-6 European countries to the Netherlands ports. A corridor such as “TRACECA” (Europe – Caucasus – Asia) is separated from the Southern Silk Road corridor in Turkmenistan and runs through the Caspian Sea.

The shipping canal, through which Kazakhstan will open the way directly to the Black Sea, a high-speed railway that crosses the states of the Eurasian Union, starting from Beijing and ending with Berlin - from the stands a plan is envisaged for the construction of grandiose infrastructure facilities.

The global logistics market is characterized by a serious struggle, which will aggravate in the future, according to experts' forecasts. From the point of view of the Eurasian countries, especially Russia and Kazakhstan, the importance of transit lies in another. Since the 1990s Kazakhstan’s economy was faced with the paradigm of big oil, as well as attracting foreign investment.

June 2017 is marked by the signing of a memorandum providing for the organization of high-speed and high-speed cross-border railway freight transportation in the China-Russia-Europe connection, according to which the construction of a freight and passenger high-speed corridor called Eurasia was required. It was planned to build 6.7 thousand km of new lines and highways with a total length of 9 thousand km. According to experts, by 2030 the volume of passenger traffic on the Eurasia high-speed rail can be 58 million people, by 2050 - 90 million. By 2050, freight traffic is expected to be 15 million tons.

The problem of pairing the NurlyZhol program and the SREB
NurlyZhol, which is the state program for the development of Kazakhstan, officially presented in November 2014 by the Head of State N.Nazarbayev, today, acts as the main tuning fork, setting the direction and pace of state development. The five years during which this state program has been implemented have demonstrated its success and role in the economic well-being of Kazakhstan. But, in the context of dynamic changes and globalization, which is taking place in world politics, careful monitoring of the situation is required, which will allow preserving our own national interests. The close pairing of NurlyZhol and the Chinese SREB takes into account the existing uncertainties, possible challenges and threats. The first and main factor of uncertainty is the absence of a clear purpose of the SREB from China on this day. This leads to many questions from experts.

Firstly, it is not clear that the SREB is the geopolitical concept of the “5th generation” leaders or the project of economic integration for money and under the auspices of China. Taking into account the recent accents in the speeches of the leaders of the PRC and the new assessments of Chinese experts, the SREB is still a geopolitical concept (that is, its economic component takes place). The goal of this project is to strengthen regional economic cooperation in Eurasia, the formation of a “new model of cooperation at the international level and global management”. Thus, the main problem arose for Kazakhstan, as well as other countries of the region, consisting in the need to choose priorities in foreign policy.

Secondly, will the implementation of this project determine the dominance of China in the region from the standpoint of politics and economy?

Thirdly, who exactly from the Chinese side will implement this superproject - the government department or non-governmental structures (for example, the Silk Road Fund), who will be entrusted with contacts with foreign partners? However, the key question regarding the combination of this concept with the EAEU project remains unclear? A key factor of uncertainty is the pursuit of different goals by projects.

The goal of the SREB is to promote Chinese products to the markets of the Central Asian countries and the Russian Federation, through them to European and Middle East countries, and then to create a free trade zone in Central Asia, which at the present stage of the EAEU’s development contradicts the main historic goals.

In this regard, an extremely urgent task is to expedite the search for real directions and interface points of the EAEU and the SREB, and develop mechanisms for their interface. Despite the presence of signed documents, there is still no real movement.

But, in the absence of appropriate steps in the short term, the countries of Central Asia will have to choose between China and Russia, and there will be a serious aggravation of Russian-Chinese relations. Under such conditions, it is impossible to predict the effectiveness of the implementation of the SREB in Central Asia. Blocking of the practical implementation of the project by Russia is expected.

The second factor of uncertainty is the complexity of Central Asia as a region, interests are intertwined, there are contradictions between Russia, Europe, the USA, India, China, Turkey and Iran, and relations between the states of the region themselves are not simple.

In this regard, China, as the initiator of a new project, should direct efforts to modernize these relations, as well as contradictions. Will there be a possibility of practical implementation of this - time will tell. It should be noted that neither Russia nor the United States have succeeded in achieving this goal.

The third factor of uncertainty is the need to answer the question regarding the decoding of the principle of “common benefit” declared by China in the framework of trade and economic relations, permeated by intense competition?

The basis of the SREB project does not consist of caring for the development of the state industrial potential of the countries that it will cross, but consists in the intensive development of the western Chinese regions and their transformation into the external economic, transport and logistics, financial hub “Big Central Asia.”

That is, there will be an increase in the role of the XUAR, which at the present stage is successfully coping with the role of the “industrial workshop” of the Central Asian countries, taking
away from the latter the chances of developing the manufacturing sector as part of China’s foreign economic contacts with the Central Asian states. At the same time, the situation in the countries of the region is expected to deteriorate (from the standpoint of their reindustrialization).

At the same time, the main element of uncertainty is the unwillingness of the countries of the region to develop a real sector of the economy along with China, or the dilemma of China - whether to invest in regional reindustrialization, having received a competitor for the export of their own industrial goods.

The main problem is the arrival of Chinese labor along with Chinese investment, which does not have a charity effect on the region with its own surplus labor, which is Central Asia.

The fourth factor of uncertainty is the absence of SESB content. From the point of view of the countries of Central Asia and the Russian Federation (in this situation, Kazakhstan acts as an exception, if there are many ambiguities here), this belongs to the main challenges of the project. At this stage, the proposal of this project is not clear, in addition to the formation of financial, trade, transport and logistics infrastructure, simplification of the customs procedure.

In order to alleviate these concerns, China should develop specific breakthrough projects, similar to the situation with such a network of pipelines as “Central Asia - China,” which will not just be implemented, taking into account the priority Chinese bid oncooperation in the commodity sector, soft loans and the supply of consumer goods.

The next uncertainty factor is to answer the question regarding whether the cultural and humanitarian cooperation considered in the framework of the project is a “two-way street”, or does it envisage the spread of Chinese culture and Chinese values in other countries in accordance with the concept of “soft power”? At the moment, Russian, Central Asian, Western and Chinese experts leave the answer to this question outside the brackets, although it will be touched upon sooner or later.

The 6th uncertainty factor lies in the project economics. At this stage, there are no specific calculations for some of the areas of implementation of the SREB. But, as evidenced by the transit potential of some routes in 2015, the real cargo turnover on them, many of the plans can be classified as unrealizable dreams.

If we talk about the threats and challenges of practical implementation of the SREB in Kazakhstan (also in Central Asia), they are summarized as follows.

The first challenge is the mental and cultural differences between China and the Central Asian countries. In terms of a consolidating country in the region, China has nothing to offer. But, excluding its ability to lend to the economies of the region. At the same time, it should be noted that today it is China that acts as a moderator in matters related to investments and the economy, and building a new architecture of regional security.

The second challenge is related to the need to position the concept within the framework of mutual benefit and justice, it should not contain a hint of the prospects of “Chinese expansion”. At this stage, there is a discussion of the concept of the SREB, its practical implementation only around the interests of China. The logical question regarding the benefits and interest of the countries of the region remains unanswered by Chinese experts. Similar to the question concerning the role of the Russian Federation in the practical implementation of these concepts.

The third challenge lies in the prospects for Chinese enterprises (which are also medium and small businesses) entering the markets of Central Asia. In this case, there are a number of natural issues that determine the appearance of the above and its classification as challenges and threats.

First, China has never considered the countries of Central Asia as a potential part of its own economy (in this case, Kazakhstan is no exception). For him, Central Asia acted as a market for its own goods, a source of natural resources, and transit territory. The direction of Chinese investments in Central Asia (excluding Uzbekistan) in the infrastructure was carried out, without implying the development of the real sector. It is rather difficult to answer the question regarding the change in this approach by the draft SREB.

Second, which companies are planning to bring the PRC to the territory of Kazakhstan (environmental safety, the nature of production, prospects for the distribution of goods, etc.).
The third is whether Kazakhstan is able to provide the company with human resources, and whether labor mass migration of labor from China will be caused.

The fourth challenge concerns the prospects for increasing the flow of China's labor migration. The increase in the number of Chinese labor migration is obvious, which will be due to the large-scale implementation of the SREB and the transfer of excess Chinese industrial capacities to Kazakhstan.

Since the presence of China in Central Asia is currently wary, it requires substantiating the prospects for “going abroad” for Chinese companies, including taking into account the interests of the enterprises themselves and their partners in Central Asia.

The fifth challenge is related to the prospects for the formation of China's free trade zone in Central Asia. In other matters, the Russian Federation makes certain concessions, but Kazakhstan’s participation in China’s initiative “one belt, one way”

This issue is crucial for Russia. The goal of creating the EAEU was not to destroy the SREB of its basic idea - to recreate the industrial potential of the states that are part of it, which, in the absence of restrictions on imports from China, is almost impossible to do. Kazakhstan, being a member of the EAEU, a country with an interest in reindustrialization, must take this circumstance into account.

The 6th challenge is the presence of China's development problems, which is understandable. The recession in China may result in a reduction in its ability to finance SREBs. Since Kazakhstan is betting on these investments, this is associated with certain risks for it.

If we talk about the worsening socio-economic situation in Kazakhstan, its impact on the implementation of the SREB in practice, this issue is not even considered by experts. At the same time, the result of a further deterioration in the socio-economic situation of Kazakhstan and a decrease in the consumer potential of its population may result in a negative impact on the implementation of the SREB.

The seventh challenge is connected with the possible prospect of growth in Kazakhstan of anti-Chinese sentiments (as well as in other Central Asian countries) with the implementation of certain projects on the SREB. In particular, we are talking about the removal of production surplus Chinese capacities, the beginning of the development by Chinese companies of agricultural land in the countries of the region.

The eighth challenge concerns the possible prospect of competition between the EAEU and the SREB. Despite the existence of an agreement on the conjugation of these projects, in practical terms, nothing has been done at this stage. The fact of conjugation in Kazakhstan only along the line of “NurlyZhol” - EPSB is also alarming.

Also alarming is the higher competitiveness of the SREB compared to the EAEU. Along with this, the EAEU (similar to the SREB) lacks a clear conceptual framework, it is kept at the will of the heads of state. In this regard, it should be assumed that the EAEU will lose in the competition. Especially with a cardinal change of political elites in the countries of the region.

Obviously, the practical implementation of the SREB will lead to the formation of a new architecture of the geo-economic and geo-political space of Eurasia, where Central Asia may become the main connecting link. At the same time, without a doubt, Kazakhstan will play an important role as the largest Central Asian state and the largest economy in the region. A country can actually become a “window” for deliveries of Chinese products and goods both to the markets of the EAEU countries and to the markets of neighboring countries and regions (countries of Central Asia, the Caucasus, Turkey, Iran, etc.). Moreover, the unique geopolitical position of Kazakhstan allows it to become a “bridge” between two economic giants - the European Union and China.

Today, China ranks third in Kazakhstan's commodity turnover (10.6 billion dollars, 14% of the total turnover) and second place in the consumption of Kazakhstani products (12%). Beijing is also the largest investor in the economy of Kazakhstan. That is, bilateral relations are sustainable. It is also symbolic that the SREB project is correlated with the Kazakhstan New Economic Policy and the NurlyZhol (Bright Way) initiative, presented to the public in the 2014 Message from President N. Nazarbayev. Both initiatives are aimed at developing infrastructure and industrializing Kazakhstan, and their joint implementation, according to Kazakhstani experts, can provide a synergistic effect for the economic development of Kazakhstan. Such prospects are of particular importance in the context
of the modernization of the Kazakhstani economy, which is necessary in the context of a decline in world oil prices, which is a leading factor in the country's economic development. The implementation of the SREB project and its interfacing with the EAEU in the long term provide Kazakhstan with the following advantages: access to the seaports of the countries participating in the SREB; acceleration and reduction of costs for the delivery of Kazakhstan goods to world markets; an increase in foreign and mutual trade with the participating countries of the interface; modernization of the economy and infrastructure of Kazakhstan. The Chinese initiative will help the region out of the transport isolation trap. Indeed, the problem today is that the resources extracted in the countries of Central Asia are delivered to consumers at serious cost and require significant efforts to transport transit countries through the territory — less often than one, but more often, two or three transit countries.

Currently, the so-called “transport curse” is forcing countries that have gained political independence more than twenty years ago to use networks inherited from the Soviet Union, even when their political course involves “curtailing” ties with Russia.

One of the problems of Kazakh-Chinese relations today is that, despite the dynamic development of economic contacts between the two countries, the volume of bilateral trade has halved in recent years.

Most likely, this is due to socio-economic problems both in Kazakhstan and in China, a decrease in the purchasing power of Kazakhstani and a decrease in the volume of production of products exported from Kazakhstan to the PRC.

Nevertheless, China remains the largest trading partner of Kazakhstan, occupying the first line in imports from Kazakhstan and the second position in exports to Kazakhstan. And it is from here that one of the problems in bilateral relations arises, associated with the dominance of Chinese goods in the markets of Kazakhstan.

In the near and medium term, something can hardly be changed in these matters. Outside of the raw material industries, Kazakhstan, in comparison with the PRC, is absolutely uncompetitive. Therefore, we are doomed to a Chinese commodity boom, and therefore we can say that the Chinese commodity expansion in Kazakhstan actually took place. As fact is and that the economy of Kazakhstan has become a raw material appendage of the economy of China.

The second direction within the framework of the roadmap for the interconnection of the SREB and NurlyZhol is joint industrial projects. The first group includes about 45 projects, 25 of which have already signed agreements totaling $ 23 billion. According to Vice Minister for Investment and Development of the Republic of Kazakhstan E. Khairov, the general program of cooperation in the industrial and investment sphere provides for the implementation 51 projects with an agreed Chinese investment of $ 26 billion.

No less significant is the understanding that the basis of the SREB is not at all a concern for the development of the industrial potential of the countries through which it will pass, but, first of all, the intensive development of the western regions of China and their transformation into transport and logistics, foreign economic, and, in the future, financial hub of Greater Central Asia.

Taking excess production capacities out of its territory, China thereby implements a policy of “going out of bounds,” and therefore, for each specific project, it is necessary to carefully monitor how it meets the national interests of Kazakhstan. So, China is interested in moving environmentally dirty industries abroad. The question is how beneficial Kazakhstan is to place such facilities on its territory.

Secondly, how much do these plans of China agree with the plans for the re-industrialization of Kazakhstan in the EAEU format, and most importantly, how to expand economic cooperation with China without conflict with Russia, which is already quite jealous of the pairing of the SREB and NurlyZhol.

Thirdly, to what extent Kazakhstan is ready to implement this program in terms of its staffing and technological support. Kazakhstan does not have the necessary and professionally prepared labor resources for such production, as there is insufficient knowledge and technology.

However, the main concern is that following Chinese investment Chinese workers are coming in, which doesn’t play to the benefit of the region with its own excess labor, which is Central Asia.
The third direction of the “road map” for interconnecting SREB and “NurlyZhol” is cooperation in the field of high-tech industries and high-tech sectors. Here, China is discussing the choice of one or two areas in which Kazakhstan and China will cooperate as inlevel of scientific institutes, universities, and in the field of creating joint ventures. So far, specific projects that are supposed to be implemented in this area have not been agreed. In any case, there is no information on them. Most likely, they will relate to those priority areas that are identified by China for the 13th five-year plan and are undoubtedly interesting to Kazakhstan. The main issue is the availability of personnel for future enterprises.

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