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Данный сборник статей подготовлен по итогам международной конференции. В сборнике отражены некоторые вопросы развития логистики в Центральной Азии, роль Казахстана, Китая и других стран в развитии транспортной инфраструктуры с учетом геополитических реалий, геополитических интересов, а также задач дипломатии этих стран.

Сборник представляет интерес для широкого круга читателей интересующихся вопросами логистики, геополитики, интеграции, развития стран Центральной Азии.

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## **THE DEVELOPMENT OF ECONOMIC TIES AND TRADE BETWEEN COUNTRIES LOCATED ALONG THE "SILK ROAD ECONOMIC BELT": KAZAKHSTAN'S CASE**

The paper is based on the theory that “continental economies” have a tendency to integrate themselves with surrounding regions. In their turn, smaller economies want to create links with these larger “continental” scale economic hubs in order to achieve the scale of production required for the most efficient cooperation. There is a “win-win” outcome for both sides.

Three decades of economic reforms turned China into one of the largest world economy, both on the volume of gross domestic product and when calculating at par of purchasing power.

China set a tremendous example of the economic growth based on the weighed and thought over economic policy. The People's Republic of China rose to the second line of the world GDP ranking, being ahead of the leader - USA - on growth rates. In the next years China is expected to become the biggest economy of the planet.

On the XVIII National Congress of the Communist Party of China (November, 2012) the need of acceleration of transformation of model of economic development of China was announced.

For years of reforms China, certainly, solved a problem "to feed and warm" though the population not in all regions of the country came to the level of "small prosperity" yet. In the Report of the Central Committee of the CPC the main objective of the CPC - creation of "society of small prosperity" (syaokan shekhuey) by 2020 which can be realized "only on the ways of socialism with the Chinese specifics" was allocated and confirmed.

At a congress the results of social and economic development of the country were summed up, the main indicative indicators of economic development of the People's Republic of China till 2020 are defined (social and economic, development of science, the equipment and education, living standards of the population, environmental protection). The task of doubling of GDP by 2020 and growth of an average per capita indicator of GDP relatively 2010 is set, at maintenance of an average annual gain of GDP at the level of 7%.

Total growth of China for 2015 has made 6,9%. The new structure of GDP reflects the shift of priorities of economic policy. Consumption of households

made 66,4% - the highest level since 2001. Its contribution to the gain of GDP has made 3,7% already whereas the contribution of investments has made 2,7%.

Analyzing results of the XVIII National Congress of the Communist Party of China, it is possible to draw a conclusion that on condition of the consecutive solution of three main problems of the Chinese society - the population, relative shortage of energy resources and an environmental problem - to China quite on forces to realize the ambitious goals planned by a congress by 2020:

- to provide increase in production of GDP twice and GDP growth per capita (in comparison with 2010);

- creation of the largest domestic market in the world;

- the accelerated development of the sphere of a social assistance for an urban and rural population;

- creation of system of the rational and ordered distribution of the income.

Realization of the social and economic tasks of doubling of GDP and GDP per capita set on the XVIII National Congress of the Communist Party of China, in comparison with 2010, and the creation of society of "small prosperity" have to create conditions for social and political stability in the Chinese society.

The average per capita income in China in 2007 - 2008 exceeded 20% of an average per capita indicator of GDP of the USA, but did not reach 55% of this level yet, i.e. officially included \$27 thousand the IMF in 2011 China in group of the countries so the average income [1].

In the recent years in China considerable efforts were made on development of railway mechanical engineering which became the most important branch of the industry of the country. In China powerful high-speed electric locomotives and locomotives, different types of cars are made and developed. Production of this branch of the industry became competitive in the international market.

Since February 1, 2012 the capital of China passed to the standard of energy consumption "Euro-5" to reduce the level of harmful emissions by 30 - 50%.

China occupies the leading place in the world by quantity registered Internet users (564 million, or 42,1%), and a big part (420 million) of users was included into network with the help of mobile devices. The largest trade online-place of Alibaba of ( 阿里巴巴 ) is also Chinese [2].

Chairman Xi Jinping proposed to form "The Silk Road Economic Belt" and "The 21st century Maritime Silk Road" with all the interested parties.

In 1999, Chinese leadership has adopted a strategic "Plan of development of the West". This program included accelerated development of a

municipality directly under the central government control, six provinces and five autonomous regions, including Xinjiang, to the level of leading regions. Since 2008, economic growth of central, western and north-eastern regions higher than those of eastern regions. However, eight of nine provinces with the lowest GDP are located in the west [3].

The Xinjiang Uighur Autonomous Region (XUAR) the Chinese side plays an important role in Kazakh-chinese relations, because it is historically, culturally and geographically close to our region.

The area of the Xinjiang Uygur Autonomous Region is 1,6 million square km, which equals to one-sixth of the territory of China, and it ranks 14<sup>th</sup> among 31 provinces in terms of GDP per capita. The Xinjiang is presented as supplier of mineral resources and agricultural products and recipient of finished industrial products in the division of labor in China. As a supplier of mineral resources, autonomous region well known for its oil and gas reserves as 14% of all Chinese oil (third among Chinese provinces) and more than 30% of natural gas located here.

The economy of China has a great influence on all countries of Central Asia, including Kazakhstan. In the near future this influence will only grow owing to the realized investment, trade and infrastructure projects. More than two-thirds of trade between China and Central Asian region accounts for Kazakhstan, the latter maintains a positive balance of trade.

*Cooperative arrangements.* Economic cooperation between Kazakhstan and China is based on political agreements on strategic cooperation in the XXI century.

December 23, 2002, the Kazakhstan and China signed the Treaty of Good-neighborliness, Friendship and Cooperation, and Joint Declaration on Strategic Partnership on July 4, 2005. The Strategy of Cooperation between Kazakhstan and China in the Twenty-first Century (December 2006) and the Concept of Development of Bilateral Economic Cooperation are both the evidence of deepening of bilateral relations.

On June 6, 2012, the Joint Declaration of the Republic of Kazakhstan and the People's Republic of China on the Further Development of Strategic Partnership and the Agreement between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China on Checkpoints Across the State Border and the Mode of their Operation were signed in Beijing as a result of bilateral talks during the visit of Kazakh President Nursultan Nazarbayev.

The legal basis for cooperation is substantial.

Economic cooperation is the core of the Chinese-Kazakhstani cooperation.

Decrease in volumes of import of China exerted impact on mutual trade with Kazakhstan. Commodity turnover volume between Kazakhstan and China in 2015 made 10,6 billion US dollars that is 62% less in comparison with 2014.

Dynamics of volumes of export and import of China (bln \$)

Years	2012	2013	2014	2015
Export	199.2	207.7	227.5	224.1
Import	168.1	182.2	177.9	164

Share of China in export and import of the Republic of Kazakhstan (%)

	2000	2010	2011	2012	2013	2014
Share of the People's Republic of China in export of RK	7,75	17,68	18,49	17,86	16,97	12,55
Share of the People's Republic of China in import of RK	3,06	16,50	13,21	16,83	17,14	17,88
Source: made by data by UNComtrade						

The main articles of export of Kazakhstan to China are products of a mineral origin and primary goods

- 65% are the shares of oil, oil products and natural gas,
- 20% on ignoble metals.

The structure of Kazakhstan's exports to China has a distinct raw material feature, as almost 80% of exports accounts for oil and oil products, copper, ores and concentrates.

The structure of export of Kazakhstan considerably changed during 2000-2014. If in 2000 the share of metals in export was equal to 80%, then it was reduced and made 20% by 2014.

On this background, the kazakhstani export of products of a mineral origin to the People's Republic of China, on the contrary, began to grow since 2000.

Delay of growth rates of industrial production of China can make considerable negative impact on economy of Kazakhstan.

Radical changes are not observed in structure of import of Kazakhstan from China in 15 years. In commodity structure of import machines, the electric equipment and electronic devices and textile products prevail. The share of China in import of Kazakhstan in 2015 has made 17.9%.

Kazakhstan is included into the list of twenty largest suppliers of oil, mineral oil and oil products to China. Kazakhstan delivers 1% of minerals (ore, slag, ashes) and 2% of the metals imported by China. But we see that in

China the demand for organic and inorganic chemicals, copper, rice, grain, oilseeds and fruits, and also metallurgy is observed. Therefore Kazakhstan can increase export of these goods to China, strengthening trade and economic relations with China.

At the same time, China's ability to invest in Kazakhstan's economy is also an important factor in the dynamics of bilateral relations. In the beginning of 2011, China has allocated \$ 1.7 billion to the Kazakh National Welfare Fund, \$ 5 billion to the development of petrochemical industry in Kazakhstan, and has signed an \$ 8 billion contract for purchase of Kazakh uranium [4].

China is one of the large investors to the kazakhstani economy. From \$27 billion Chinese DFI which are saved up by 2015 in the largest economies of the CIS \$23,6 billion are the share of Kazakhstan. But delay of our economies also puts pressure upon dynamics of investments. Now, the main investment projects of the Chinese multinational corporations are connected with a fuel complex, first of all with oil extraction and natural gas. However strengthening of investment streams in other branches, in particular, transport infrastructure and logistics is expected in the nearest future. JSC "NUH "Bayterek" and "CITIK Group" concluded the Agreement on joint participation in KazakhstanInfrastructureFund, the framework agreement on a loan between Masalsky Mining and Processing Works LLP and the Chinese bank of export and import and the framework agreement between "EurasianResourcesGroup" corporation and National bank of development of China were signed.

On August 31<sup>st</sup> 2015 during the state visit of the Kazakhstan President to PRC, Xi Jinping and N.Nazarbayev have signed the Memorandum on understanding and cooperation between national export and investment agency "KAZNEX INVEST" JSC which belong to the Ministry of Industry and New Technologies of the Republic of Kazakhstan and "Silk Road" foundation on the creation of the special investment foundation for the industrial and innovational projects.

JSC "National Export and Investments Agency "KAZNEX INVEST"" and "Silk Road " fund concluded the Memorandum of understanding and interaction on creation of special investment fund for projects of industrial and innovative cooperation, and the memorandum of cooperation is signed between JSC NC "Astana EXPO-2017" Oil Company and the Chinese bureau of the international tourism. Two more documents were signed with the Chinese side of JSC "Astana LRT": with National bank of development of China – the agreement on a loan and with consortium of the companies of the People's Republic of China - the EPC-contract.

Only in the last two years bilateral contracts for total amount of more than 70 billion dollars are signed. In various spheres of the country over 250



intergovernmental and interdepartmental agreements were concluded. Comprehensive strategic partnership of Kazakhstan and China.

The first, bilateral contracts for total amount of more than 70 billion dollars are signed in the last two years.

The second, over 250 intergovernmental and interdepartmental agreements were concluded in various spheres.

The third, the Chinese international construction company of non-ferrous metallurgy (NFC) provides employment to 950 people of local population, 44 million dollars are invested in economy of Kazakhstan;

Finally, conclusion of agreement on 52 industrial projects for the sum of over 24 billion dollars during the international conference "OBOR: modern external economic policy of the People's Republic of China".

In September 2013 at the Nazarbayev University You gave a very important historical speech about the initiative to create "The Silk Road Economic Belt". Kazakhstan is ready to take an active participation in realization of the project that will encompass such fields as economy, trade, transport, investments, finances and culture" – said N.Nazarbayev during the negotiations with China's Chairman in Shanghai.

"In your speech in the university, you have introduced five major ideas which are clear to us and close to our view. Their implementation plays an important role in the region. You have said then:"We need to preserve a long-age friendship, live in peace and have mutual understanding as kind neighbors". "We implement this policy into life constantly" – said the President of Kazakhstan [5].

Strategy The new "Silk Road" will connect Eurasia with major international ports and help the region avoid transport isolation. In 2014, the President of the Republic of Kazakhstan put forward a new economic policy "Nurly Zhol - the path to the future", which is closely intertwined with the Chinese OBOR project.

In order to successfully develop the economy, Kazakhstan should diversify its trading partners, increase the volume of its business, and find new markets. Thus, the opportunities and alternatives provided by the Silk Road Initiative serve Kazakhstan's economic and political goals and needs, since bilateral and multilateral commitments allow Kazakhstan not only to diversify its foreign trade activities but also give our country economic stability and political flexibility on the international scene.

In fact, improving the interconnection between regions ultimately leads to an increase in national welfare. This will help strengthen trade and economic ties between the regions. There will be new markets developing within the country. Therefore, the unification of remote parts is the main direction of the state program "Nurly Zhol". The main goal of the program is the formation of

the Single Economic Market by integrating the country's macro regions on the basis of building an effective infrastructure based on the "hub" principle to ensure Kazakhstan's long-term economic growth.

Mutual complementarity of the New economic policy of Kazakhstan "Nurly zhol" and Chinese development strategy "One Belt — One Road": expansion of the horizons of cooperation in industrialization and investments, formation of transnational transit and transport alliance.

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