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there to be effective results, the government must evaluate these projects not only on

the potential for profit. Economic projects that bring quick and considerable profits

but are implemented without consideration of long-term economic, social, and envi-

ronmental consequences may ultimately turn out to be disadvantageous.

Content analysis has revealed the prevailing ideas of the BRI in official and

expert publications, as well as their broadcast channels in Central Asian societies.

The content analysis method is also used in studying political discourse, which is

considered especially effective in the study of methods and mechanisms for the

implementation of the SREB in Kazakhstan. The concept of “transnational social

spaces” was used by the authors to analyze the BRI’s humanitarian aspect, which is

aimed at the dissemination of China’s “soft power” in various strata of society such

as the elite, intellectuals, public organizations, civil society, etc.

17.4

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and Risks

In an attempt to diversify its economy, the government of Kazakhstan has attached

particular importance to the intensive development of transport infrastructure. Since

2015 the “Nurly Zhol” program, aimed at the modernization of the country’s trans-

port assets, has been underway. By 2020 projects totaling over 40 billion dollars will

be completed (Kushkumbayev

2015

)

.

Funds supplied by international banks will go

toward the construction of highways from the center to the south, east, and west of

the country. This will fulfill one of the aims of “Nurly Zhol” – to connect the capital

with major regions based on the “radial principle.” Thanks to its geopolitical posi-

tion as a transport link in the system of multileveled interactions between Asia and

Europe, Kazakhstan announced its intention to become a regional transit hub.

For Kazakhstan, China is an indispensable partner, creditor, and investor. In

monetary terms, Chinese investments totaled 623.9 million dollars in 2016

(Tengrinews.kz

2016

). In order to identify how much China’s plans are in keeping

with Kazakhstan’s plans for reindustrialization with potential for expansion in bilat-

eral cooperation and the possibility of integrating SREB and “Nurly Zhol” into the

EEU format, the opportunities and risks for Kazakhstan in the BRI should be

addressed.

17.4.1

Opportunities the SREB Project Offers to Kazakhstan

Cooperation between Kazakhstan and China can contribute to the development of

Kazakhstan’s transit potential. The Chinese ideas of SREB and “Nurly Zhol” have

converging interests in the development of transport and logistic infrastructure on

Kazakhstan’s territory. This is what the 2016–2017 agreements between Kazakhstan

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and China and the issuance of credit lines from China aimed at. A “road map” to

expand bilateral cooperation in all sectors of the economy, along with the creation

of a joint working group on the integration of the SREB and “Nurly Zhol,” has been

created. According to the plans, four areas of cooperation are anticipated (ibid).

The first area

– development of a transit corridor, creation of logistical centers in

Kazakhstan, and the simplification of procedures (customs, tax, financial, etc.)

with the intention to expand bilateral trade. Kazakhstan’s goal is to pick up part

of the trade flow between China and Europe.

The second area

– joint industrial projects

In September 2015, President Nazarbayev reported on the decision to relocate 51

Chinese factories to Kazakhstan. Chief among these are the construction of a

copper-smelting factory in East Kazakhstan Region, a polypropylene plant in

Atyrau Region, and the modernization of the Shymkent oil-refining factory. As

part of the SREB initiative, there are plans for projects financed by the Silk Road

Fund and the Asian Infrastructure Investment Bank. The overall cooperation pro-

gram includes over 26 billion dollars of Chinese investments (Bnews.kz 2016).

The third area –

cooperation in science-driven and high-tech sectors

Astana and Beijing are considering one to two areas in which Kazakhstan and China

will collaborate at the level of scientific institutes and universities, as well as in

the creation of joint enterprises (ibid). For the time being discussions are under

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way about the areas in which Kazakhstan and China will collaborate, neither

institutes nor universities where the collaboration would be carried out have been

finalized.

The fourth area

– cooperation in agriculture

Today Kazakhstan and China are working on 19 projects totaling more than 1.7

billion dollars. Agreements have been reached recently about the creation of several

major joint projects in the agriculture sector (ibid). For example, the Chinese com-

pany Rifa Holding Group aims to invest in the construction of a meat-packing plant

in East Kazakhstan Region. Eighty percent of the plants’ production will be exported

to China. The project is estimated at 7.9 billion tenge. The CITIC Corporation

signed an agreement with the “Baiterek” Holding Company to undertake projects

relating to feed lots and poultry farms. The Hong Kong financial group “Oriental

Patron” plans to invest in the Kazakhstan company “Kazeksportastyk” to develop

agricultural product processing with goods destined for the Chinese market. The

investments total around 500 million dollars (Alibekova

2016

).

All the aforementioned facts are proof that areas of integration between “Nurly

Zhol” and SREB have not only been found but have taken shape in the form of con-

crete projects, but more importantly, they have already been funded. A major jump

took place in 2014–2015 when guaranteed Chinese investments into the Kazakhstan

economy grew threefold (Syroezhkin

2016

).

In 2016 Kazakhstan completed construction on its part of the international transit

highway corridor – Western Europe – Western China. The railroad line Khorgos-

Almaty-

Taraz-Shymkent-Kyzylorda-Aktau with the Borzhakty-Ersay branch has

been completed, along with the infrastructural framework for the ferry complex

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“Kuryk” on the Caspian Sea Coast with a capacity of four million tons of cargo per

year. Aktau’s port is being modernized (Kuzmina

2017

). The role of the original

driver of these and other projects is assigned to the Asian Bank of Infrastructure

Investments with an authorized capital of 100 billion dollars and the Silk Road

Fund, which has a $ 40 billion (Kushkumbayev

2015

). By implementing the SREB

project, China is expanding its list of investments into Kazakhstan’s economy. Apart

from the oil and gas sector, Chinese money will go toward infrastructure, industry,

agriculture, and tourism, among others.

For Kazakhstan the harmonization in relations between “Nurly Zhol,” SREB,

and the EEU is critical. The EEU and SREB are two of the most tangible projects

that will lay the foundation for a Greater United Eurasian Economic Community.

The EEU orients toward the post-Soviet space with the reindustrialization of its

members being its primary goal, along with the creation of a common economic

space which would provide for freedom of movement, goods, services, capital, and

labor. Despite the fact that SREB is not an integration project per se, its main goal,

nonetheless, is the creation of favorable conditions for the movement of Chinese

goods to the markets of Central Asia, Russia, Europe, and countries of the Near and

Middle East, which coincides with the interests of the Eurasian Economic Union’s

members.

The integration of all three projects would become a model of the shift from

competition to a level of intercountry, intercontinental economic cooperation.

Between “Nurly Zhol,” SREB, and the EEU, Kazakhstan could act as a bridge in

China and Russia’s multidimensional relations.

17.4.2

Challenges and Risks of Kazakhstan’s Participation

in the SREB Project

In taking advantage of new opportunities and benefits of cooperation with China as

part of the SREB, Kazakhstan must minimize possible risks and challenges. It is

clear that when countries with considerable differences in potential are involved in

joint projects, this inevitably creates contradictions not only of an economic charac-

ter but a political, sociocultural, and environmental one as well. To manage these

risks and challenges, Kazakhstani politicians and experts need a strategy based not

on short-term profits (financing and investing) but on long-term perspectives that

would protect the state’s national interests.

There is a certain ambiguity in the perception of the Chinese initiative among

the Kazakhstani public that is worth noting. Discourse from the political elite con-

veys a positive perception of bilateral cooperation in all areas, while at the same

time, social discourse brings light to fears and phobias.

While Kazakh authorities make claims about future prospects, there is an

increased anxiety in society around the consequences of such a shift. It is possible

that these apprehensions are baseless since there is little information about these

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businesses, the amount of jobs that will be created for the local population, environ-

mental assessments, etc. (Contur.kz

2017

). For example, by announcing relocation

of 51 Chinese enterprises to Kazakhstan, the Ministry for Investments and

Development of the Republic of Kazakhstan has neither published a list of the busi-

nesses nor a program of the bilateral industrial-investment cooperation, which

would allow for real evaluation of the opportunities associated with these projects

(Kuzmina

2017

).

The shifting and creation of joint Kazakhstani-Chinese businesses in Kazakhstan

is justified if they are created in areas where Kazakhstan itself is unable to due to

lack of investments or qualified labor. A special government commission and the

conclusions reached by independent experts must determine the level of demand for

any given business. The implementation of investment projects must facilitate the

inflow of new technologies, the organization of technology parks, and the produc-

tion of goods for export to third countries, job creation, and, as a whole, economic

growth. Otherwise, there is a risk of protest riots in the local population against

government actions.

The Chinese government has launched a new political model “ecological civili-

zation” that aims to minimize environmental pollution in China, introduce “green

technology,” etc. (Green

2017

). To this end, the question of which businesses China

plans to relocate to Kazakhstan becomes relevant (operation of productions, envi-

ronmental safety, outlook on product distribution, etc.). Importing businesses with

“dirty” technology threatens the development of “yesterday’s” resource economy in

Central Asian countries while delaying their technological development in relation

to China.

The implementation of the SREB may cause social risks for the Central Asian

region. According to the official statements by Kazakh authorities, SREB projects

aim to create new jobs which are an appealing argument for a region with a surplus

of labor. However, due to the preferential loans provided by China through state

banks, the associated projects are carried out by Chinese companies and Chinese

labor. For example, Chinese train manufacturers are expecting the highest returns,

which means the usage of Chinese materials, management, and labor. Kazakhstani

manufacturers will have to make due with the remaining contracting business

(En.

ndrc.gov.cn

2015

). This and other examples explain not only Chinese interests

but also the reluctance of Kazakhstan and Central Asian countries to support the

SREB’s implementation in terms of personnel and technological needs.

In the first half of 2015, 12,360 Chinese citizens received Kazakhstan work per

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mits (in 2014 there was a total of 6500). It is clear that as surplus Chinese labor

comes to Kazakhstan at the beginning of the project’s implementation and that

China’s labor migrant population will multiply several times over (Nur.kz

2015

). As

a member of the WTO, Kazakhstan cannot sharply limit the flow of Chinese labor

migration – all that’s left to do is hope for China’s good will. There is no informa-

tion on agreements available in the public domain addressing labor migration quo-

tas from China within the SREB project. Such uncertainty is caused by frustration

among Kazakhstan and Central Asia’s population.

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One way for labor migrant to solve this complicated issue is with the help of the

“market in exchange for technology and training” mechanism. This trend must

replace the former one of “raw materials in exchange for investments.” Before start-

ing production in Kazakhstan, Chinese businesses must train local workers. Sooner

or later the money received as investments and credit will run out, but the problem

of untrained personnel will remain.

Kazakh authorities should refer to China’s well-known practice of strictly regulat-

ing any foreign presence in its economy. First of all, the policy aims to overall limit

the presence of foreign businesses (no more than 25%) and also in key areas of China’s

economy such as in the production of tea, rice, and Chinese medicinal products.

Secondly, China was interested more so in the retraining of its personnel as opposed

to money. Now, China no longer needs foreign investments, and it creates technology

itself and, most importantly, has its own personnel that understand the logic of devel-

oping a modern world market (Expertonline.kz

2017

). When implementing the

SREB, the Kazakh authorities can use the main ideas of this experience.

Anti-Chinese sentiments are a serious roadblock in the implementation of

SREB. While Kazakhstan and Central Asian elites welcome the flow of finances,

Chinese businesses have been encountering xenophobia from the local population.

One of the most widespread fears is that Chinese economic, demographic, and mili-

tary expansion will, as a result, lead to a loss of sovereignty. Kazakh authorities

unintentionally incited another wave of Sino-phobia in 2010 when it was announced

that Kazakhstan would lease farmland to China over the course of several decades

which quickly prompted protests. Ultimately the deal did not go through

(Sultangalieva

2016

). This caused Beijing to study the program’s vulnerability from

a security standpoint.

Kazakh people believe that, as a whole, the investments give little to nothing of

value to the population. They accuse the authorities of corruption. There are also

fears around the region’s environment. This combination of nationalism, grievances

about corruption, and environmental pollution strengthen anti-Chinese and anti-

government sentiments. Local manufacturers see the inflow of Chinese goods into

Kazakhstan as a threat since they are not able to compete with Chinese companies.

It is also clear that, despite the geographical proximity and cultural-historical

past, there is a lack of experience in mutual communication and mutual understand-

ing between Kazakh and Chinese societies. For all intents and purposes, there is no

Kazakh school of sinologists which would be able to combat stereotypes and the

alarmist vision of China.

17.4.3

Steps That Kazakhstan Must Take to Ensure

a Successful Implementation of the SREB Project

In order to redress the current situation, the SREB must be about more than high-

ways and routes. The rebirth of the Silk Way is a means to bring together those who

live along this route. In SREB documents, the people-to-people area is represented

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via multidimensional humanitarian collaboration including the areas of education,

culture and the arts, tourism, healthcare, youth politics, science, and technology.

The Kazakh side must raise the question of expanding cultural-humanitarian

cooperation and building bridges between people, for example, through the expan-

sion of cooperation in the fields of education, science, and healthcare. This will

allow for Kazakhstanis to better recognize and understand Kazakhstan’s strategic

partnership with China.

A sociological study in Kazakhstan and Kyrgyzstan revealed that among 300

respondents (representatives of the young, educated elite in both countries), 96% of

respondents had a positive view of Chinese investments. The most negative opinion

was in relation to the inflow of Chinese immigrants – 80% of respondents. Seventy

percent of respondents were concerned about environmental pollution (Caa -

net-

work.org

2018). According to this study, the older and middle generation in

Kazakhstan is fearful and apprehensive about the policies of their Great Neighbor.

But at the same time, Kazakhstani youth is forming its own view of the Celestial

Empire through engagement with China’s “soft power.” It’s clear that traditional

Sino-phobia coexists alongside a new phenomenon – a positive view of China

(ibid.).

Education must play a key role in bringing the civil societies of the two countries

closer together. Kazakhstan’s universities must take into account how innovations in

the internalization of higher education can aid in the training of highly qualified

specialists prepared for the new realities of the geo-economic BRI.

In addition to training specialists with practical knowledge, it is necessary to

prepare students for international outlook, innovative thinking, and knowledge of

foreign languages in the regional countries of the New Silk Road.

It is safe to say that China has attained the status as one of the most popular

countries where young people of Central Asia go to study. Recipients of the

Presidential Scholarship “Bolashak” go to China for their studies. This is also

enabled by the growing number of scholarships issued by the Chinese government,

specialized scholarships for Silk Way countries, organization of cultural events, and

so on. Agreements have been signed between the countries on science and techno-

logical cooperation and mutual recognition of higher education documents.

Confucius Institutes operate in Kazakhstan. Kazakhstani students have an excellent

opportunity to study Chinese at the Confucius Institute which has been operating

successfully at the Al-Farabi Kazakh National University and is considered one of

the best in Central Asia. All the necessary material and logistical conditions are in

place, professors from China teach classes, and there are frequent cultural events.

The institute works in close cooperation with the Department of Oriental Studies

and the Department of International Relations. Every year enrollment in Chinese

language classes increases.

The leading university in Kazakhstan, Al-Farabi Kazakh National University,

works with 35 Chinese universities in different areas, jointly working on scientific

projects as well as preparing specialists. At Al-Farabi Kazakh National University,

168 Chinese students are enrolled – this includes 76 who are taking language

courses to eventually matriculate into a university. KazNU is part of the two univer

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sity network consortiums – University Network of the Commonwealth of

Independent States and the University Network of the Shanghai Cooperation

Agreement. As a primary university coordinator in the SCA University network,

KazNU participates in the implementation of MA programs in the areas of “envi-

ronment,” “regional studies,” and “nanotechnology.” Many Chinese universities are

partners in the training of specialists in these areas (Kaznu.kz

2014

). Favorable

public opinion should become the foundation for cooperation in the Belt and Road

Initiative. Nongovernmental forms of cultural exchange should be more diverse,

and communication among business and cultural elites should be established.

The rise of Sino-phobia can be stopped with the help of the mass media, the

internet, the public diplomacy, a large-scale PR campaign that would clarify the

goals and purposes of the SREB, its integration with “Nurly Zhol,” and the expected

dividends for the local population and the state. It is essential to explain to the public

questions associated with the transfer of excess Chinese manufacturing capacity to

Kazakhstan, as well as joint projects in the agriculture sector. Easily available infor

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mation would dispel speculation and rumors.

It is important to convey to the population that the SREB project offers substan-

tial opportunities for the country’s development. In Kazakhstan and other Central

Asian countries, there is an understanding that partnering with China gives more

benefits than actual risks. Creating enterprises in Kazakhstan will set in motion the

intellectual and technical growth of the nation. Collaboration in agriculture will

allow Kazakhstan to successfully export not only to China’s food market but to the

markets of third countries as well.

To foster constructive discussion and critique the impact of SREB on the socio-

economic landscape in Kazakhstan, it is important that there will be a wide range of

experts, including independent experts, who would not be restricted in preparing

analytical materials for branches of government and who would develop tools to

influence public opinion. Building constructive relations with China must be based

on cohesive expertise concerning the pluses and minuses in decision-making. The

question of developing principles and framework for cooperation with China

remains relevant. Experts must thoroughly analyze the objective benefits of each

side and correspondingly, clarify and adjust the agenda of bilateral cooperation. A

lack of quality expertise on the Chinese problematic will make it impossible for

Kazakhstan to form its own agenda in how bilateral relations develop further.

Despite the expansion and deepening of cooperation and growth of China’s influ-

ence in the world, in Kazakhstan there is a lack of demand for a “think tank on

China.” These, among other factors, explain the absence of a school of sinologists

in Kazakhstan.

How to simplify customs and visa procedures so as to remove barriers for the

expansion of trade and tourism is a question that remains open. People-to-people

diplomacy brings the two societies closer together and reduces the level of fear rela-

tive to one another. One of the five main directions declared in China’s partnership

with the Silk Way countries is the “bringing together of peoples.” This consists of a

wide range of areas for collaboration: cultural exchanges, scientific contacts, partner

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ships between mass media and volunteer organizations, and tourism among others.

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Today many Kazakhstanis do business and have other economic ties with Chinese

partners, study or receive medical assistance in China, enjoy Chinese cuisine, and

visit the Middle Kingdom as tourists. “People-to-people” diplomacy must be sup-

ported by visa mechanisms, among others.

17.5

Conclusion

SREB project affects various areas of development in many states and the entire

regions of the world: security, sociocultural, political-diplomatic, and civilizational

aspects of their existence. It is undeniable that the SREB brings many new opportu-

nities for Kazakhstan. Astana can use these opportunities only if it manages to

ensure that the project is built on conditions favorable for Kazakhstan.

Kazakhstan’s involvement in the Chinese BRI will enable the diversification of

the economy and the development of the non-commodity sector, providing for long-

term sustainable development. Kazakhstan’s strategy consists of advocating for its

interests in the following ways. It requires that joint contracts with China meet

certain criteria and standards in various areas (law, technology, environment, etc.)

with the input of independent and international experts. The integration of SREB

and “Nurly Zhol” will allow for Kazakhstan to step back from its former practice of

“raw materials in exchange for investment” and turn to developing its economy

based on the strengthening of its transport infrastructure.

Apart from the possibilities, the implementation of the SREB contains risks that

the Kazakhstani side needs to manage. The main risks are in the economical, as well

as the ideological and civilizational, spheres. The necessity of developing a program

between SREB, EEU, and Nurly Zhol is evident. The absence of such a program

will create difficulties for Kazakhstan to realize its multi-vector foreign policy.

In order to effectively protect its national interests, Kazakhstani politicians and

experts must develop a strategy to popularize the BRI among Kazakhstani society.

On the one hand, this will help to alleviate phobias and fears about the Chinese pres-

ence in Kazakhstan. The strategy must aim to provide information to the population

on the integration process (under what conditions, where, and with what prospects

for the future). This will help to quell rumors and speculation, as well as anti-

Chinese sentiments.

On the other hand, the strategy must aim to strengthening the ties between

Kazakhstan and China in the humanitarian sphere. Education and culture must be

the driving forces in this area. If the number of students studying at Chinese univer

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sities has been rising, then the cultural-humanitarian sphere must be expanded and

deepened. Work in this area must not only focus on Chinese culture and its achieve-

ments but also aim to develop cultural and humanitarian cooperation based on the

“two-way street” principle. The educational component of bilateral relations must

be complemented by cooperation in analytical and research areas. Customs and visa

procedures should be simplified in order to remove barriers so as to expand trade and

tourism. The better we know one another, the more effective our partnership will be.

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