



Kazakhs wary of Chinese embrace as BRI gathers steam

By **PHILIPPE LE CORRE**

Introduction

Kazakhstan is one of China's direct neighbours, and a prominent one by size and border. As the Chinese proverb states, "a close neighbour is more valuable than a distant relative",¹ hence the importance of Sino-Kazakh ties, especially at a time when Beijing tries to promote its "Belt and Road Initiative" (BRI) across Eurasia. The country has a 1782.75 km-long border with China, and shares much history and people with the former Middle Kingdom. Although data is sparse, it is known that many Uyghurs –the main tribe of Xinjiang, China's troubled autonomous region - live in Kazakhstan. There are also ethnic Kazakhs living on the Chinese side, in Xinjiang (many of them facing great political difficulties, if not persecutions).

After Kazakhstan acquired independence, the Chinese and Kazakh governments addressed controversial border issues and eventually signed a border treaty on April 26, 1994.² Two years later, the two countries also became –along with Russia, the traditional political power of the region, and other Central Asia republics - founding members of the Shanghai Cooperation Organization (SCO).³

Kazakhstan is the ninth-largest territory in the world, but the size of its population (18.3 million as of 1.10.2018)⁴ and GDP are utterly dwarfed by China. In 2017, its population was less than that of Beijing, and its economy was less than 1/76th the size of China's.⁵ Oil is the main driver of the economy, which started recovering from the crisis caused by the fall of global oil prices a few years ago: In 2017, the Kazakh economy grew by 3.3 per cent. Oil output increased by 10.5 per cent in 2017⁶ due to the launch of production at the long-awaited offshore oil field Kashagan in October 2016.

¹ 远亲不如近邻 (yuan qin bu ru jin lin)

² See Marlène Laruelle and Sébastien Peyrouse, *The Chinese Question in Central Asia, Domestic Order, Social Change, and the Chinese Factor*, New York: Columbia University Press, 2012, <https://www.hurstpublishers.com/book/the-chinese-question-in-central-asia/>

³ Alexander Cooley, What's next for the Shanghai Cooperation Organization, *The Diplomat*, June 6, 2018. <https://thediplomat.com/2018/06/whats-next-for-the-shanghai-cooperation-organization/>

⁴ http://stat.gov.kz/faces/homePage?_afzLoop=1426571480404550#%40%3F_afzLoop%3D1426571480404550%26_adf.ctrl-state%3D131xysh0z1_4

⁵ Data for Kazakhstan, China

<https://data.worldbank.org/?locations=KZ-CN>

⁶ <https://www.kazpravda.kz/en/news/economics/kazakhstan-produced-record-amount-of-oil-in-2017/>

While Russia remains Astana's closest political ally, China is gradually becoming the main economic partner of Kazakhstan: According to Ardak Kasymbek, managing director of Kazakhstan's state energy company KazMunYGas, Kazakhstan has given China control of up to 30 per cent of all oil extraction as of April 2016.⁷ In 2005, the China National Petroleum Corporation bought Petrokazakhstan, the former Soviet Union's largest oil company, for US\$4.18 billion and spent another US\$700 million on a pipeline that will take the oil to the Chinese border. In 2009, China lent US\$10 billion⁸ to Kazakhstan and gained a stake in MangistauMunaiGas. In 2016, the governments of China and Kazakhstan agreed on a package of industrial projects worth US\$26 billion, including mining, chemicals and petrochemicals, via some 50 joint-venture companies.⁹ As of November 2018, only six projects have been approved by the government of Kazakhstan.

Chinese investments in Kazakhstan include railroads, highways and, especially, energy-related projects. As a landlocked country, Kazakhstan is logically an indispensable player in the BRI, which was launched by President Xi Jinping in Astana in 2013. The concept has offered Kazakhstan a key role in the China-built network of infrastructure, including railways, roads, digital facilities, ports, airports and energy plants, not to forget "a vision of free trade across the region".¹⁰ Always willing to strike a regional balance, President Nursultan Nazarbayev also launched his own initiative, a connectivity plan called *Nurly Zhol*, allowing Kazakhstan to build its own "silk road". Astana also joined the Russian-sponsored customs union, the *Eurasian Economic Union*.¹¹

Still, the most active plan seems to be the Chinese BRI. The potential it can offer to Kazakhstan is very visible in Khorgos,¹² one of two highway and railway crossings on the border, the other being Dostyk-Alashankou. This large area, surrounded by mountains and bustling with the construction of infrastructural projects, is meant to receive Chinese goods and ensure their onward transit with the potential of local value-added through the provision of logistical services. On paper, the scheme looks very tempting and ideal for Kazakhstan, and holds the promise of turning Khorgos into become a hub – through a free-trade zone, also called the *International Center of Boundary Cooperation*, of economic activity and source of prosperity.

Khorgos, a bustling town along the old Silk Road more than a millennium ago, is reawakening. The Khorgos Gateway Dry Port – aimed at receiving goods in transit - is slowly taking off, along with a logistics zone and a multi-billion-dollar industrial park aspiring to attract tax-free foreign direct investments. The Altynkol train station, which feeds the Dry Port, has received 353,000 containers in the first nine months of 2018,¹³ a figure 45 per cent more than for all of 2017.

A new land-border crossing, connecting Khorgos with its Chinese counterpart Horgos, has been completed, and will eventually be handling 2,200 trucks and 300 small vehicles every 24 hours. This is also the point at which the Kazakh portion of the "Western China-Western Europe Highway", with its

⁷Hao Tian: China's conditional aid and its impact on central Asia in *China's Belt and Road Initiative and its impact on Central Asia*, Central Asia Program, George Washington University, 2018, p.30

⁸https://tengrinews.kz/zakon/pravitelstvo_respubliki_kazahstan_premier_ministr_rk/mejdunapodnyie_otnosheniya_respubliki_kazahstan/id-P090000520_/

⁹ Kazakhstan, China to create 50 joint-ventures, *Kazinform*, September 21, 2016, http://www.inform.kz/en/kazakhstan-china-to-create-50-joint-enterprises_a2951403

¹⁰ Central Asia's Silk Road Rivalries, Europe and Central Asia Report N°245, International crisis group, July 27, 2017

¹¹ Eurasian Economic Union

¹² Andrew Higgins: "A Visa-Free Zone Welcomes Your Wallet. But Maybe Not Your Beard", New York Times, January 8, 2018 <https://www.nytimes.com/2018/01/08/world/asia/kazakhstan-china-border.html>

¹³ <https://abctv.kz/ru/last/tranzit-kontejnerov-po-territorii-kazahstana-s-nachala-2018>

impressive four-lane road, starts. The road, which has recently been completed, extends all the way to the Russian border at Aktobe, with an arm branching to the Caspian Sea.

The Dry Port container yard can handle 18,000 containers a year, although it has not reached this figure yet. In addition, there are plans to build an airport to facilitate intermodal connections. There are also signs that the manufacturing zone of the Port area might be able to take off. That, of course, would depend on China, which has been expanding Horgos, which has a population of 100,000. New Chinese companies have been moving in as part of BRI projects. The Kazakh part of the ICBC is currently being equipped with duty-free shopping malls, hotels, restaurants and even a museum, possibly a casino and a local amusement park to attract Chinese tourists. It is mostly Kazakh nationals who travel by bus or by train to Khorgos from Almaty and smaller towns to benefit from cheap Chinese goods sold tax-free in this zone.

Every day, 4,500 Kazakhs and 15,000 Chinese traders and shoppers enter the zone, but there is a massive unbalance between the small Kazakh town and the Chinese city on the other side of ICBC. A Kazakh city is being planned to house employees of the larger “Khorgos Eastern Gates”, and will be able to house 100,000 people, but how many Kazakhs will actually live in the area?

Judging from fast-growing links between Kazakhstan’s financial sector and China, through the Silk Road Fund, the China Development Bank, the China Export-Import Bank and the Shanghai Stock Exchange, the BRI comes with blessings and deep societal concerns at grassroots level. In Kazakhstan, there is a clear veil of reticence towards the Chinese embrace. It is due to a mix of popular ignorance (no one knows exactly how many Chinese live in Kazakhstan) and disinformation.¹⁴ “The availability of new information and direct experience of dealing with the Chinese at different levels and travel contribute to a better sense of goodwill and trust... but the picture is diverse, mixed and dynamic, and growing familiarity does not necessarily lead to greater amity and trust”.¹⁵

Although there have been few public surveys on the issue, experts and officials during conversations report a palpable anxiety on the part of the locals. Laruelle¹⁶ sees two main fears in the Kazakh society: the first is that there will be an “invasion” of Chinese migrants who will settle and take away local jobs. The second is that China will start questioning the border agreements and suddenly demand more land. The later concern became obvious when Kazakhstan experienced unexpected protests sparked by proposed amendments to the Land Law adopted in 2014 that were to enter into force in June 2016. The changes would have allowed foreigners to rent agricultural land for 25 years (instead of 10 previously). In Kazakhstan, some say these changes to the law – which were perceived as allowing China to control lands - were not the primary cause for the protests. A popular fear of growing Chinese economic influence in the country might have been one of the reasons. Eventually, the government eventually suspended the adoption of the process.

China’s image and Kazakh perceptions

Beijing has been anxiously trying to improve its image in Kazakhstan. In contrast with the traditional

¹⁴ Aziz Burkhanov and Yu-wen Chen: “Kazakh perspective on China, the Chinese and Chinese migration”, *Ethnic and Racial Studies* 39, n°12 (2016)

¹⁵ Bhavna Dave: *Silk Road Economic Belt: effects on China’s soft power diplomacy in Kazakhstan*, in *China’s Belt and Road Initiative and its impact on Central Asia*, Central Asia Program, George Washington University, 2018, p. 101-109

¹⁶ Marlène Laruelle: *China’s Belt and Road Initiative. Quo vadis? in China’s Belt and Road Initiative and its impact on Central Asia*, Central Asia Program, George Washington University, 2018, p. x-xii

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regional superpower, Russia, it has what it takes to improve its *soft power*, as per Joseph Nye's definition.¹⁷ China has economic resources, strong cultural features and the BRI is a unique project which has spurred a flurry of Chinese public diplomacy to engage with various stakeholders in Central Asia, including Kazakhstan. Think-tanks have emerged on the Chinese side of the border, Kazakh students have been sponsored to travel and study in China¹⁸ and six Confucius institutes have opened throughout the country to date.¹⁹ The real question is whether a true exchange between Kazakhs and Chinese can be achieved. At a time when tensions are simmering as a result of the detention of Kazakhs in Xinjiang,²⁰ it looks highly unlikely.

Kazakhs seem to waver between enthusiasm on the one hand and deep-seated reluctance on the other. Unlike some of the other smaller Central Asia countries, Kazakhstan can afford to play a different card towards China and Russia as it balances its relationships with both powers.

The chart below shows the extent of the lack of enthusiasm for China among Kazakhs.

What do you think about China's expansion – Is there a threat of intensification of the influence of China in Kazakhstan?

	# of respondents	%	Gender (%)		Age group (%)						Ethnic Identity (%)		
			Men	Women	18-24	25-34	35-44	45-54	55-64	65+	Kazakh	Russian	Other
Yes, there is a clear threat	451	20,4	20,1	20,5	18,5	18,5	20,4	22,5	21,6	22,8	23,5	13,9	14,7
There is no clear threat, but it can arise in the future	998	45,0	46,1	44,1	40,7	49,4	46,2	44,8	45,9	37,4	44,6	46,6	44,8
There is no threat	567	25,6	25,5	25,6	31,2	24,3	24,7	23,6	23,5	27,7	24,0	26,2	32,5
Difficult to answer	200	9,0	8,2	9,8	9,6	7,8	8,8	9,0	9,0	12,1	7,9	13,3	8,0
Total	2216	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,00	100,0

Data are drawn from a face-to-face survey conducted by the Institute of World Economics and Politics in July 2017 among 2216 respondents. The survey, led by scholar Serik Beissembayev covered urban and rural communities in all 14 basic administrative units (oblast) and two cities of national level (Almaty and Astana) in Kazakhstan.

The situation regarding foreign direct investments is identical. In a survey conducted by Harvard Kennedy School graduate Shyngys Mukan between June 15-July 1, 2018 among 100 people in

¹⁷ “soft power has the effect of getting others to want the outcomes that you want through the ability to attract”, which “leads to acquiescence”, Joseph Nye, *Bound to Lead: The Changing Nature of American Power*, New York, 1990

¹⁸ Philippe Le Corre: Kazakhstan must look beyond the Belt and Road, Nikkei Asian review, May 4, 2018 <https://asia.nikkei.com/Opinion/Kazakhstan-must-look-beyond-the-Belt-and-Road2>

¹⁹ http://english.hanban.org/node_10971.htm

²⁰ Kazakhstan confronts China about Kazakhs in Xinjiang re-education camps, The Diplomat, June 14, 2018

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Kazakhstan²¹, only 3.19 per cent wanted foreign investment to come from China, against 39.3 per cent in favour of EU, 51.06 per cent in favour of United States and 6.38 per cent for Russia. It appears the local populations want Kazakhstan to maintain strong relations with the West, as opposed to becoming a hub for Chinese projects under the BRI umbrella. As in many other Asian countries, citizens see China as a predator rather than a partner. Despite their government's commitment to Beijing, Kazakhs perceive their big neighbour as threat to their culture and independence.

Asked to rank countries that will be important to Kazakhstan in 10 years on a scale from 1 to 4 (most important to least important), 25.81 per cent of the respondents picked China as the most important country or fairly important (22.58 per cent), while the EU received 53.01 per cent (most important), 29.03 per cent (fairly important), 8.6 per cent (not so important) and 19.35 per cent (not important at all). The United States fared even better with 51.06 per cent (most important country), 28.72 per cent (fairly important), 12.77 per cent (not so important), 7.45 per cent (not important at all).

Despite Kazakhstan's central role in the Belt and Road Initiative, the local population is largely negative about the BRI (22.45 per cent have a very negative impression, 27.55 per cent have a slightly negative one), while 30.61 per cent are neutral, and 17.35 per cent slightly positive. Only 2.04 per cent very positive about it.

Finally, one of the issues that we have tried to address in this paper is the evaluation of the China debate in Kazakhstan, where 47 per cent think the debate is sufficient, while 42 per cent think there isn't enough discussion on China.

As pointed out by scholar Nargis Kassenova²², "Kazakhstan's public opinion seems to be in a counter-cycle to that of the government: While the political elites are warming up for a tight embrace with China, ordinary citizens seem to be growing more worried, with discussions of the "China threat" serving as a staple of public discourse on security and the future of the country". Chinese investments are welcome by Kazakhstan, but the government needs to take into account public perceptions – including by a portion of traditional Kazakh elites. The lack of transparency contributes to rumours and distortions. Although China's political influence is still minimal, says Almaty-based China expert Konstantin Syroyezhkin,²³ it is gaining ground as ties improve, and the number of Kazakh students going to China is on the rise (according to Syroyezhkin, it has tripled to 15,000 a year between 2013 and 2016). To prevent a political risk, the Kazakh government needs to strike a delicate balance between China, Russia, and other geopolitical players.²⁴

Although perceptions are shifting in China's favour in a number of countries around the world, it is not the case in Kazakhstan. Many countries may have acquired a large degree of acceptance that China has become a big player in their economies and societies, but Kazakhs are aware of the risks to their economy and sovereignty if they become overly-dependent on their big neighbour. Kazakhstan is and will remain part of the Russian-speaking sphere, a legacy of Tsarist Russia and the Soviet Union, and has little in common with the culture of the former Middle Kingdom. This may provide Kazakhstan a layer of protection. At the same time, the infrastructure being built into border areas is likely to serve China's interests. Much explanation on the China-connection remains needed on the part of the Astana

²¹ Survey conducted by Harvard Kennedy School MPA graduate Shynggys Murkan in Kazakhstan in June 2018

²² Nargis Kassenova: China's Silk Road and Kazakhstan's Bright Path: Linking Dreams of Prosperity, Asia Policy 24, July 2017, pp. 110-115

²³ Interview with the author, Astana, November 2017

²⁴ Kazakhstan must look beyond the Belt and Road, *Ibid*

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government which will, soon or later, face a leadership succession process. It is only natural that the general public requires a debate on the future direction of the country.

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