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CHINA'S ECONOMIC PRESENCE IN CENTRAL ASIA: KAZAKHSTAN CASE

Orta Asya'da Çin'in Ekonomik Varlığı: Kazakistan Örneđi

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Abstract: Following the dissolution of the Soviet Union, China has significantly increased its economic presence in Central Asia thanks to leading Chinese institutions such as the SCO, the BRI, and the AIIB. Now on the course, China is one of the most significant partners for Central Asian states. State-owned banks turned saving into financing infrastructure facilities such as roads and rail links. This paper focuses on Kazakhstan as a case country in Central Asia. Diplomatic ties between Astana and Beijing developed shortly after the collapse of the former Soviet Union, with both countries moving on to co-found the Shanghai Five, which later turned into the SCO. From Kazakhstan's point of view, the country's geopolitical situation leaves it no choice but to cooperate with Russia and China, Kazakhstan's two most potent and closest neighbors. Currently, Kazakhstan's strategy provides the path to China's economic outreach, while Beijing's growing investments provide Kazakhstan's path to modernization. Financial integration is vital to supporting the BRI; therefore, the AIIB was established. Along with the significant growing economic influence, two main challenges require feasible solutions one is the Russian reaction to China's growing economic presence, and the other is the anti-Chinese sentiment that causes demonstrations in Kazakhstan.

Keywords: China, Central Asia, Kazakhstan, Russia, the SCO, the BRI, the AIIB.

Öz: Sovyetler Birliđi'nin dađılmasının ardından Çin, ŞİÖ, BRI ve AIIB gibi Çin'in öncülük ettiđi kurumlar sayesinde Orta Asya'daki ekonomik varlığını önemli ölçüde artırmıştır. Şimdi rotada Çin, Orta Asya devletleri için en önemli ortaklardan biridir. Devlete ait bankalar, tasarrufları, yollar ve demiryolu bađlantıları gibi altyapı tesislerinin finansmanına dönüřtürdü. Bu makale, Orta Asya'da örnek bir ülke olarak Kazakistan'a odaklanmaktadır. Astana ve Pekin arasındaki diplomatik bađlar, eski Sovyetler Birliđi'nin dađılmasından kısa bir süre sonra geliřti ve her iki ülke de daha sonra ŞİÖ'ye dönüřecek olan Şanghay Beřlisi'ni birlikte kurdu. Kazakistan açısından bakıldıđında, ülkenin jeopolitik durumu, Kazakistan'ın en güçlü ve en yakın iki komşusu olan Rusya ve Çin ile işbirliđi yapmaktan başka seçeneç bırakmıyor. Su anda, Kazakistan'ın stratejisi Çin'in ekonomik erişimine giden yolu sađlarken Pekin'in artan yatırımları Kazakistan'ın modernleşme yolunu sađlıyor. BRI'yi desteklemek için finansal entegrasyon hayatı önem taşıř; bu nedenle AIIB kuruldu. Önemli ölçüde artan ekonomik etkinin yanı sıra uygulanabilir çözümler gerektiren iki ana zorluk da vardır; biri Rusya'nın Çin'in büyüyen ekonomik varlığına tepkisi, diđerisi ise Kazakistan'da gösterilere neden olan Çin karřıtı duygudur.

Anahtar Kelimeler: Çin, Orta Asya, Kazakistan, Rusya, ŞİÖ, BRI, AIIB.

INTRODUCTION

By specifying Central Asia, this paper refers to five countries: Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, and Kyrgyzstan. China has become a significant economic power with an increasingly global and regional presence over the past three decades. The 30th anniversary of diplomatic relations between China and five Central Asian nations is where Beijing's relations with its neighbors are headed. Data from China's ministry of commerce shows the trading volume between China and the five Central Asia increased more than one hundred times to around 50 billion US dollars in the past thirty years. China's direct investments in Central Asia have exceeded 14 billion US dollars; the BRI has contributed to many cooperation projects like electricity, finance, medical services, transportation, agriculture, and security cooperation has also grown. Because of its expanding economic might and geopolitical significance, China today has a unique position in the international system. China's economic expansion is taking place around the globe, so it is no surprise that its footprint is geographically adjacent to Kazakhstan, and Central Asia is rapidly growing (Sadovskaya, 2016, p. 12).

China has taken a significant position in Kazakhstan since 1991 as a crucial partner. Kazakhstan, with the other four Central Asian countries, in the last decade particularly, is approaching a critical phase in its history, in which their economies are shaped toward Chinese economic presence comparatively to Russia. When China's economic infrastructure activities under the Belt & Road Initiative (BRI) were investigated, it can be seen that the BRI framework helped China to increase its economic presence in Kazakhstan. China now plays a significant role in Kazakhstan's economy and significantly influences its trade rate. Through the BRI, China, and Kazakhstan have respectfully collaborated and worked to create mutually beneficial outcomes. President Xi Jinping proposed that China and other countries in Central Asia must accelerate their communication with one another at both bilateral and multilateral levels and improve road connectivity and other trade so that every single country can benefit from it thanks to a new economic Belt in the region.

China has long since surpassed Russia as Kazakhstan's most important trading partner. Before Xi announced the BRI, bilateral trade between Kazakhstan and China totaled \$28.9 billion, compared to Russia's \$23.5 billion. China is the largest investor in Central Asia, having invested nearly \$19 billion in Kazakhstan's economy in the first two decades of the country's independence prior to the BRI. China has also made substantial investments in the energy industries of Kazakhstan, Turkmenistan, Uzbekistan, and Russia, thanks to China's economic and commercial success and its capacity to execute large-scale development projects efficiently and affordably (Dave, 2018, p. 99).

Laurelle and Peyrouse argued that the five Central Asian Countries have chosen increasingly diverse political, socioeconomic, and geopolitical paths since their independence in 1991, undermining the regional idea of Central Asia. Indeed, in order to increase unity, it seeks to eradicate difference. Although there are numerous parallels between them, the contrasts are equally important. (Laurelle and Peyrouse, 2012, p. 2). However, the scope of this study by referring to Central Asia is the five states of the region: Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan, and as a case study, Kazakhstan, furthermore this study intends to provide a significant analysis of China's growing economic presence that is accomplished within the BRI, and its motives, and priorities in the region.

Background of the China-Kazakh Relationship

Kazakhstan has a leading role, especially in economic changeover and development, compared to other Central Asian states. Thus, as a case country, Kazakhstan offers a sufficient scope of

applicability surrounding China regarding its economic presence in Central Asia. Zhao Huasheng, a Chinese scholar, emphasized the “deep historical roots” between China and the Central Asian region that commenced in the 60s BC under the Han Dynasty, the second imperial dynasty of China (Rumer, Trenin, and Zhao, 2007, p. 163). In the first half of the 1990s, the Central Asia region was comparatively underdeveloped and lacked economic reforms in the post-Cold War period. China formed the Shanghai Cooperation Organization (SCO) in 2001 with Russia and the Central Asian states, namely Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Following the Soviet Union's dissolution toward the end of 1991 up to 1995, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan negotiated their common border regions with China. It can be argued that these border negotiations reflect these three border Central Asia states: Kazakhstan, Kyrgyzstan, and Tajikistan, and Russia's desire to establish common grounds to avoid any countries taking advantage of one another (Chung, 2004, p. 990). Establishing a stable relationship and strengthening bilateral and multilateral ties under the cooperation frameworks such as the SCO between China and the Central Asian state, especially with Kazakhstan, is crucial for each side. In the post-Soviet climate, the relationship between China and the Central Asian states, especially with three border countries Kazakhstan, Kyrgyzstan, and Tajikistan based on mutual care for each other actions.

Former Chinese President Hu Jintao emphasized the importance of partnership and joint development in 2004, and he also prioritized China's policy to maintain peace with other states and joint development (Qingguo, 2005, p. 494). In addition to peace, development, and prosperity the Chinese government has stated that it seeks a peaceful world in which national sovereignty is respected, diversity is tolerated, and all countries prosper. According to Beijing, the international community should respect national sovereignty, and national sovereignty, according to Premier Wen, is the foundation of national freedom. Furthermore, it is the collective expression and effective protection of national interests. Despite the increasing interdependence of states in the age of globalization, he argued that the sovereignty of Nations remains a significant and valuable international institution. No country has the authority to impose its will on others (Qingguo, 2005, pp. 494–95).

The official ties between China and Kazakhstan hit new heights during former Chinese president Hu Jintao's visit to Astana in the summer of 2011. Two leaders signed a joint declaration announcing that both sides intend to develop a strategic partnership. Importantly, this statement means that the China-Kazakh relationship is a crucial Sino-Central Asian relationship to achieve this status in the Chinese diplomatic dictionary. Beijing-Astana's bilateral relationship has expanded considerably since 1991; besides economic and trade ties between the two countries, Kazakhstan has also emerged over two decades as a crucial security partner in China's struggle in the region in what region's leading multilateral organization, the SCO combatting separatism, extremism, and terrorism (Clarke, 2014, p. 141).

Chinese Premier Li Keqiang attended a signing ceremony with his Kazakh counterpart, Karim Masimov, in the capital of Kazakhstan, on December 14, 2014. They signed a joint declaration on regular meetings between the China-Kazakhstan heads of government; they witnessed the signing of documents covering border cooperation, mineral exploitation, and currency exchange (State Council of the People's Republic of China, 2014a). Premier Li pointed out that China and Kazakhstan's cooperation is developing rapidly, and the trade volume between the two countries is increasing annually by 20 percent. In other words, the interaction between Beijing and Astana has reached a new level. Furthermore, he emphasized that expanding interaction brings more benefits for both sides (State Council of the People's Republic of China, 2014b).

Chinese Foreign Policy and Its Footprints in Kazakhstan

Kazakhstan has been one of China's most significant energy suppliers since its independence; it offers generous Caspian oil resources via large-scale collaborative development and is an

important partner. Kazakhstan also serves other Central Asian states as an essential transit destination for natural gas, for instance, from Turkmenistan eastward to China. Today, Beijing's influence is multidimensional in all Central Asian republics; in other words, in Central Asia, in Kazakhstan particular, China is a financial donor, an investor in infrastructure, an important trade and economic partner, and a supplier of consumer goods. Furthermore, China is a significant grantor to the vibrant business sector and a source of labor, including specialists and workers employed in infrastructural projects (Sadovskaya, 2016, p. 19).

Central Asian space has become a significantly relevant region to fulfill China's foreign policy and economic activities (Jisi, 2011). The economy has become so huge in the last decades that it is now driving some of the parameters of foreign policy and affecting the result of arguments involving commercial interests (Godement, 2012, p. 231). Francois Godement argues that two subsequent formulations supposed to drive China's foreign policy have acknowledged some of the interrelationships between economics and foreign policy. The first is Deng Xiaoping's famous "taoguang yanghui, yousuo zuowei" (keep a low profile and make a difference), which implies that China's general foreign policy aimed to provide breathing room for China's economic development while deferring many difficult decisions. The second was China's peaceful rising, which was subsequently renamed the "peaceful development" policy. Both formulae, especially the latter, stressed the importance of economic requirements above traditional foreign policy objectives (Godement, 2012, p. 231).

The Central Asian region has a significant role for China as a part of a connecting structure and export route to go through the West; furthermore, China does choose to seek to develop more of that connection through Central Asia rather than Russia itself. In 1997, Beijing received full access to the strategic areas of Kazakhstan's oil and gas sector industry for the first time. The China National Petroleum Corporation (CNPC), which is a major national oil and gas corporation of China and one of the largest integrated energy groups in the world, has acquired almost %60 shares of AktobeMunaiGas, one of the biggest oil companies in Kazakhstan. One of the major challenges Beijing faced in the 1990s and 2000s was addressing growing global concerns about China's rise (Qingguo, 2005, p. 493). In its attempts to explain its policy objectives, the Chinese government has consistently stated that peace and prosperity are China's most important foreign policy priorities. Former Chinese President Jiang Zemin stated in 2002 that China's foreign policy priority is to maintain world peace and promote peaceful joint development with other countries.

China's Central Asian diplomacy has been re-energized since the launch of the BRI. The Chinese political establishment is working hard to change Western perceptions of China, which have grown dominant and extensively circulated worldwide. China wishes to be perceived as a reliable economic partner eager to collaborate to achieve mutually beneficial goals devoid of political objectives. China's soft power strategy portrays Beijing as a reliable and practical economic partner for the West and Russia. China is attempting to support and legitimize its development strategy by presenting its traditional emphasis on economic growth and infrastructure development as prerequisites for security and political changes (Dave, 2018, pp. 104–5).

Kazakhstan's Multi-vector Policy

The shifting global balance of power does have an impact on the more complex international environment, which also has an impact on Kazakhstan's condition. Astana believes that Kazakhstan's geopolitical predicament left it with little alternative but to work with its two strongest and closest neighbors, Russia and China (Jarosiewicz, 2016, p. 26). When one investigates, the primary sources and academic literature on Kazakhstan's foreign policy and relationship with other states reveal the central significance: economic aims and multi-vector policy.

In Kazakhstan, there has been a growing economic Chinese and Russian influence over the past three decades; however, Kazakhstan has somehow achieved significant economic and diplomatic success; although there has been a growing Chinese economic presence, Kazakhstan also got benefited from it. Following the collapse of the Soviet Union, Astana sustained its independence and grew economically, thanks to the export of its natural resources. The country established a significant international foreign policy reputation (Vanderhill, Joireman, and Tulepbayeva, 2020, p. 975). Kazakhstan has followed a multi-vector policy a term used to describe a policy that helps develop foreign relations with other states through a framework based on a pragmatic and free from any ideological foundation (Hanks, 2009, p. 259). Former Kazakhstan President Nursultan Nazarbayev emphasized that multi-vector foreign policy means having a development-peacefully and transparent relationship with any state that plays a significant role in the international arena (Vanderhill et al., 2020, p. 977). Developing a friendly relationship is also consistent with Beijing's foreign policy. This policy of Kazakhstan and China has aided in the strengthening of ties between the countries of the region. One could argue that Kazakhstan's relations with its neighbor China are one of its most significant foreign policy successes. Indeed, the expansion of this link has been one of Kazakhstan's most significant achievements in foreign policy and economic strategy since the country's independence under the multi-vector policy (Starr et al., 2014, p. 10).

Kazakhstan's economy is complicated and diverse. This fact has exacerbated the country's political climate, generating conflicts between elites, the general people, political activists, and insurgent groups. Kazakhstan has repeatedly stated its desire for strategic collaboration with Moscow. It has participated in important integration initiatives for Moscow, including the Eurasian Economic Union (EEU), an international economic union and free trade zone comprising countries in central and northern Asia and Eastern Europe. On the other hand, Kazakhstan has taken steps to protect its interests in less critical issues, often successfully, but never at the expense of Moscow's international standing (Jarosiewicz, 2016, p. 27).

Kazakhstan began looking for alternative relationships with neighboring countries following the demise of the Soviet system and its economic links and regional cooperation. Kazakhstan's diverse relationships would strengthen its sovereignty while supplying cheaper commodities and exporting domestic industry. Furthermore, any alternative to Russia's economy would have reduced Kazakhstan's reliance on Russia and aided the republic's independence. Beijing began to increase its economic significance in the region in these circumstances, and it benefited from several factors that bolstered its position (Zardykhan, 2002, pp. 174–75). China has established itself as a significant center for Central Asia, trade, and manufacturing over the previous decades. Following Maoist isolationism and chaos resulting from the Cultural Revolution, China's economy has experienced remarkable growth due to its national reform policy and opening up to the outside world. Central Asia held a significant role. At the same time, this has resulted in considerable social welfare improvements in China and significant contributions to the global commerce (Zeng and Mertha, 2007, p. 1).

The Shanghai Cooperation Organization (SCO)

The SCO was originally established as a Shanghai Five that helped China create a crucial instrument to establish its influence and presence in Central Asia. The Shanghai Five grew a meeting into a substantial regional organization. Its framework has developed from border talks between China and neighboring Central Asian states to comprehensive political, security, and economic cooperation. Based on cooperation between China and other countries, the Organization's role brought a steady increase in Beijing's influence. One of China's primary aims was to ensure security and institutional channel enabling Beijing to participate in the Central Asian region and establish a general platform among those states (Rumer et al., 2007, p. 164).

The SCO was initially designed to encourage security cooperation in Central Asia; however, economic maintenance has become one of the crucial factors for the SCO. One could argue that China and other members of the SCOs safeguard their economic interests in the region. Since Central Asia is rich in natural resources such as natural gas, aluminum, gold, and many others, the organization significantly focuses on those issues. China has focused on possible energy cooperation with the region's countries, particularly seeking natural resource sources as China needed them for its industries (Chung, 2004, p. 1000). Another significant factor with the SCO is the geostrategic interests of China and member states in the region. One of the significances of the SCO has been to ensure peace and stability in the region and one of the important signs of the SCO is an organization that works to develop profitable multilateral cooperation with all countries and international organizations with equality and mutual benefit (Bailes et al., 2007, p. 51).

The Belt & Road Initiative (BRI)

With the help of BRI, China has sparked significant economic growth inside and outside of its borders, creating links in these areas as well as infrastructure, commerce, energy, finance, culture, and tourism. Nevertheless, despite China's foreign policy and its engagement abroad, the BRI will be shaped and redefined as they confront the ground realities of local and regional politics outside China. China's growing economic presence in Kazakhstan can be attributed to its broad vision for regional connectivity by advancing the BRI. Unlike the West, Beijing does not demand the Central Asian government's political reforms, and also, unlike Moscow, Beijing does not use political pressure to keep the region on track.

China and the Central Asian countries have planned to strengthen their mutually beneficial partnerships, and BRI opens a wide range of opportunities for such cooperation to enhance. China is becoming a great power in Central Asia from the bottom up, although it is not that China announces it wants to control or dominate Central Asia on influence Central Asia; however, it is increasing the effect of all these individual projects. Such an economic engagement has made Beijing a prominent actor; the other aspect of Chinese strategy is reassuring regional states and Russia by embedding their activities in a regional organization. Furthermore, to establish a stable region, China's factor is very significant to understand, as how Beijing is increasing its economic influence and how important it is for Central Asian states. China has aimed at stable economic relations with the region countries.

When Xi Jinping took power as President of China in 2012, the Chinese economy was facing two challenges at the time: excessive foreign exchange reserve and overcapacity. In a short amount of time, he was able to launch the BRI in order to improve policies in neighboring countries, establish closer relationships, and find solutions to these problems (MFA, 2013). In September 2013, Xi Jinping emphasized the significance of the Beijing-Astana ties, stating that they are a landmark example of neighborliness and cooperation that is beneficial to both parties. Former Kazakh President Nursultan Nazarbayev also expressed similar sentiments, stating that it is essential for China and Kazakhstan to support one another's interests in order to develop a comprehensive partnership (Kembayev, 2020, p. 7).

Since the announcement of the BRI and Kazakhstan, Kirgizstan, and Tajikistan have been willing to link their economic development agendas to Chinese President Xi Jinping's vision for the BRI. The official and public discourses in both nations herald the opening of an entirely new era in relations with China. Alexander Wolters underlines the mechanics of this new relationship-building strategy. Although it is usually a joyous and win-win relationship between China and the regional states, sometimes there is tension and contradiction. It is essential that understand the reasoning underlying the tense and usually contradictory discourses and practices that frame, shape, and reference the BRI against the backdrop of a vivid and thus

startling disrespect for multilateralism's spirit (Wolters, 2018, p. 41). However, they know the importance of regional multilateral ties through cooperation and partnership.

In the context of the BRI, Khorgas, an essential point on the Chinese-Kazakh border, shows how important Kazakhstan is for China freight trains set off from Khorgas in the direction of Europe. Khorgas is an essential link in China's BRI, and Kazakhstan has acted as a secure transit country for European markets. China also relies on Kazakhstan for raw materials; the country has large deposits of copper, uranium, gold, coal, and oil. The more than two thousand kilometers long pipeline from the Caspian Sea pumps 20 million of oil to China annually. Many large infrastructure projects, such as pipelines and roads, have been promoted to Central Asia by China. China and Kazakhstan have developed their trade volume, and one of the reasons was that they opened International Centre for Border Trade at the Khorgos for commercial and economic cooperation. This example of the Khorgos trade center and free trade zone on the China-Kazakhstan border defines the importance of the regionalism (Galyamova, 2008, p. 292). To sum up, China has broadened the scope of the Western development project that began in the 1990s with the BRI, which Xi Jinping announced in Kazakhstan in 2013; China's infrastructure projects and investments in Kazakhstan, including those before the BRI, have aided the development of commercial relations between China and Kazakhstan, assisting China to become a significant actor in Kazakhstan's trade.

The Asian Infrastructure Investment Bank (AIIB)

Financial integration is critical for BRI implementation; thus, Beijing has considered establishing the Asian Infrastructure Investment Bank (AIIB), which is part of Beijing's larger push to develop the necessary infrastructure to connect China with trading partners, primarily in Asia but also in Europe, Africa, and the Middle East. Because of their rapid institutionalization and a large infusion of finance, which only China could afford, they looked better suited to support regional connectivity initiatives. Kazakhstan is a decisive Central Asian state to become the AIIB founding member, considering the significant potential benefits gained from the increased transit capacity of the new railway lines and air routes through its territory. The geopolitical significance would contribute to the balanced economic development of Kazakhstan and provide maritime access and new opportunities for the land-locked Central Asian states (Sadovskaya, 2016, p. 20). The development of infrastructure in Central Asia has been promoted by powerful nations such as China and international organizations as critical to the area's regeneration, both as a cohesive region and as an integral connection linking opposite ends of the Eurasian landmass.

Multilateral and regional institutions have held an important place in China's policy. China has aimed to establish multilateral institutions, for instance, multilateral financial institutions, the AIIB, the Silk Road Fund, the SCO, and regional multilateral initiatives and investment corridors in the region. When China first suggested the AIIB in 2013, the US and many other states were concerned. Many commentators and officials see the AIIB as an attempt to destabilize or replace the international framework the US and its allies have built since World War II's end. Although several US allies, including Australia, Germany, and the United Kingdom, have expressed interest in joining the AIIB, others, like Japan, have expressed reservations. The US, for one, has made it evident that it intends to exert influence over the institution from the outside. However, rejecting or undermining the AIIB would be a mistake. It should be embraced rather than feared; for instance, joining the AIIB and defining its destiny will benefit the US and Japan considerably more than standing on the sidelines (Lipsky, 2015).

China's growing economic footprint and regional influence have been unavoidable realities that countries cannot ignore. The AIIB was established in response to the rising realization that Asia needs infrastructure investment while strengthening China's role and confidence in driving the region's economic future on its terms. This economic impetus should be noticed as the AIIB

expands its organizational, professional, and institutional competence. For the AIIB to be more effective, China, as the driving force, must resist any temptation to utilize the new institution to further its overt political interests in the area beyond the economic and infrastructure finance objective AIIB pretends to achieve (Junio, 2014).

China's Economic Presence in Kazakhstan

Between 1995 and 2002, the volume of trade that took place between China and Kazakhstan reached nearly one billion dollars. From that point forward, it picked up speed quickly, most noticeably between the years 2004 and 2006, when it nearly doubled from 3.35 billion to 7 billion. The expansion of trade was the most rapid, rising by 154% between 2004 and 2005; as a result, it is considered to be the most rapid expansion of growth. According to the data presented in Chart 1, two-way trade between China and Kazakhstan has continued to expand since that time; however, the rate of growth has never been able to catch up to that of 2004–2005. Following the Strategic Partnership of 2005, there was a continuing increase in the volume of trade between these two nations, which may have been made easier by the strategic partnership that existed between them. To summarize, following the year 2008, China significantly increased the amount of money it invested in Kazakhstan by increasing the amount of loans it provided as a result of bilateral meetings.

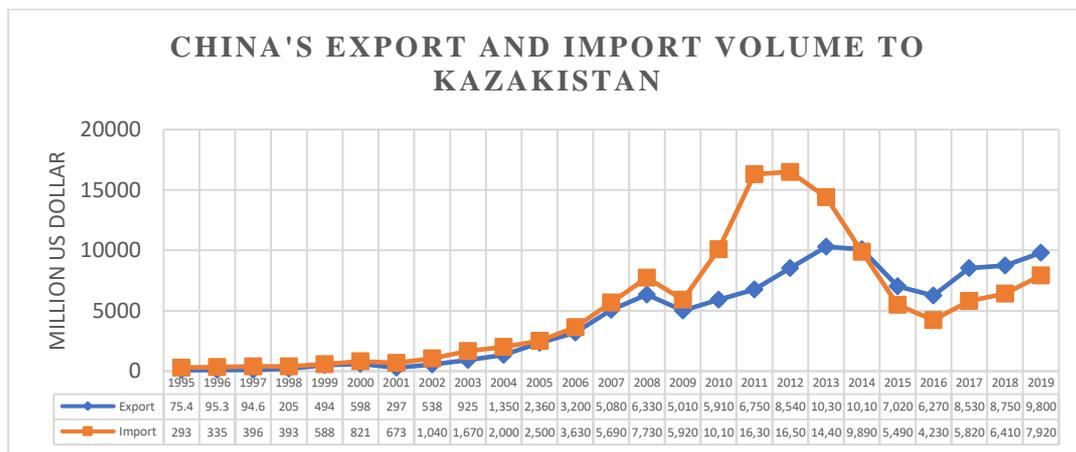


Chart 1: Source: “The Observatory of Economic Complexity (OEC)”, <https://oec.world/en>.

We may view the information for 2019 to grasp the critical exports from China to Kazakhstan. According to data from 2019, China shipped \$9.8 billion worth of goods to Kazakhstan, most of which were broadcasting equipment \$365 million, models and stuffed animals \$451 million, and rubber footwear \$480 million. Additionally, China's exports to Kazakhstan rose yearly to 22.5% between 1995 and 2019, from \$75.4M in 1995 to \$9.8B in 2019. Kazakhstan exported \$7.92 billion to China in 2019. Crude Petroleum \$1.18B, Refined Copper \$1.55B, and Petroleum Gas \$1.65B were Kazakhstan's top exports to China. Kazakhstan's exports to China climbed at an annualized pace of 14.7% from 1995 to 2019 (OEC, 2019).

There are some difficulties that Kazakhstan has some vulnerabilities. Two large external shocks currently affect the economy and are expected to continue into the medium future. First, the drop in oil prices in 2014 significantly impacted Kazakhstan, an oil-producing country. While prices may recover, the weakening importance of OPEC and the rise of shale oil suggest that they may not return to prior highs and will remain volatile for the time being. Second, Kazakhstan's commerce, investment, banking, and currency have all been influenced by Russia's economic recession. Because Russia's economy is predicted to expand slowly in the following years, the recession is expected to persist, impacting China's economic performance (Starr, Engvall, and Cornell, 2016, p. 38). Although the overall numbers are substantially less, trade flows between China and Central Asia exhibit comparable instability. For example,

Kazakhstan's bilateral trade with China was \$435 million in 1993. It fell by more than 20% to \$336 million in 1994. On the other hand, Sino-Kazakh commerce rebounded more quickly than China-Russian trade, exceeding its 1993 level in 1996 with \$460 million in total trade. China's formal trade with the Central Asian Republics was barely \$872 million in 1997 (Burles, 1999, p. 19).

Compared to the other Central Asian republics, Kazakhstan, the largest state in terms of territory, has remained an economic success. Kazakhstan has attracted billions of dollars in foreign direct investment in the oil and gas industries due to its advantageous geographic location bordering two great powers: Russia and China. Despite its ties to Soviet infrastructure and commerce, it has evolved toward market economies. Kazakhstan has received significant funding from China, and the Chinese economic presence in the country has been more significant. The fundamental goal of China's presence in Central Asia is to promote economic integration by allowing the free movement of goods, capital, and services. Kazakhstan's largest trading partner continues to be China. Kazakhstan is self-sufficient in hydrocarbons and is the world's largest commodity exporter. Many investors have come to Kazakhstan. Kazakhstan has had more privatization than any other Central Asian country. Creating an extensive bilateral and multilateral institutional network between China and Kazakhstan has contributed to China's growing economic influence in Kazakhstan and the Central Asia region.

Challenges in the Context of Growing Chinese Economic Influence

Besides, along with the distinctive achievements among China and Central Asian states, several challenges could give rise to a problem among them, and they require a feasible solution. These primary challenges are anti-Chinese sentiment and interest conflict with other stakeholders, particularly Russia, in the region. A question sometimes arises among the Central Asian countries that China uses its own companies to construct infrastructure for the region, so those countries lack local engagement employment for joint efforts in which international cooperation is not supposed this way. However, from the Chinese perspective, in some cases, local workers are less effective than Chinese. Also, every project requires a certain amount of time, making it necessary to use Chinese workers and engineers in infrastructure projects.

Chinese presence has sometimes been viewed with suspicion by some people in Central Asia and widespread anti-Chinese sentiment among the region's people mainly because of the accusations of debt-trap diplomacy, cultural fears, and historical experience, however, the fact is China is the biggest trading partner and having a solid relationship with the governments in the region. Another concern is that Russia is a challenging factor as mentioned before. Does Russia Afraid of China's Growth in Kazakhstan Despite Good Ties? China and Russia share an aim to challenge the western dominated international order principles. However, one could argue that there is a concern for Russia over China's deepening influence and Russia's losing influence in Central Asia.

Anti-Chinese Sentiment

Although there is Sinophobia in the region, so far, never have the Central Asian country's officials or Ministers declared themselves anti-Chinese; moreover, they have not wanted to modify the country's pro-Chinese policies (Peyrouse, 2016, p. 18). In order to complete projects in the region, China has adhered to the conventional Chinese investment model, which employs Chinese personnel and equipment. States have disagreed over this issue in several cases. Discussions about that economic model are expected to continue and might be one of China's problems (Dilleen, 2017).

After the Cold War, Chinese firms and labor migrants began to arrive in the former Soviet republics. It was considered that it added to the popularization of fears of a Chinese invasion of these countries. These beliefs may be traced back to Soviet propaganda in the 1960s and 1980s

that promoted an unfavorable picture of China. After 1991, the vast and communist China was viewed with fear or distrust by the newly constituted sovereign republics' elites and societies. A lack of understanding of Chinese culture and society and language and religious disparities also impacted the public attitude. Despite lacking factual backing for the notion of a Chinese invasion, the issue has been a popular topic in Russian and Central Asian media (Aliyev, 2019). At some point, anti-Chinese sentiment has widespread among the Central Asian public, especially in Kazakhstan, despite having a close relationship between Beijing and Astana. Even though Central Asia is one of the most attractive regions for China and other regional and transregional stakeholders, it poses several challenges for Beijing that need feasible solutions in terms of economic and geo-strategic dimensions.

Russia as an Balancing Factor For China's Growing Presence in Central Asia

The relationship between China and Russia has started to increase since the 1990s. The two countries' rising participation and cooperation within international organizations is one of the main reasons high-level encounters between Chinese and Russian heads of state, foreign ministers, and other senior officials have grown so common. For a long time, the United Nations (UN) and its affiliates were the influential international organizations where Beijing and Moscow worked together. While the Soviet Union was a member of the UN since its inception, China was formally excluded from UN activities, including those of UN affiliates such as the International Monetary Fund (IMF) and the World Bank, until October 1971. Beijing now participates in important UN organizations with Russia (Harold and Oksenberg, 1990, pp. 5–61).

Russian factor, as China's economic presence in Kazakhstan grows, the Kremlin's need to protect its sphere of influence in the former Soviet Republic is expected to grow. Beijing and Moscow are two significant actors in the region. From this perspective, two new regional initiatives, the BRI and Russia's EEU, when established in 2015, could shape Central Asia's landscape and economy. Chinese BRI offers billions of dollars in industry investment, transport, and free trade across the region. On the other hand, the Russian EEU aims to reshape the economies of former Soviet Union members toward Moscow.

Since the collapse of the Soviet Union, Russia has transformed its relationship from being a Cold War adversary to becoming a more pragmatic partner with China in the context of a common goal of pushing back at the western dominated international system. Nevertheless, the Moscow-Beijing relationship is complicated; Russia is one of Central Asia's and Kazakhstan's most critical stakeholders, which can challenge China's growing influence in the region. The past decade has seen the rapid development of Central Asian countries in many fields of economy and infrastructure facilities thanks to the increasing level of China's investments.

CONCLUSION

Agreements signed by China and Kazakhstan, and China and other states in the region, confirm that the economic dimension remains central to China-Central Asia relations. In the short to medium term, Beijing is expected to remain Astana's leading trading partner, supported by central Chinese finance that enriches the elite and, in the long run, secures higher resource exports to China. Xi Jinping emphasized the importance of China-Kazakhstan relations to regional and global peace and stability. He made the remarks during a meeting with Kazakh President Jomart Tokayev, who was in Beijing for the opening ceremony of the 2022 Winter Olympics. As Xi put it:

“Since the establishment of diplomatic ties between our countries thirty years ago China-Kazakhstan relations have reached a new high level and achieved a new height of permanent comprehensive strategic partnership and the connotation of the relations between China and Kazakhstan has gone beyond bilateral scope.

China will always be Kazakhstan's reliable friend and firm partner. As close neighbors, we are ready to communicate in various forms. We will visit each other frequently after the pandemic ends in the future which is manifestation of our friendship and strategic relations” (CGTN, 2022).

There is little doubt that it benefits China and Central Asian countries, relying on trade with China and Chinese investments to expand their economies. To summarize, China and Central Asian countries have built important bilateral contacts necessary for economic reforms and international investment attraction. At the same time, vigorous implementation of bilateral and multilateral agreements in coordination with Russia and with Russian assistance is critical. Close cooperation between China and Central Asia benefits mutual economic development and international relations (Sulimanov 2018, p. 149). The BRI has proven to be a critical opportunity for several Eurasian states to advance their interests. Kazakhstan stands out because of its influence on the Belt. Because of its hydrocarbon income, it is in a strong negotiating position. Kazakhstan funds several BRI projects, such as the Khorgos dry port, despite attracting significant Chinese investment in various areas. Kazakhstan also wants to align its national development strategy with the BRI to diversify its economy. Due to that decision, it assumed a degree of ownership over the Belt in its jurisdiction (Zogg, 2020, pp. 94–95).

Kazakhstan, as a former Soviet republic, maintains close ties with Russia, which considers the former Soviet Central Asian countries within its sphere of influence. Nonetheless, Russia is unlikely to be a viable source of finance in the near and medium term, and it has thus far turned down Kazakhstan's request for financial assistance. As a result, Russia sends a message to Kazakhstan that it is unwilling to expand its financial influence while still considering Kazakhstan to be in its sphere of influence. Because Russia's economy is equally resource-dependent, both countries' revenue fluctuations are comparable due to global energy price volatility. Conversely, Kazakhstan may see a greater demand for loans if commodity prices fall, as they did during the financial crisis. China engages with Kazakhstan primarily on economic issues, so there is little Russia can react to it. Chinese aim in Central Asia is to find external markets for Chinese companies active in construction and infrastructure development as part of China's go-out strategy. Beijing also offers diverse cooperation opportunities due to its ample financial resources, and Kremlin cannot compete economically. Even as China-Russia relations are invariably reasonable, they may find some convergences. Their bilateral ties are pragmatic rather than ideological. It is a fact that China's growing economic presence is most visible in Central Asia, and it has got experienced how to manage Russian concerns about its growing regional influence in the region. China has outpaced Russia in many significant trade, investment, and infrastructure development areas.

In conjunction with the challenges, China's BRI offers advantages that can be realized with effective management by both Kazakhstan and China. China's political influence in Kazakhstan is still limited; furthermore, the Central Asian people have very little in joint with Chinese culture. On the other hand, Kazakhstan is a significant country for China's economic aims, so there is a growing Chinese economic presence despite challenges. The study found that China has created an economic presence in which both China and Kazakhstan can benefit from bilateral and multilateral ties. It is unlikely that the significant challenges mentioned in this paper are direct threats to China's economic presence.

Recent years have shown that Kazakhstan is undergoing significant power rebalancing, with Russia declining, China emerging as one of the region's most influential players, and Moscow and Beijing pursuing different roles. Russia has tried consolidating its political power, while China has aimed to increase trade volume. Beijing prefers a bilateral approach to safeguarding its economic interests in Kazakhstan's energy resources. China has surpassed Russia as the region's leading investor in several sectors, including energy and railways. Chinese investments have been diverse, spending nearly 30 billion US dollars in Kazakhstan and other Central Asian

countries mining oil, agricultural, and transport sectors. China has provided loans and expertise to help build up Kazakhstan's railway network; this has helped extend the export of Chinese goods around the world. As a challenging factor, anti-Chinese Sentiment is likely to impact Kazakhstan's political, geo-strategic, and cultural situation, working either to speed up if China increases its economic influence for the sake of regions countries or to slow down if China ignores this problem, China's rising economic presence in it. China is well aware of this situation; for this reason, it is unlikely it will negatively affect China's economic presence in the region.

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