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# **The Belt & Road Initiative and Its Impact on Central Asia Kazakhstan: A Case Study**

## **Abstract**

*China's Belt and Road Initiative is an ambitious plan which can be termed as part of a Chinese grand strategy that seeks to mitigate its internal weaknesses and project power outwards, underpinned by its economic surplus. Central Asia is at the heart of the land road component of this project. This paper briefly looks at China's motives behind the project and then delves into the historical context and evolution of Central Asia. It further highlights the geographical logic behind Central Asia's importance to the initiative and how it shapes the narrative. As a case study, Kazakhstan, due to its sheer size and proximity, is highlighted by looking at its significance to the Belt and Road Initiative and the visible impact, potential opportunities and pitfalls for the country.*

**Keywords:** *China, Kazakhstan, geopolitics, Silk Road, soft power*

## **1. Introduction**

The Belt and Road Initiative (BRI) is the flagship program of the Chinese President Xi Jinping, comprising of the land-based "Silk Road Economic Belt (SREB)," passing through the Eurasian heartland of Central Asia, and the sea-going "21<sup>st</sup> Century Maritime Silk Road," traversing the vital Indian Ocean littorals (Koparkar, 2017). It combines new and old projects, covers an expansive geographic area, and includes efforts to

build hard infrastructure and push soft power by developing cultural ties. It is aimed at furthering Chinese geo-strategic, economic and political interests and to cement China's status as a rising superpower. In other words, it is an all-encompassing grand vision initiative given by Xi Jinping to catapult China into great power status and restore China's lost glory.

Although it is a Chinese led initiative, the Chinese government has tried to project the Belt and Road Initiative as a "win-win" for all. At the first Belt and Road Forum in Beijing in May 2017, President Xi Jinping remarked that, "In pursuing the Belt and Road Initiative, we should focus on the fundamental issue of development, release the growth potential of various countries and achieve economic integration and interconnected development and deliver benefits to all" (Xinhua, 2017).

By increasing the amount of trade, investment, and connectivity between China and countries throughout Eurasia, Beijing aims to promote use of its currency (Renminbi) further, make other economies more intertwined with the Chinese economy, and shape rules and norms for the emerging global order.

The project, so far, touches 138 countries with a combined Gross Domestic Product of about \$29 trillion and some 4.6 billion people (ChinaPower CSIS). Apart from exporting its excess capital and manufacturing capacity to countries desperate for infrastructure investments and development, China aims to develop and integrate its restive western province of Xinjiang, with the larger Eurasian economy. This would also help, China hopes, in bridging the inequality between rich coastal cities and the poor hinterland. In this context, Central Asia and specifically, Kazakhstan, acquires the most significant role and forms the thrust of the Silk Road Economic Belt strategy.

## 2. Historical Context

The ancient Silk Road started during the westward expansion of China's Han Dynasty (206 BCE–220 CE). It spawned trade networks throughout what are today the Central Asian countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, as well as modern-day Afghanistan, India, and Pakistan to the south. These routes extended over four thousand miles to Europe. BRI is banking on reviving the old Silk Road, as is evident from both its components names. Silk Road refers to the network of trade routes that existed in ancient times be-

tween various parts of Asia and Europe. Up until the 16<sup>th</sup> century, Central Asia was a hub for commerce, science and exchange of ideas connecting eastern and western markets, spurring immense wealth, and intermixing cultural and religious traditions. Valuable products such as Chinese silk, spices, jade, and other goods moved west, while gold and other precious metals, ivory, and glass products moved east (Chatzky and McBride, 2019). However, the rise of more profitable sea-borne shipping routes led to the stagnation of the land based Silk Road trade and thereby of the region. Afterwards, the region became a playground of geopolitical rivalry in the so-called Great Game between the Russian and British empires, and further went into oblivion throughout the Soviet Era (Turkstra, 2018).

During Soviet rule, the Russians developed a “hub and spoke” kind of network of roads, railways and other transport links with Russia being the hub (or core) and the different parts of Central Asia being the spokes (or the periphery). The aim was to canalize the export of resources extracted from the resource rich parts of Central Asia towards the Russian mainland. The region was mostly cut-off from the rest of the world. It further helped in tightening the Soviet grip on the region and created a dependency. Hence, from the thriving meeting point of Eurasian inter-connectedness, the region became a Soviet backyard.

After the collapse of the Soviet Union, Central Asian republics gained independence in 1991. Despite their initial reluctant espousal of nationalism and inward-looking approach, the republics slowly gained confidence and started the task of nation-building and economic development. In this endeavor, all the republics faced the challenge of weak institutions and tried to forge different paths. Kyrgyzstan witnessed civil war and unrest, whereas Turkmenistan and Uzbekistan chose an isolationist path. Tajikistan remained mired in poverty and weak governance. Under a steadfast ruler and relatively open resource rich economy, Kazakhstan emerged as the most confident and surged ahead more successfully than the rest.

### 3. Geographical Dilemma

In the words of the British geographer and geopolitical strategist, Sir Halford Mackinder, Central Asia constitutes the “pivot” of the Eurasian heartland. The heartland theory proposed by Mackinder saw the pivot as the key to dominating the Eurasian landmass (Chen & Fazilov, 2018). Apart from historical experiences, geography has played a key role in

shaping the perspectives of the Central Asian Republics (CARs). Sandwiched between two major powers, Russia and China, and bordering the resource rich Caspian region, as well as brushing West and South Asia, none of the Central Asian states has direct access to an open sea.

This landlocked geography has developed a kind of psychological claustrophobia that impacts the way Central Asian states behave. Firstly, there is a conscious effort underway in all these states to diversify their trade and other relations away from Russia. Although Russia still wields significant cultural, political and economic influence in the region, the countries are welcoming outside powers, prominently China, to balance it. Secondly, there is a realization among the ruling classes that they need to integrate more closely with the world economy and develop modern infrastructure to facilitate growth for fulfilling the needs of their young, and, in many cases, restive, populations.

## **4. Kazakhstan – Land of the Wanderers**

### *a. Significance in BRI*

Kazakhstan is described as a vast flat steppe land. It is the largest landlocked country in the world and also the region's largest in terms of area, extending from the Volga in the west to the Altai Mountains in the east, and from the plains of western Siberia in the north, to the oases and deserts of Central Asia in the south (CIA World Fact book). The vast openness and huge expanse is in contrast to the country's relatively low population of roughly 18 million. The country was considered politically stable under the rule of President Nursultan Nazarbayev, who ruled the country from its independence until his resignation in 2019. How stable and successful his successor will be remains to be seen. In any case, Nazarbayev is still seen as the key figure wielding real power (Mallinson, 2019).

Economically, Kazakhstan is the most powerful of all the Central Asian states largely due to the country's vast natural resources. It is no wonder then that the Chinese President Xi Jinping chose Nazarbayev University in Astana, Kazakhstan's capital, to announce the 'Belt and Road Initiative' back in 2013. It symbolized the centrality of Kazakhstan in the land based component of the BRI, i.e. "Silk Road Economic Belt (SREB)" (Xiao, 2018).

Kazakhstan is the critical pillar in two of the proposed six economic corridors under BRI, namely the *New Eurasian Land Bridge*, connecting China and Europe via Central Asia, and the *China-Central Asia-West Asia Corridor* (Bitabarova, 2018). Being the largest of the Central Asian Republics in terms of area and economic weight, Kazakhstan has been the most confident and enthusiastic supporter of the BRI, unlike some of the others in the region which are still uncertain, circumspect or less confident in dealing with a giant neighbor like China. Moreover, Kazakhstan is viewed as relatively much more stable and peaceful than its Central Asian neighbors.

### *b. Economic Impact*

Although the economic relationship between China and Kazakhstan had been developing well before BRI, the project has given a fillip to the relationship and there is a new momentum to it. According to trade statistics from the Chinese Embassy in Kazakhstan, bilateral trade volume between the two countries has reached almost \$100 billion. China is Kazakhstan's second-largest trading partner, export destination and source of imports (Xiaojing, 2018a).

In 2015, the Kazakh President aligned its national development strategy by forging the "NurlyZhol" (Bright Path) program together with China's BRI in order to further boost trade, and industrial and technological capacity. The Bright Path foresees investments up to US \$40 billion by 2020 in logistics, public services, SMEs and other infrastructure (Belt & Road Advisory, 2018). The Central Asian country hopes to project the dry land port of Khorgos (part of NurlyZhol) as a transit hub for freight traffic flowing between China and Europe. Khorgos, located 350 km north-east of Almaty, Kazakhstan's most populous city, has significantly impacted the Almaty region, which shares a 700-kilometre border with China and is one of the largest agro-industrial and fastest growing parts of Kazakhstan (Altynsarina, 2018). Using the dry port of Khorgos, cargo can be shipped from a Chinese port, to reach Europe in less than 15 days, faster than by sea and much cheaper than by air. This, in turn, presents Kazakhstan with an opportunity to leverage its strategic location to develop an inland logistics industry (Suzuki, 2019).

Kazakhstan also has a stated goal to transition from a middle income country to a high income country by 2050 and seeks to reduce its dependence on the export of natural resources by diversification of the economy.

For instance, its Digital Kazakhstan 2020 program envisages the creation of a Digital Silk Road where it wants to leverage the Chinese investments and technology to transition into a digital services based economy (Belt & Road Advisory, 2018).

The principal economic concern regarding China's BRI all over the world has been its "debt-trap" tactics (Furukawa, 2018; Ching, 2018). Debt-trap is a way of dishing out outlandish loans to different country's without asking too many questions. In return, when the indebted country is unable to return that loan, China takes over strategic infrastructure in that country and applies further diplomatic pressure. The most cited example of this debt-trap ploy is Sri Lanka's Hambantota Port. There is a growing realization in Africa and South East Asia of the need to scrutinize BRI projects more carefully and assess their viability. Kazakhstan also would need to be more careful in implementing BRI projects and ask for more transparency from China and assess the long term sustainability of some of the projects. It has tried to mitigate that somewhat with its "multi-vector" foreign policy by engaging other outside powers. For instance, it has invited other foreign investors to invest in its infrastructure as well. Another concern is the potential environmental damage these projects could have. The region has already witnessed the drying up of the Aral Sea and dwindling water resources. Economic development should not come at the cost of environment protection as Chinese projects are known to disregard environmental standards.

### *c. Socio-Political Impact*

The asymmetry of population, industrial capacity and Chinese predatory policies create a perception and fear of an influx of Chinese migrant labor into Kazakhstan and flooding of Kazakh markets with cheap Chinese products in return for raw material extraction. For instance, in 2016 when the Kazakh government tried to change land lease policies, extending from 10 to 25 years, it created unforeseen unrest and led to protests in many cities of Kazakhstan. The perception that Chinese investors would buy those lands and take over played a huge role in this and led to the President reversing the decision and putting a moratorium on it (Kirisici & LeCorre, 2018).

The significant factor behind the lure of Chinese and earlier Russian investments has been the 'no strings attached' policy of those countries.

The Chinese, unlike their Western counterparts, do not give moral lectures on human rights, political freedoms, etc. and, hence, are a more appealing partner to countries like Kazakhstan, which have been ruled with an iron fist by strongmen like Nursultan Nazarbayev.

Another factor is the Chinese support and reiteration for the territorial integrity and sovereignty of all Central Asian states. In light of the nascent stage of building national state identities as well as challenges posed by radical separatism, this is a particularly sensitive subject in the region. This helps China and respective countries to give legitimacy to their policy of securitization and crackdown heavily on any form of dissent. It further deepens the grip of ruling elites in the country and provides diplomatic cover to shield themselves from harsh criticism in the West of such policies.

Other than economic and political outreach, China has also given a 'soft power' push to its dealings with Kazakhstan. Having learnt its lessons in Africa about misperception and the importance of reaching out to the local populations, China has embedded its cultural or Confucian diplomacy within BRI. As a result, China has setup five Confucius Institutes in Kazakhstan and has welcomed the launch of five Kazakhstan language and culture centers in China. While announcing the SREB, Xi announced that China would extend 30,000 scholarships to SCO countries and invited 200 faculty members and students from Nazarbayev University to go to China the following year for summer camps (Voices on Central Asia, 2018). According to the Chinese Embassy in Kazakhstan, there are currently 14,000 Kazakhstan students in China (Xiaojing, 2018b). By fostering people-to-people ties, China hopes to create goodwill ambassadors for itself in Kazakhstan who would help in projecting a positive image of China and also offset the pervasive, but waning, Russian influence.

As Joseph Nye, who coined the term "soft power," points out, though, that projection of soft power driven by government machinery has severe limitations (Nye, 2004). Soft power, by its very formless nature, is based on the power of attraction and appeal. It is a form of persuasive power that shapes peoples views positively. It cannot be exuded easily by an authoritarian system as exemplified by the Communist Party of China. This is borne out looking at the issue of ethnic Kazakhs in Xinjiang province of China. About 1.5 million ethnic Kazakhs form the second largest Turkic speaking community in Xinjiang, a region that borders Central Asia and has long been home to ethnic tensions. There have been cases of



missing persons and forced internment into “re-education camps” by the Chinese authorities (Euractiv.com, 2018). Consequently, there has been an exodus of ethnic Kazakhs into Kazakhstan. The way Beijing has dealt with its Muslim population could easily stir emotions in the region and exacerbate anti-China feelings. The region has witnessed radical Islamic insurgency and extremism in the past. Such issues, therefore, dent the Chinese “soft power” push in Kazakhstan. Local people might expect the Kazakh government to speak out and confront China on such humanitarian issue; but the government of Kazakhstan has so far avoided criticizing China’s Xinjiang policies, something that shows a further cleavage between the ruling elites and the local people in the country (Kozhanova, 2019; Reuters, 2019).

## 5. Conclusion

The scope and scale of the Belt and Road Initiative is grand, and even if China accomplishes sixty to seventy percent of what it wants to achieve, it would have far reaching consequences for the international order. The project aims to expand China’s economic and political sphere of influence far beyond its borders by impacting 60 percent of the world’s population. It envisions resurrecting the ancient Silk Road routes and developing an interwoven web of ports and hubs along the Eurasian landmass. It can be seen as a strategy for China to look for new investment opportunities, find export markets, and manage economic downturn at home. The initiative is, however, not only the most ambitious infrastructure investment effort in history, but should also be seen in the context of China’s effort to effect change in the global balance of power. Nowhere is it going to be more visible and felt than at the heart of Eurasia, Central Asia. This is more so because of the impersonal forces of history and geography that shape the perceptions and policies of countries in the region. The landlocked region, once described as the pivot of Eurasia, is resource rich yet sparsely populated. The crossroads position of the region underscores the crucial role it would play in the BRI endeavor.

Within Central Asia, Kazakhstan has the largest footprint and the most significant role in the BRI. Its sheer size and economic potential puts it at the heart of China’s Silk Road strategy. At the governmental level, Kazakhstan has partnered wholeheartedly with China to enmesh its own developmental goals with that of BRI; but it still needs to pay



attention to the gap between rhetoric and reality when it comes to actual benefits for the country. Another complicating factor for Nursultan is Beijing's crackdown and harsh policies in its restive Xinjiang province that directly abuts Kazakhstan. The issue of internment of ethnic Kazakhs and Uyghur Muslims in Xinjiang is socially troublesome for Kazakhstan and can derail China's soft power push into the region. While undoubtedly there are significant economic opportunities for Central Asian Republics (CARs) in the One Belt One Road project that can help them develop and transform into modern 21<sup>st</sup> economies, the states need to be extremely cautious of the various associated pitfalls in the implementation of the project and what it would entail.

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