



**Economic and Political Impacts of the Belt and Road Initiative on Kazakhstan\***

\*This article was produced from Phd thesis 'Reterritorialization of Post-Soviet Eurasia.'

**Gökhan TEKİR**

Asst. Prof. Dr. Ankara Hacı Bayram Veli University, International Relations Department

**ABSTRACT**

The Belt and Road Initiative, announced in 2013 in Kazakhstan by Xi Jinping, the President of People's Republic of China, is the most ambitious project in the current century. This initiative aims to connect China with the rest of the world by unveiling six main economic corridors. These economic corridors assume the construction of roads, railroads, ports, and dry ports, upgrading the infrastructure of the participant countries. Kazakhstan serves as an entrepot for the Belt and Road Initiative. It actively participates two economic corridors: the New Eurasian Land Bridge and the China-Central Asia-West Asia and plans to participate the China-Pakistan Economic Corridor. The Belt and Road Initiative is compatible with Kazakhstan's own infrastructure development plans. Participating the Belt and Road Initiative enhanced Kazakhstan's economic connections with the European Union countries, China and the Central Asian countries. It also captures transit container trade along Belt and Road route. Politically, its joining in the Belt and Road Initiative helps Kazakhstan implement its traditional multi-vectoral foreign policy.

**Keywords:** *The Belt and Road Initiative, Kazakhstan, Infrastructure, China, Economy.*

**Citation:** Gökhan TEKİR (2022). Economic and Political Impacts of the Belt and Road Initiative on Kazakhstan. *International Journal of Arts, Humanities and Social Studies*, 4(3), 60-69.

**INTRODUCTION**

The Belt and Road Initiative is one of the biggest projects in the world that has impact on political, economic, social, and cultural areas. It provides development plans for developing economies by offering development in transportation and infrastructure. Especially, Central Asian countries have been searching ways to connect with the rest of the world since the break-up of the Soviet Union. The Belt and Road Initiative offers opportunities for these countries of linkage with the developed economies in the West by unveiling economic corridors.

Due to its geographical position, Kazakhstan is a gateway of the Belt and Road Initiative. Three of six economic corridors of the Belt and Road Initiative pass through Kazakhstan's territory. Kazakhstan is the next linkage point after China that connects China with Russia, Central Asia, Europe in the west. Its dry port Khorgos emerges as a significant area for the New Eurasian Land Bridge and the China-Central Asia-West Asia Corridor. Furthermore, Kazakhstan is linked with the China-Pakistan Economic Corridor, providing connection between Central Asia and South Asia.

Kazakhstan's participation in the Belt and Road Initiative has increased its economy and political importance. The infrastructure projects have improved Kazakhstan's trade relations with China, the Western countries, Russia, the Central Asian countries, and the South Asian countries. Kazakhstan's place in the Belt and Road makes it an indispensable partner for China. It is expected that political stability in the country is a concern for China. Thus, political developments in the country will be followed by China.

**The Belt and Road Initiative**

Xi Jinping, who is the President of the People's Republic of China, announced the revival of ancient Silk Road in his speech in Kazakhstan in 2013. The Belt and Road Initiative consists of two parts: Silk Road Economic Belt aims to build land connection among China, Russia, Central Asia, the South Caucasus, the West Asia, and Europe as well as the South Asia and the Persian Gulf. The Maritime Silk Road plans to link China's ports with the ports of the Indian Ocean, the Arabian Sea, the Mediterranean, and Africa [1]. The total number of countries that participated the Belt and Road Initiative exceeded 140 [2]. The collective GDP of the participant countries corresponds to 63 percent of the world's total GDP [3] The Belt and Road Initiative sets five main goals: policy coordination among the participant countries, infrastructural connectivity, unimpeded trade, financial integration, people to people connection [1].

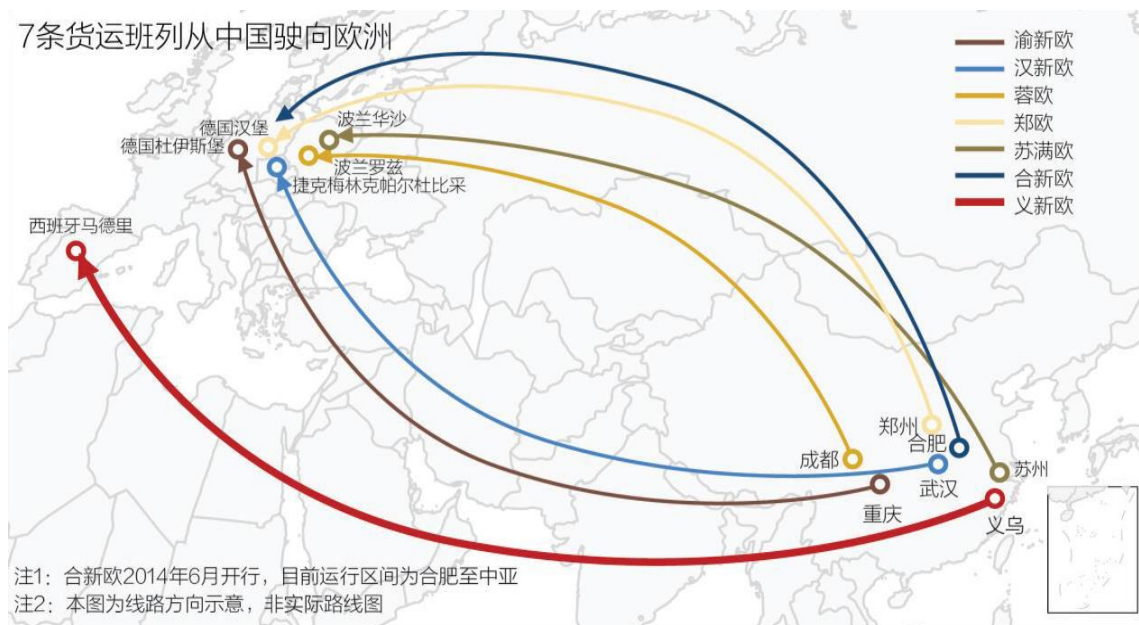
The infrastructure developments are especially crucial for the participant countries. According to Asian Development Bank, the infrastructure gap of 25 Asian countries is 2.4 percent of their overall GDP. Developing countries in Asia require \$1.7 trillion investment between 2016 and 2030, totaling \$26 trillion [4]. This deficit has been recognized by China. The Belt and Road Initiative gives priority to the infrastructure development. Investing in infrastructure is perceived as a way to develop economies across the Belt and Road route [5]. The value of announced infrastructure projects grew by 49 percent [6]. Thus, infrastructure connectivity is a big part of the Belt and Road Initiative.

The Belt and Road Initiative envisioned the creation of six economic corridors: The New Eurasian Land Bridge, the China-Central Asia-West Asia Corridor, the China-Pakistan Economic Corridor, the China-Russia-Mongolia-Corridor, the Bangladesh-China-India-Myanmar Economic Corridor, and the China-Indochina Corridor [7]. These corridors transcend nation state boundaries, enhancing trade relations among cities.

### Kazakhstan's Participation in the Belt and Road Initiative

It is not a coincidence that the President Xi made the announcement of the Belt and Road Initiative in Kazakhstan in 2013. This choice of presentation reflects the importance that the Chinese leadership has given to Kazakhstan for the advancement of the Belt and Road Initiative. Indeed, Kazakhstan is connected with the half of Belt and Road corridors. In order for these corridors to proceed Kazakhstan's involvement is necessary.

The first corridor New Eurasian Land Bridge connects China's cities with European cities, consisting of seven lines.



The Figure1: Eurasian Land Bridge[8].

— Yu-Hin-Europe line: It connects China's Chongqing city to Duisburg, Germany, by passing through Kazakhstan, the Russian Federation, Belarus and Poland.

— Han-Xi-Europe line: It connects central China city Wuhan to Poland and Czechia through Kazakhstan, the Russian Federation, Belarus.

— Rong-Europe line: It connects southwest China city Chengdu to Lodz, Poland through Kazakhstan, the Russian Federation, Belarus.

— Zheng-Europe line: It connects central north China city Zhengzhou to Hamburg, Germany via Kazakhstan, the Russian Federation, Belarus.

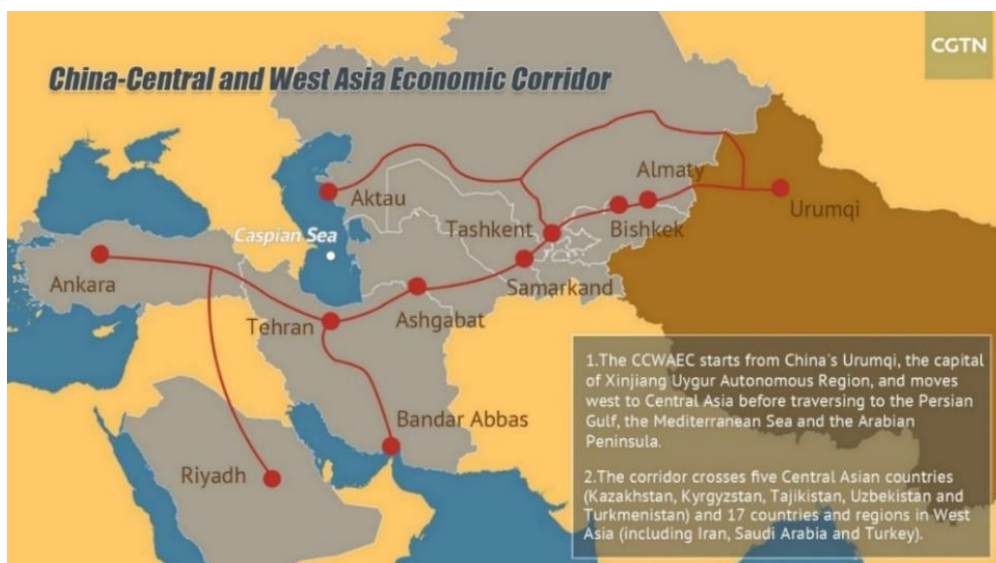
— Su-Man-Europe line: It connects eastern China city Suzhou to Warsaw, Poland through Kazakhstan, the Russian Federation, Belarus.

— He-Xin-Europe line: It connects central China city Hefei to Hamburg, Germany Kazakhstan, the Russian Federation, Belarus.

— Yi-Xin-Europe line: It connects eastern China city Yiwu to Madrid, Spain Kazakhstan, the Russian Federation, Belarus, Poland, Germany, and France [8].

The route of these lines suggests that Kazakhstan is the next stop after China in connecting China's cities to Europe. These lines are crucial for the development of trade relations between east and west. For instance, one of the three notebooks sold in world market is produced in Chongqing. Half of the notebooks produced in Chongqing are sold in European market through Yu-Hin-Europe line [8]. Another example is Rong-Europe line. Tomazs Olender, who is deputy of TCL's plant in Poland, states that 99 percent of the components for TCL's tv sets, have been transformed via Chengdu-Lodz connection [9]. This indicates Chengdu's integration to European markets. These economic relations are realized through the New Eurasian Land Bridge. Kazakhstan has vital importance for the operation of these lines.

The China-Central Asia-West Asia Corridor bypasses Russia but includes Kazakhstan. It has central and southern sub-corridors. The central sub-corridor starts from Urumqi, the capital of Xinjiang, then it is connected to Khorgos, dry port of Kazakhstan, and Aktau port of Kazakhstan. Aktau is linked with Azerbaijan's Alyat port through trans-Caspian shipment. Alyatis connected with Baku. The Baku-Tbilisi-Erzurum railway links Baku to Anatolia. Through Turkey this corridor is attached to Europe. The southern sub-corridor traverses Kazakhstan, Kyrgyzstan, Uzbekistan, and Iran.



**Figure 2:** The China-Central Asia-West Asia Corridor[10].

Kazakhstan emerges as the most significant link in this corridor. It is a key logistic corridor which links China to Anatolia via Azerbaijan and Georgia. It also connects China to other Central Asian countries and Iran through southern sub-corridor. The first President of Kazakhstan Nursultan Nazarbayev summarized Kazakhstan's importance in the Belt and Road Initiative. He asserted that Kazakhstan is the first and key country for the Belt and Road Initiative, identifying Kazakhstan as a geo-economic gateway for China to the European countries [11]. This assessment is correct in that even though this corridor bypasses Russia and offers an alternative route for its connection to the West, China could not give up Kazakhstan to reach out Europe.

Besides the New Eurasian Land Bridge and the China-Central Asia-West Asia Economic Corridor, it is likely that Kazakhstan will participate in the China-Pakistan Economic Corridor. The China-Pakistan Economic Corridor connects China's Kashgar city in Xinjiang province to the Gwadar port in Pakistan. This corridor includes the investments in transportation networks, energy lines, and establishment of free trade areas. Total investments approximate to \$46 billion [12]. The officials in Kazakhstan expressed their interest in joining this corridor. In 2015, the former Prime Minister Karim Massimov the China-Pakistan Economic Corridor is significant for Kazakhstan [13]. This interest is being materialized. In 2021, in a meeting with Kazakh Ambassador to Pakistan, the Prime Minister of Pakistan Imran Khan suggested the inclusion of Kazakhstan into the China-Pakistan Economic Corridor, emphasizing the need of upgrading trade relations with two countries [14]. Thus, Kazakhstan's participation in the Belt and Road is constantly developing.

### **Economic Gains of Kazakhstan**

The most important node in Kazakhstan within the Belt and Road Initiative is Khorgos Special Economic Zone. It is the center of the New Eurasian Land Bridge and the China-Central Asia-West Asia Corridor. It is 6 km from Altynkol

Station, Kazakh and China border crossing. It is linked to Western Europe-Western China highway, which is the longest road whose length is 8,445 km [15]. Thus, Khorgos' proximity to main roads is one of the main reasons why a special economic zone was established in Khorgos.

Grisons Peak, a London-based merchant bank reports that Khorgos "is the —heart of an emerging network of trans-Eurasian rail lines which directly connect cities in China with cities in Europe" [16]. Kaharman Jazin, who is the president of The International Center for Cross-Border Cooperation (ICBC) —Khorgos contended that:

We all know that participants of foreign economic activity are faced with the problem of entering foreign markets, lack of relevant analytics, problems at the border and so on. In this regard, ICBC —Khorgos is permanently functioning forum or, if you prefer, an exhibition of its own products. After all, our center has a favorable geographical location-it is no mere chance that the ancient Silk Road passed through Khorgos, and in modern realities its importance only increases every year [17].

Khorgos-Eastern Gate (SEZ) has a critical importance for train freight to proceed along the route because it is the hub where cargo trains undergo a process in which railway gauge is arranged from international standards (1435 mm) to Russian railway gauge (1520) [18]. This indicates that before trains continue their voyage to Russia, they have to be processed in Khorgos, enhancing Khorgos' importance.

Besides being a transportation hub, Khorgos is designed to be a small city. Karl Gheysen, the CEO of Khorgos Eastern Gate (SEZ) explained it: "Here at the border with China we have we call logistics an event. The event is the change of rail gauge. So whatever you do the train will stop here. So Nazarbayev said 'Okay, fine, we have something here, we have event, so we will create something around that event, and the result, and it's magic'" [19]. International tourist center, ethnographic park, hotel, museums, transportation area, sports and wellness centers, international business cooperation center, regional cooperation and trade areas have been set up in Khorgos [20]. Jazin points out that 15 investment companies are constructing 35 complexes in Khorgos with a total area of 748,000 square meters, totaling 438.9 billion tenges (equivalent of \$1 billion) [17]. Most of these structures are built through Chinese investments. Business centers and shops within Khorgos-Eastern (SEZ) are run by Chinese businessmen. 15,000 Chinese tourists visit Khorgos daily [21]. China also invests in Khorgos to develop its capacity. Khorgos is projected to process four million tons of cargo every year. To reach this goal and develop its surrounding, China's Jiangsu province invested \$600 million to Khorgos [22]. Besides China, the United Arab Emirates (UAE) acquired 51 percent of Khorgos-Eastern Gate (SEZ) in March 2018 [23]. This indicates multinational capital's involvement in Khorgos.

Khorgos-Eastern Gate (SEZ) provides preferential favors for the investors. Import and export tariffs, custom fees, value added taxes, property taxes, land utilization payments, other charges are exempted for the companies, which reside in Khorgos. The procedures for foreign workers are simplified [24]. These measures appear to attract companies to the zone. Khorgos Tax Bureau reported that 2,411 companies have been registered in Khorgos. Meng Shen, Director of Chanson & Co, a boutique stated that: "At least half those companies are registered in Khorgos solely for tax purposes" [25].

In 2015, the amount of goods transported via Khorgos equaled 25,790 tons. This traffic corresponds 12.6 percent increase comparing to the previous year. The total trade volume of the Khorgos -Eastern Gate (SEZ) amounted to \$12.037 billion. In 2012, the total number of people who visited Khorgos for commercial reasons was 240,000. In 2015, this number was 3.36 million people. Between January and September 2016, the number of people went to Khorgos for commercial purposes was 3.810 million [26]. Even COVID-19 pandemic did not prevent the flow of goods from crossing Khorgos. In 2020, the volume of cargo approximated to 200,000 TEU. The first six months of 2021, the volume of cargo amounted to 102,000 TEU [27].

Another important transportation nod on Belt and Road route that also gained commercial importance is Aktau. Aktau is located on the Caspian shore, which provides Kazakhstan's access to the Caspian Sea. It is an important transportation center in the China-Central Asia-West Asia Corridor. Steve Huang, the CEO of China operations for DHL explains Aktau's significance to the Belt and Road Initiative:

The rail connection from Khorgos to Aktau port will enable cargo to be transported along the Caspian Sea and the Caucasus to Europe as well as to the south through Iran to the Persian Gulf. With the new railway line connecting Georgia & Turkey, can now be shipped via Aktau over the Caspian Sea and then by rail through Azerbaijan and Georgia for delivery in Turkey and beyond [28].

A special economic zone was established in Aktau, which consists of six subzones and coastal zone. A special tax regime similar to Khorgos-Eastern Gate (SEZ) is also implemented in Aktau. Corporate income tax, property tax, land

tax, value added tax, and land lease rate are exempted for the investors. The quota for foreign workers that are valid in the rest of Kazakhstan is not implemented. The foreign workers are not required to receive official permits to work in the zone [29]. The Kazakhstan government actively involves itself in upgrading infrastructure of Aktau and its surrounding regions. The development of infrastructure is expected to be completed by 2023. The state also supplies electricity, water, gas, and telecommunication services to the Aktau Special Economic Zone [30].

The container traffic in Aktau in 2013 when the Belt and Road Initiative started was 10 million tons. The estimated target was 300,000 tons. The new terminals built in 2014 raised the capability to 19 million tons [31]. Additional complexes are being built while Aktau is expanding. A new subzone area is being constructed on 500 hectares area. This subzone is expected to create 2,500 jobs. Another area in Kenderli is planned to be a center for gambling activities [32]. The construction of a seaport of Sarzha, which is 60 km away from Aktau, aims to upgrade shipment by increasing the transshipment capacity to 4 million tons cargo every year [33]. These developments demonstrate the constant expansion of Aktau port.

Aktau Special Economic Zone is administered by Mangystau regional government. In May 2018, Dubai based DP World company acquired 49 percent of Aktau Special Economic Zone [34]. Other regional powers also showed their interest in participation in Aktau. In 2020, Iran and Kazakhstan signed an agreement which assumed the construction of a new complex in Aktau worth of \$15 million where Iranian goods could be exported to Kazakhstan and Central Asia [35]. The participation of Aktau in the Belt and Road Initiative invites the investments of regional states in Aktau, which want to deepen its trade relations with Kazakhstan and Central Asia.

Yet, the main source of investment for Aktau is China. In May 2015, China border-Khorgos-Aktau railway project was commenced. China also contributed to \$2.7 billion project to modernize locomotives and trains and repair of the lines. China is investing gas and oil refinery in Aktau. Kazakhstan's KazAzot JSC and China's Inner Mongolia Berun Group Co. Ltd. built a gas chemical complex worth over \$3 billion in Aktau. KazAzot also announced a joint venture with China's Inner Mongolia Berun Group Co. Ltd. for another project [36].

Besides Khorgos and Aktau, China also invests in different sectors in different regions in Kazakhstan. The economic relations between two countries soared. In 2019, the value of China's exports to Kazakhstan reached to \$9.8 billion. Its imports from Kazakhstan totaled \$7.92 billion [37]. At the G20 Forum in Hangzhou, China expressed its desire to move the production capacity of 51 plants to Kazakhstan within the framework of the Belt and Road Initiative [38]. Metallurgy, construction, chemicals sectors are among the sectors that China wants to relocate. The projects such as polypropylene production in Pavlodar, automobile manufacturing in Kostanay and vegetable oil production in the North Kazakhstan region have already materialized [39]. Many Chinese companies also became sponsor of economic and social projects in Kazakhstan's developing regions. For example, CNPC-Aktobemunaigaz finances numerous community-based and socially-oriented projects including communication services, water and power supply in various districts in the Aktubinsk region [40]. China's interest in Kazakhstan confirms Kazakhstan's importance to the Belt and Road Initiative.

The connection with the European Union (EU) through newly laid out railways also enhances Kazakhstan's trade relations with the EU. The EU is Kazakhstan's biggest trade partner. In 2020, it accounted for 29.7 percent of the Kazakhstan's total trade. 16.1 percent of Kazakhstan's imports came from the EU while 41 percent of its exports went to the EU. Total trade between two parties amounted to €18.6 billion. Kazakhstan's imports from the EU amounted to €6 billion whereas its exports amounted to €12.6 billion. The EU emanated foreign direct investments to Kazakhstan totaled €63.9 billion. In 2015, Kazakhstan and the EU signed the EPCA which created a better trade environment for businesses in Kazakhstan and the EU. This agreement covers trade, capital movements, energy, operation of companies, government procurement, and intellectual property rights. Moreover, Kazakhstan became a member of World Trade Organization (WTO) in 2015. The EU strongly supported its accession [41]. Flourishing trade relations with the EU will enable Kazakhstan to develop its economy.

In addition to increasing Kazakhstan's economic relations with big economic powers such as China and the EU, the railways in the regions strengthen Kazakhstan's economic and political relations with regional countries. The statistics in 2010, intra-regional economic activity in Central Asia indicate that "although —58% of Asia's parts and components trade took place within the region in 2008, in the Asia sub-region of Central Asia intra-regional trade in parts and components was only 1.2%" [42]. The reason of this low percentage in intra-region trade relations is lack of infrastructure among countries. The infrastructure bequeathed by the Soviet Union is no use for the Central Asian countries. It was designed to connect Moscow to the region. "The network was designed with the needs of the former Soviet Union in mind. This means that in Central Asia it is mainly oriented north-south and that present borders were ignored" [43]. Nazarbayev also points out this direction of connection:

If we look at a geographical map then it is easy to notice there is a consecutive vertical row of countries of Eurasia from Russia in the north India in the south (Central Asian countries, Iran, Pakistan) that does not yet link with the east or with the west. I would call this continuous belt of countries situated along the meridian of the central of Eurasia the —belt of anticipations [44].

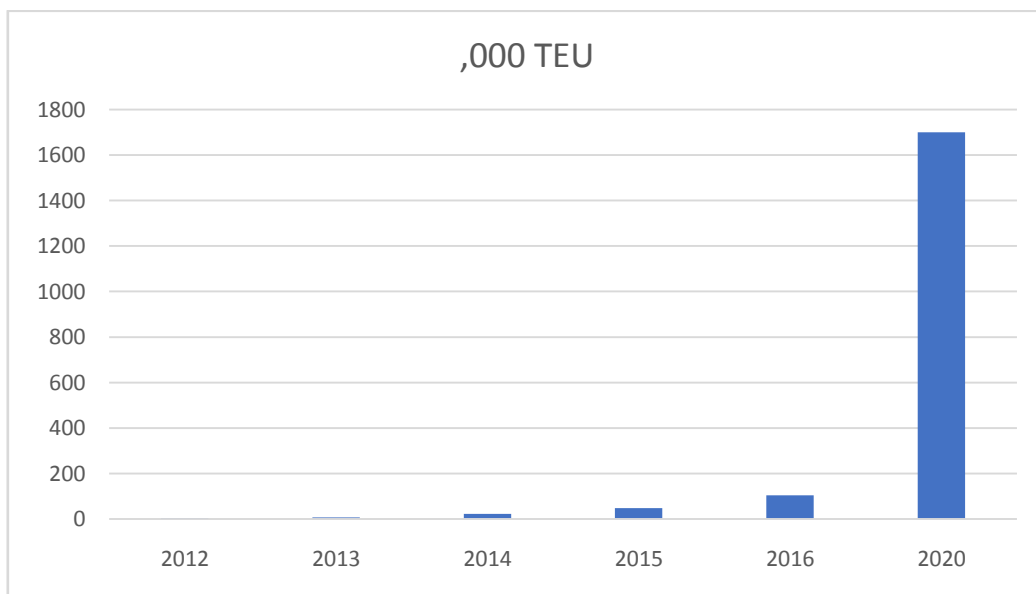
The roads constructed on north-south axis means that the Central Asian countries remained dependent on Russia in transportation of goods produced in Central Asia to Europe. The Belt and Road Initiative reduces this dependency, solidifying regional integration.

Askar Mamin, the then-President of Kazakhstan Temir Zholy, stated that:

The high level of cooperation between Kazakhstan and Azerbaijan became possible thanks to agreements made by the Kazakhstan and Azerbaijan presidents. We plan to organise a container train from China to Istanbul through Azerbaijan and Georgia before the end of this year. As of today, major corporations with plants in China and Southeast Asia monitor our cooperation and are very interested in transportation of their goods using the route [45].

This expression recognizes the need for regional cooperation in order for the Belt and Road Initiative to advance. Kazakhstan’s high-level participation in the opening of the Baku-Tbilisi-Kars Railway reflects Kazakhstan’s attention to regional connectivity projects. The Baku-Tbilisi-Kars Railway connects Baku and Tbilisi, the capitals of Azerbaijan and Georgia, to Kars, located in Eastern Anatolia. The total length of the railway is 849 kilometers. 504 kilometers of the total length passes through Azerbaijan, 263 kilometers through Georgia and 79 kilometers through Turkey [46]. This project is a part of the China-Central Asia-West Asia Economic Corridor, connecting the Central Asia and the South Caucasus to Anatolia, and then Europe. The opening ceremony, held on 30 September 2017, hosted the President of Turkey and Azerbaijan, the Prime Ministers of Georgia, Kazakhstan, and Uzbekistan. The railway is expected to carry 6.5 million tons of cargo and 1 million passengers by 2023. Its capacity is planned to be expanded to carry 17 millions of cargo [47]. Mahir Humbatov, an Azerbaijani research claims that: “via the BTK, goods will be able to reach Europe heading from South Korea, China, and India within 15 days at most” [48]. Other Central Asian countries besides Kazakhstan expressed their interest in joining the Baku-Tbilisi-Kars Railway. In 2017, the officials from Azerbaijan, Georgia, and Uzbekistan came together in Tashkent to discuss the ways of Uzbekistan’s possible participation in the Baku-Tbilisi-Kars Railway [49]. The World Bank estimated that the Belt and Road Initiative will increase Kazakhstan’s exports by 3.7 percent around the world. That estimate is higher than 70 countries in the world. If the reforms in trade facilitation and improvement in logistics accompany hard infrastructure this increase will by 16 percent [50]. The advancement of Belt and Road projects will strengthen regional economic integration. As a transit country located at the center of Belt and Road corridors, Kazakhstan’s economy would further benefit from its geographical position as regional trade relations soars.

The effects of the Belt and Road Initiative on Kazakhstan’s transit trade can be observed. The graph that captures the change in transit trade via Kazakhstan is presented below:



**Figure 3: Container Traffic via Kazakhstan[6].**

Kazakhstani officials aim at increasing Kazakhstan's transit trade volume to 1.7 million containers in 2020. This number amounts to 35 times from 2015 [51]. Kazakhstan also wants to capture 10 percent of \$600 billion trade volume between China and Europe [22]. Kazakhstan will also serve as a transit country in the commercial activities between Central Asian countries and the rest of the world. The trade among regional countries has already started to develop. Kazakhstan is the main linkage. Sanzhar Yelyubayev, chief executive of KTZ Express informed that US started to export chicken to Kazakhstan through Georgia, Azerbaijan and across the Caspian Sea to Kazakhstan to bypass Russia [52].

The Belt and Road Initiative also offers opportunity to Kazakhstan to develop its own domestic infrastructure. According to a report prepared by the World Health Organization (WHO) on a road safety, Kazakhstan has the highest traffic death rate among 52 European and Central Asian countries. About 17 percent of Kazakhstan highways are below internationally recognized standards, and only 3 percent of roads have the highest standards. 50 percent of the roads are not asphalted and 76 percent of the roads are undivided [53]. This striking report points out Kazakhstan's domestic infrastructure deficit.

Recognizing this deficit, Kazakhstan put forward its own domestic infrastructure plan called "Bright Road" (NurlyZhol). The then-President Nazarbayev announced Bright Road as:

The Infrastructure Development Plan, which I want to make public today, will become the core of the New Economic Policy. It is intended to last for five years and is to run in parallel with the Second Five Year term of the Program of Accelerated Industrial and Innovative Development. More than 100 foreign companies intend to participate in its implementation. The total investment portfolio will amount to KZT6 trillion [about \$18 billion at the December 2016 exchange rate between the U.S. dollar and Kazakh Tenge], with the state contributing 15% of the total [54]

The progress of Bright Road is intertwined with the progress of the Belt and Road Initiative. Various officials in Kazakhstan stress this aspect. In 2015, First Deputy Minister of Investment and Development Zhenis Kasymbek stated that:

We plan to invest about \$20 billion dollars in transport infrastructure through 2020. This will focus on east-west infrastructure, including transport networks towards the Caspian and beyond to Azerbaijan, Georgia and Turkey. Much of the funds are being invested in the construction of the new Beyney-Zhezkazgan railway, as well as a second line toward China [Altynkol-Khorgos] in order to attract Chinese goods in transit toward the Persian Gulf and the Caucasus [55].

The then-Foreign Minister Erlan Idrissov and the then-Minister of Investment and Development Zhenis Kassymbek also contend that:

Implementation of the Nurly Zhol program will ensure the connection of the Kazakh regions to intercontinental routes Western Kazakhstan-Western Europe. [and] China-Iran, and will turn Kazakhstan into a major Eurasian transport and logistics hub that will connect the North with the South, the East with the West, the countries of the European Union, the Middle East and Southeast Asia[54].

In an interview published in *Xinhuanet*. Yerzhan Saltybayev, the director of Kazakhstan's Institute of World Economy and Policy, argues that the Bright Road Project "is connected with the Belt and Road Initiative and aimed at sustainable development. Of course, we are interested in the success of this project, and Kazakhstan is making all necessary efforts. We believe in joint development and mutual benefit" [56].

Kazakhstan's location in the Central Asia made it an indispensable partner in the Belt and Road Initiative, enabling China to extend economic corridors to the West. Kazakhstan's participation in the Belt and Road helped Kazakhstan to develop its economic relations with China, the EU, and Central Asian and the South Caucasus countries. The foreign investments in Kazakhstan from China and the EU increased. In addition to economic consequences, Kazakhstan's participation in the Belt and Road Initiative has political dimension.

### **Political Effects**

Under Nazarbayev's rule, Kazakhstan implemented a multi-vectoral foreign policy, balancing Russia with establishing good relations with all major powers. Kazakhstan follows a strategy, which focuses on preventing a single country from an exclusive control over Kazakhstan's resources [57]As Kazakhstan shares the longest land border in the world with Russia, its relations with Russia are close. The legacy of the Soviet Union is being felt in political, economic, and cultural areas in Kazakhstan. Yet, Kazakhstan has been careful in not being subdued by the Russian interests. It did not implement Russian countersanctions imposed by Russia against the Western countries and it opposed the transformation of the Eurasian Economic Union (EAEU) into a political alliance. It is a member of the Russian led

EAEU and the Collective Security Treaty Organization (CSTO) but also it is a member of Organization for Security and Cooperation in Europe (OSCE) and the Shanghai Cooperation Organization (SCO) [58]. Kazakhstan also joined North Atlantic Treaty Organization (NATO) Partnership for Peace Program [59]. This demonstrates Kazakhstan's endeavor to preserve its strategic autonomy.

Kazakhstan's participation in the Belt and Road Initiative allows Kazakhstan to gain another hedge against Russia. Belt and Road Corridors enable Kazakhstan to have alternative routes in exporting its products, thus, freeing itself from Russian monopoly on transportation roads [59]. Kazakhstan's transportation linkages with the Western countries promote its political connection with these countries. Furthermore, being at the center of Belt and Road Corridors that advance toward the West, Kazakhstan elevated its geopolitical importance for China. This importance has a potential to be translated into political and diplomatic support for Kazakhstan in the international arena.

Kazakhstan also included Chinese companies in its energy projects. The first flow of crude from Kazakhstan to China started in 1997. In 2012, two parties signed a deal, which assumed the sale of oil to China for processing, which is returned for the domestic market in Kazakhstan. Thus, Kazakhstan could acquire petrochemical products that it has no technology to produce. With the start of the Belt and Road Initiative, the number of energy projects has increased. In 2015, six more projects were initiated between China and Kazakhstan. In 2020, other new projects, that assume the construction of new pipelines were unveiled. China also agreed to transfer industrial planning to Kazakhstan in 2013. The value of fund that covered this planning was \$2 billion. This number was increased to \$18 billion in 2014. The logic with this industrial planning transfer was providing technology in energy sector that Kazakhstan lacks [60]. There is a political aspect of the energy deals and technology transfer. Energy deals diversify Kazakhstan's exporting partners, permitting it to follow a more independent policy of Russia. Technology transfer increases Kazakhstan's energy production, upgrading its economy and facilitating the political trust between China and Kazakhstan. In future, it is expected that Kazakhstan would count China's support in the United Nations Security Council in which China holds permanent seat and veto power.

## CONCLUSION

This study aims to analyze the effects of Kazakhstan's participation in the Belt and Road Initiative. Announced in 2013, the Belt and Road Initiative strives to connect China with the rest of the world. For this purpose, it unveiled six economic corridors. Participating in two corridors: the New Eurasian Land Bridge and the China-Central Asia-West Asia Corridor and planning to participate in the China-Pakistan Economic Corridor, Kazakhstan emerged as one of the most important participant countries in the Belt and Road Initiative.

The transportation nodes of Kazakhstan along Belt and Road route, Khorgos and Aktau, evolved into commercial centers in which special economic zones have been established. The easement of regulation for investors attracted the foreign companies and foreign direct investments in these zones. Due to its geographical importance, China has increased its economic investments in Kazakhstan. Transit container trade of Kazakhstan has also risen because of flourishing trade in Belt and Road corridors. Kazakhstan also developed its trade relations with the EU and the Central Asian countries.

In a political field, Kazakhstan has implemented multi-vectoral foreign policy since its independence, not falling into Russia's orbit completely. Its relationship with China and joining in the Belt and Road Initiative provides additional leverage to Kazakhstan in balancing its relations against Russia. Kazakhstan's geopolitical importance in the Belt and Road Initiative will evolve into a political importance, which will upgrade its status in international arena in future.

## ACKNOWLEDGEMENT

I am greatly indebted to my thesis supervisor Assoc. Prof. Dr. Işık Kuşçu for her valuable guidance during the writing process of the thesis.

## REFERENCES

1. Belt and Road Forum for International Cooperation. (2017). "Full Text: Vision and Actions on Jointly Building Belt and Road (2)." Retrieved from: <http://2017.beltandroadforum.org/english/n100/2017/0410/c22-45-2.html>, January 4, 2022.
2. Green Belt and Road Initiative.(2021)"Countries of the Belt and Road Initiative (BRI)." Retrieved from: <https://green-bri.org/countries-of-the-belt-and-road-initiative-bri/>, March 12, 2022.
3. *One Belt One Road: A Role for UK Companies in Developing China's New Initiative*. (2016). London and Beijing.
4. Asian Development Bank. (2017). "Asia Infrastructure Needs Exceed \$1.7 Trillion Per Year, Double Previous Estimates." Retrieved from: <https://www.adb.org/news/asia-infrastructure-needs-exceed-17-trillion-year-double-previous-estimates>, November 24, 2017.
5. Casarini, N. (2016). "When All Roads Lead to Beijing. Assessing China's New Silk Road and Its Implications for Europe." *International Spectator* 51(4): 95–108. <http://dx.doi.org/10.1080/03932729.2016.1224491>.



6. PwC Kazakhstan. (2017). *Kazakhstan and the New Silk Road*.
7. Strategic Comments. (2015) "China's Ambitious Silk Road Vision." 21(6): iv-v.
8. Hongjian, C. (2016). "The Belt and Road Initiative and Its Impact on Asia-Europe Connectivity." *China Institute of International Studies*. [http://www.ciis.org.cn/english/2016-07/21/content\\_8911184.htm](http://www.ciis.org.cn/english/2016-07/21/content_8911184.htm), April 24, 2018.
9. China Daily. (2016). "Chengdu Embraces Opportunities." Retrieved from: [https://www.chinadaily.com.cn/regional/2016-09/26/content\\_26912462.htm](https://www.chinadaily.com.cn/regional/2016-09/26/content_26912462.htm), October 27, 2018.
10. CGTN. (2017). "Why Is Caspian Sea Security in China's Interest?" [https://news.cgtn.com/news/3349544f31557a6333566d54/share\\_p.html](https://news.cgtn.com/news/3349544f31557a6333566d54/share_p.html), April 07, 2019.
11. Nurgaliyev, B. (2020). "China's Belt and Road Initiative: Kazakhstan and Geopolitics." *The Astana Times*. Retrieved from: <https://astanatimes.com/2020/06/chinas-belt-and-road-initiative-kazakhstan-and-geopolitics/>, October 12, 2018.
12. Cpec News. (2015). "The China-Pakistan Economic Corridor Gets Even More Ambitious." 2015. <http://cpecnews.com/the-china-pakistan-economic-corridor-gets-even-more-ambitious/>, October 14, 2018.
13. China Studies. (2018). "China-Pakistan Economic Corridor: An Opportunity for Central Asia?" Retrieved from: <https://chinastudies.kz/en/silk-way/one-belt-one-road/250/>, February 16, 2022.
14. China-Pakistan Economic Corridor. (2021). "Pakistan, Kazakhstan Can Cooperate through CPEC Trade Route." Retrieved from: <http://cpecinfo.com/pakistan-kazakhstan-can-cooperate-through-cpec-trade-route/>, February 16, 2022.
15. *SEZ Khorgos*. "Location." Retrieved from: <http://www.sezkhorgos.kz/location>, October 29, 2018.
16. Wilson, K. (2017). "The Belt and Road Initiative Is Breathing New Life into Distant Outposts like the Khorgos Dry Port on Kazakhstan's Border." *China Daily*. <http://www.chinainvestmentresearch.org/wp-content/uploads/2017/12/Page-5-Cover-Story.pdf>, October 14, 2018.
17. Dolukhanov, F. (2018). "Kazakh-Chinese Center Names Directions for Co-Op with Azerbaijani Businesses (Exclusive)." *Trend News Agency*. Retrieved from: <https://en.trend.az/business/economy/2908095.html>, 24 October, 2018.
18. South China Morning Post. "Khorgos: The Biggest Dry Port in the World." <https://multimedia.scmp.com/news/china/article/One-Belt-One-Road/khorgos.html>, March 15, 2019.
19. Shepard, W. (2016). "Khorgos: Why Kazakhstan Is Building A 'New Dubai' On The Chinese Border." *Forbes*. Retrieved from: <https://www.forbes.com/sites/wadeshepard/2016/02/28/will-a-place-called-khorgos-become-the-next-dubai/#12e3e96df4b7>, October 14, 2018.
20. The Khorgos International Centre of Boundary Cooperation JSC. (2018). *Khorgos Международный Центр Приграничного Сотрудничества*. <https://khorgos.kz/glavnaya/o-centre-2/>, April 23, 2019.
21. Corre, P. L. (2018). "Kazakhstan Must Look Beyond the Belt and Road." *Carnegie*. <https://carnegieendowment.org/2018/05/04/kazakhstan-must-look-beyond-belt-and-road-pub-76266>, April 23, 2019.
22. Frolovskiy, D. (2016). "Kazakhstan's China Choice." *The Diplomat*. Retrieved from: <https://thediplomat.com/2016/07/kazakhstan-china-choice/>, November 29, 2018.
23. BSC Global Markets. (2018). "UAE to Buy Major Stakes in Kazakh Special Economic Zones." Retrieved from: <http://www.intellinews.com/uae-to-buy-major-stakes-in-kazakh-special-economic-zones-138875/>, April 12, 2019.
24. *A Diagnostic Study of Kazakhstan's Special Economic Zones and Industrial Zones*. (2018). Manila: Asian Development Bank.
25. Wong, S.L., and M. Gordeyeva. (2017). "Silk Road Hub or Tax Haven? China's New Border Trade Zone May Be Less than It Seems." *Reuters*. Retrieved from: <https://www.reuters.com/article/us-china-silkroad-horgos/silk-road-hub-or-tax-haven-chinas-new-border-trade-zone-may-be-less-than-it-seems-idUSKBN18V15Z>, October 16, 2018.
26. Hanayi, O. (2017). "The Khorgos Free Economic Zone and Its Economic Potential." *Eurasian Research Institute*.
27. Khissomova, D. (2021). "No Cargo Traffic of KTZE-Khorgos Gateway Dry Port on Kazakh-Chinese Border Continues Operation Despite Pandemic." *The Astana Times*. Retrieved from: <https://astanatimes.com/2021/08/cargo-traffic-of-ktze-khorgos-gateway-dry-port-on-kazakh-chinese-border-continues-operation-despite-pandemic/>, March 21, 2022.
28. Shepard, W. (2017). "Aktau: A Look Inside Aktau, Kazakhstan's Other Hub On The 'New Silk Road.'" *Forbes*. Retrieved from: <https://www.forbes.com/sites/wadeshepard/2017/04/15/a-look-inside-aktau-kazakhstan-s-other-hub-on-the-new-silk-road/#565c7c427e1c>, January 24, 2019.
29. SEZ Aktau Seaport. "Tax and Customs Preferences." [https://www.sez.kz/en/for\\_investor/preferencii](https://www.sez.kz/en/for_investor/preferencii), January 24, 2019.
30. Japan-Kazakhstan Network. (2018). "Special Economic Zone 'Seaport Aktau.'" <http://www.jp-kz.org/data/seaportaktaupdf>, 2 October, 2018.
31. Seaport. "Port of Aktau, Kazakhstan." Retrieved from: <http://seaport.homestead.com/files/aktau.html>, February 18, 2019.
32. Traceca. (2012). Retrieved from: [http://www.traceca-org.org/uploads/media/02.-24072012\\_Presentation\\_SEZ\\_Seaport\\_Aktau\\_ENG.pdf](http://www.traceca-org.org/uploads/media/02.-24072012_Presentation_SEZ_Seaport_Aktau_ENG.pdf), February 18, 2019.
33. Brown, A. (2017). "Aktau – the Gateway to Kazakhstan." *World Bank Blogs*. Retrieved from:

- <https://blogs.worldbank.org/europeandcentralasia/aktau-gateway-kazakhstan>, 19 February, 2022.
34. Government of Kazakhstan. (2018). “B. Sagintayev, Sultan Ahmed Bin Sulayem Discuss the Development of Transit Potential.” Retrieved from: <http://www.government.kz/en/novosti/1014577-b-sagintayev-sultan-ahmed-bin-sulayem-discuss-the-development-of-transit-potential.html>, October 2, 2019.
  35. *Tehran Times*. (2020). “Iran, Kazakhstan to Jointly Build an Industrial, Commercial Complex in Aktau SEZ.” Retrieved from: <https://www.tehrantimes.com/news/445342/Iran-Kazakhstan-to-jointly-build-an-industrial-commercial-complex>, 23 February 2022.
  36. Caspian Policy Center. (2018). “China Eyes Aktau for Infrastructure and Energy Investments.” Retrieved from: <https://www.caspianpolicy.org/research/energy-and-economy-program-eep/china-eyes-aktau-for-infrastructure-and-energy-investments>, February 19, 2019.
  37. OEC. (2020). “China/Kazakhstan.” Retrieved from: <https://oec.world/en/profile/bilateral-country/chn/partner/kaz>, March 02, 2022.
  38. Dave, B. (2018). “Silk Road Economic Belt: Effects of China’s Soft Power Diplomacy in Kazakhstan.” In *China’s Belt and Road Initiative and Its Impact in Central Asia*, ed. Marlene Laruelle. Washington, D.C.: The George Washington University, Central Asia Program, 97–109.
  39. Samruk Kazyna. (2018). *Belt & Road Updates 2018 “Expansion Continues.”* Astana.
  40. Sadovskaya, Y., and L. Utyasheva. (2018). “‘Human Silk Road’: The People-to-People Aspect of the Belt and Road Initiative.” In *China’s Belt and Road Initiative and Its Impact in Central Asia*, ed. Marlène Laruelle. Washington D.C.: The George Washington University, Central Asia Program, 109–26.
  41. European Commission. (2021). “Countries and Regions Kazakhstan.” Retrieved from: <https://ec.europa.eu/trade/policy/countries-and-regions/countries/kazakhstan/>, February 24, 2022.
  42. Inan, F. and D. Yayloyan. (2018). *New Economic Corridors in the South Caucasus and the Chinese One Belt One Road*. Istanbul: The Economic Policy Research Foundation of Turkey (TEPAV).
  43. Parkash, M. (2006). *Connecting Central Asia A Road Map for Regional Cooperation*. The Philippines: Asian Development Bank.
  44. Sengupta, A. (2009). *Heartlands of Eurasia The Geopolitics of Political Space*. Maryland: Lexington Books.
  45. Bektiyorava, I. (2015). “Trans-Caspian Rail Route Launched.” *The Astana Times*. Retrieved from: <https://astanatimes.com/2015/08/trans-caspian-rail-route-launched/>, November 21, 2018.
  46. Ögütçü, Ö. N. (2017). “Why the Baku-Tbilisi-Kars Railway Matters.” *Center for Eurasian Studies*. Retrieved from: <https://avim.org.tr/en/Yorum/WHY-THE-BAKU-TBILISI-KARS-RAILWAY-MATTERS-1>, November 21, 2018.
  47. Shahbazov, F. (2017). “Baku-Tbilisi-Kars Railway to Become Central Asia’s Gateway to Europe.” *The Central Asia-Caucasus Analyst*. Retrieved from: <https://www.cacianalyst.org/publications/analytical-articles/item/13486-baku-tbilisi-kars-railway-to-become-central-asias-gateway-to-europe.html>, March 08, 2018.
  48. Shepard, W. (2017). “How Azerbaijan, Georgia, And Turkey Subverted Russia And Isolated Armenia With New Railway.” *Forbes*. Retrieved from: <https://www.forbes.com/sites/wadeshepard/2017/10/30/new-silk-road-azerbaijan-georgia-and-turkey-unite-over-new-rail-line-armenia-further-isolated/#71d6021b3aff>, August 14, 2018.
  49. Shahbazov, F. (2017). “Will the Baku-Tbilisi-Kars Railway Become Uzbekistan’s New Connection to Europe?” *The Jamestown Foundation*. Retrieved from: <https://jamestown.org/program/will-baku-tbilisi-kars-railway-become-uzbekistans-new-connection-europe/>, 20 May 2018.
  50. World Bank. (2020). “South Caucasus and Central Asia: The Belt and Road Initiative Kazakhstan Country Case Study.” Retrieved from: <https://openknowledge.worldbank.org/bitstream/handle/10986/34117/South-Caucasus-and-Central-Asia-The-Belt-and-Road-Initiative-Kazakhstan-Country-Case-Study.pdf?sequence=4>, January 22, 2022.
  51. Farchy, J. (2016). *Laptops and Frozen Chicken Take the Highspeed Way*. London: Financial Times Special Report.
  52. Farchy, J. (2016). *Laptops and Frozen Chicken Take the Highspeed Way*. London: Financial Times Special Report.
  53. *Safety on the New Silk Road Assessing Kazakhstan’s Highways*. (2017). Washington D.C.: Center for Strategic and International Studies
  54. Maitra, R. (2016). “OBOR Brings New Life to Central Asia: Kazakhstan in Focus.” *EIR*: 48–53.
  55. Daly, John C. K. (2015). “China and Kazakhstan to Construct a Trans-Kazakhstan Railway Line From Khorgos to Aktau.” *The Jamestown Foundation*. <https://jamestown.org/program/china-and-kazakhstan-to-construct-a-trans-kazakhstan-railway-line-from-khorgos-to-aktau/>, August 19, 2018.
  56. Uatkhanov, Y. (2017). “Interview: Kazakhstan Supports China’s Initiative, Looking to Mutual Benefits.” *Xinhuanet*. Retrieved from: [http://news.xinhuanet.com/english/2017-05/04/c\\_136257348.htm](http://news.xinhuanet.com/english/2017-05/04/c_136257348.htm), July 24, 2018.
  57. Omalicheva, M. Y., and R. D. (2018). “Kazakhstan’s Multi-Vectorism and Sino-Russian Relations.” *Insight Turkey* 20(4): 95–110.
  58. Zogg, B. (2019). “Kazakhstan: A Centrepiece in China’s Belt and Road.” *CSS Analyses in Security Policy*: 1–4.
  59. Louthan, T. (2022). *A “Bright Path” Forward or a Grim Dead End? The Political Impact of the Belt and Road Initiative in Kazakhstan*. Pennsylvania: Foreign Policy Research Institute.
  60. Yau, N. (2020). “Tracing the Chinese Footprints in Kazakhstan’s Oil and Gas Industry.” *The Diplomat*. Retrieved from: <https://thediplomat.com/2020/12/tracing-the-chinese-footprints-in-kazakhstan-oil-and-gas-industry/>, March 05, 2022.