



中国传媒大学  
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Institute for a Community  
with Shared Future  
人类命运共同体研究院



## Integration Role of BRI in Kazakhstan



By Mr. Jaleel Rathore, Member Board of Experts,  
Pakistan Research Center for a Community with  
Shared Future (PRCCSF), Islamabad

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## **Abstract:**

This study investigates China's Belt and Road Initiative (BRI) and its implementation in Kazakhstan, focusing on the strategic implications and economic outcomes. Launched in 2013, BRI aims to establish six major economic corridors connecting China with neighbouring regions, including Mongolia and Russia, Eurasian countries, Central and West Asia, Pakistan,



the Indian subcontinent, and Indo-China. Through its participation in BRI, Kazakhstan has attracted significant Chinese investments in infrastructure development, trade facilitation, and economic cooperation.

## **Introduction:**

The Chinese government launched the *Belt and Road Initiative* (BRI) in 2013, a massive infrastructure development strategy to connect China with over 150 countries and 30 international organizations across Eurasia, Latin America, and Africa. This ambitious project encompasses nearly 75% of the global population and accounts for more than half of the world's GDP. Initially known as the "*One Belt, One Road*" (OBOR) initiative, BRI comprises two distinct projects: the "*Belt*" focuses on rebuilding historic overland trade routes between Europe and Asia, while the "*Road*" involves establishing a maritime Silk Road connecting China, Southeast Asia, Africa, and Europe. Kazakhstan, an upper-middle-income, resource-rich country and the world's ninth-largest landlocked nation, plays a crucial role in BRI due to its strategic location. Its total area coverage is 2,724,900 square kilometers. Bordering China to the east, Russia to the north, Kyrgyzstan and Uzbekistan to



the south, and Iran, Kazakhstan facilitates connectivity between China and the West through key BRI routes.

The Belt and Road Initiative (BRI) has profound geopolitical implications, yet its complex motivations and interests are challenging to discern fully. Given its tailored approach to individual countries, China's objectives and goals likely vary across regions.

To shed light on this intricacy, this study examines the BRI's implementation in Kazakhstan, a pivotal target country. Over recent decades, Kazakhstan has strengthened economic ties with China, emerging as a key partner in the BRI.

### **Description:**

In September 2013, *President Xi Jinping* unveiled the Silk Road Economic Belt (SREB) at Nazarbayev University in Astana, followed by the presentation of the Maritime Silk Road (MSR) in Jakarta in December of the same year. Together, these initiatives form the Belt and Road Initiative (BRI), also known as One Belt, One Road (OBOR). In March 2015, the National Development and Reform Commission, along with the Ministry of Foreign Affairs and the Ministry of Commerce, released the first official blueprint for the BRI titled "**Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road**".

In the Eurasian region, the Belt and Road Initiative (BRI) seeks to establish six (6) continental economic corridors, which include rail, road, and energy connectivity. These corridors are the China–Mongolia–Russia Economic Corridor, the New Eurasian Land Bridge, the China–Central Asia–West Asia Economic Corridor, the China–Indochina Peninsula Economic Corridor, the China–Pakistan Economic Corridor, and the Bangladesh–China–India–Myanmar Economic Corridor. Each of these economic corridors is designed to integrate with maritime routes.

In Kazakhstan, the BRI represents China's expansive infrastructure development strategy aimed at enhancing regional connectivity and promoting economic cooperation. As a vital partner in this initiative, Kazakhstan plays a significant role in the BRI's plans for Eurasian connectivity.

Kazakhstan's BRI strategy revolves around (5) five key pillars of development such as Transportation infrastructure, Economic Corridors, Energy Cooperation, Investment and Trade, Industrial Cooperation.



### **1. Transportation infrastructure:**

Kazakhstan's Ministry of Transport has signed agreements to develop the Middle Corridor, also known as the Trans-Caspian International Transport Route (TITR), enhance multimodal and container transportation across Kazakhstan, construct the Tacheng-Ayagoz railway line, create a third railway checkpoint with China, establish border terminal facilities, and lay the foundation for an aviation route that will support the growth of freight hubs in Kazakhstan. Additionally, it seems that China is focusing on the China-Europe railway express to transport its goods to European markets via Central Asia. In a significant partnership, Kazakhstan's Temir Zholy National Railway Company and China Railway Rolling Stock Corporation (CRRC) Limited, the world's largest railway transport manufacturer, have inked a 1.3 billion USD deal. This agreement includes the purchase of 200 shunting and mainline diesel locomotives, as well as the establishment of engineering and service centers in Kazakhstan. With CRRC holding a 50% share of the global



locomotive production market, the corporation aims to invest more than 200 million USD in Kazakhstan's market.

## **2. Economic Corridors:**

The establishment of the China-Central Asia-Europe Economic Corridor is enhancing regional economic integration by connecting railway networks from China to the Mediterranean Sea. This corridor is improving connectivity between China and countries including Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Turkmenistan, Iran, and Turkey. In addition to investing in railways, China is also developing roads and other infrastructure projects to transform the economies of Central Asia. The route begins in China, passes through railway lines at Dostyk or Khorgos/Altyntkol to the port of Aktau in Kazakhstan, crosses the Caspian Sea to the port of Baku in Azerbaijan, traverses Georgia, and finally reaches European Union (EU) countries. This corridor spans approximately 3,000 kilometers less compared to Russia's Northern Corridor, reducing transit times from China to Europe from 19 days to 12 days and avoiding potential sanctions-compliance issues by bypassing Russia.

In 2023, a trilateral agreement was signed between Kazakhstan, Azerbaijan, and Georgia to establish a joint logistics company, enhancing the potential of the Middle Corridor. Subsequently, they registered a single transport operator, Middle Corridor Multimodal, at the Astana International Financial Center (AIFC). This operator is anticipated to commence official operations by the end of 2024, with Turkiye potentially joining by early 2025. The joint venture aims to address operational obstacles hindering the flow of goods along this route by streamlining cargo regulations, standardizing tariffs, and simplifying customs procedures.



There are significant infrastructure developments underway to realize the full potential of the Trans-Caspian International Transport Route (TITR). China has committed to operating a 10-container train every month across the Middle Corridor. In January of this year, the European Union EU announced an investment of Ten (10) Billion Euros in logistics and transport projects in Kazakhstan and other Central Asian states. This initial investment will be followed by a further Nineteen (19) billion Euros to enhance the highways, railways, and seaports of Aktau and Kuryk, ensuring the smooth delivery of goods from China to Europe.

### **3. Energy Cooperation:**

During Chinese President Xi Jinping's visit to Kazakhstan, industrial experts stated that the visit could strengthen the comprehensive cooperation momentum between the two countries across multiple sectors, particularly in energy, which serves as the cornerstone of their flourishing bilateral economic relations. This visit is expected to lead to increased investments in solar power, new-energy vehicles, and other green energy sectors. At the 7th meeting of the China-Kazakhstan Entrepreneurs Committee held in Kazakhstan, China National Petroleum Corporation (CNPC) signed relevant agreements with Kazakh companies.

One of the most promising fields of cooperation between China and Kazakhstan is new energy. In recent years, China has initiated several high-quality new energy projects in Kazakhstan under the Belt and Road Initiative. For example, the Zhanatas wind farm, Turgusun hydropower station, and a wind power project in Akmola have been pivotal in supporting Kazakhstan's economic development and low-carbon transition. The Zhanatas wind farm, a joint venture between China Power International Holding (CPIH) and Kazakhstan based Visor Capital, features 40 wind turbines with a

capacity of 2.5 megawatts each, making it the largest wind power project in Central Asia resulting from China-Kazakhstan cooperation. This project is estimated to generate around 350 million kilowatt-hours of electricity annually, saving approximately 110,000 metric tons of standard coal compared to thermal power of similar capacity. The commissioning of the wind farm holds strategic significance in addressing the imbalance of electricity supply and demand between northern and southern Kazakhstan.

Similarly, the Turgusun hydropower station, situated on the Turgusun River in the Altai district of eastern Kazakhstan, boasts a total installed capacity of 24.9 MW and an average annual power generation of 79.8 million kWh. Led by China International Water & Electric Corp, this project began producing electricity in 2021-22 and obtained



*Zhanatas wind farm*

its temporary completion certificate in April 2022. The hydropower station has notably alleviated the power shortage in eastern Kazakhstan while reducing local electricity production costs. Within the framework of the Belt and Road Initiative, collaboration in the new energy sector not only showcases the remarkable strides made in the China-Kazakhstan energy partnership but also contributes significantly to Kazakhstan's economic and social advancement.

#### **4. Investment and Trade:**

Increased Chinese investment in Kazakhstan's economy has bolstered bilateral trade. Kazakhstan and China have strengthened their pragmatic cooperation, elevating their status to comprehensive strategic partners. Bilateral trade between the two countries has seen remarkable growth, with the trade volume surging from around 370 million USD in 1992 to over 41 billion USD by 2024, representing a more than 100-fold



*Turgusun hydropower station*

increase and accounting for 28.3 percent of Kazakhstan's total trade volume. This achievement exceeds the 40 billion USD trade target for 2030 set by the leaders of both nations.

#### **5. Industrial Cooperation:**

The dry port Khorgos Eastern Gate Special Economic Zone (KEGSEZ) at Khorgos, situated on the border of China and Kazakhstan, is often highlighted in media as a prime example of a Belt and Road Initiative infrastructure project. The International Center for Business Cooperation (ICBC) at Khorgos, serving as a visa-free and duty-free mall between the two nations, attracts numerous Kazakhs seeking discounts on Chinese goods. However, the focal point in Khorgos remains the dry port of Khorgos Gateway. Positioned along the historic Silk Road, Khorgos



seamlessly fits into both Chinese and Western narratives surrounding the BRI, acting as a prominent and tangible link between the East and West.

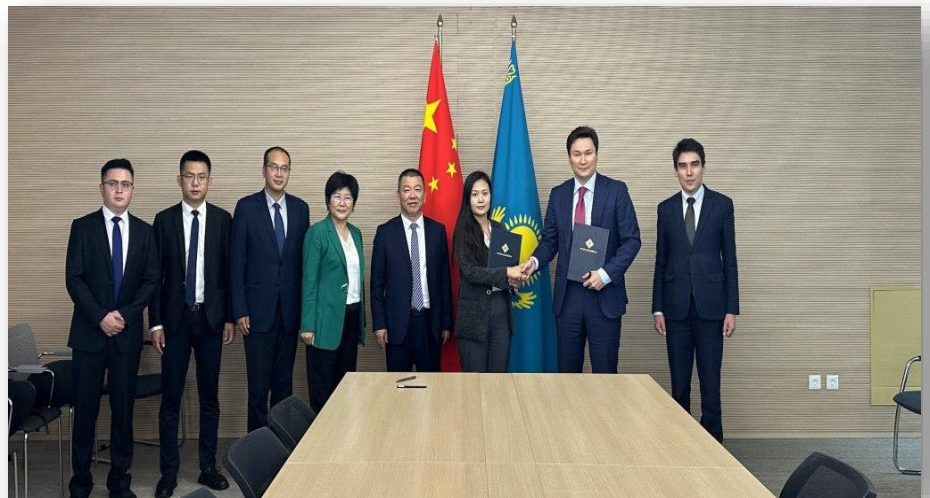
In August, Kazakh Invest and Chinese company Xinjiang Hengyuan Investment Management signed a Memorandum of Understanding (MoU) to establish a significant Kazakhstan-China trade and industrial park in Astana, planned to be built on a 50-hectare site. This initiative paves the way for enhanced cooperation between the two nations.



*Khorgos Eastern Gate Special*

*Economic Zone*

The Kazakhstan-China Trade and Industrial Park is expected to not only accelerate the growth of vital sectors in the economy but also generate numerous new jobs, positively impacting the country's socio-economic development. Anticipated to stimulate growth across several key sectors such as logistics, warehousing, processing, trade,





commercial services, and real estate management the project will also attract Chinese trade and manufacturing companies to Kazakhstan.

### **Conclusion:**

This article aimed to provide a clearer understanding of the effects of China's (BRI) and the strategic significance of laying the groundwork for its success. BRI is set to expand further to encourage more Chinese companies to invest and develop in Kazakhstan, thereby fostering economic growth and enhancing exchanges between the two nations. Its gradual shift in economic areas, with more attention being paid to energy and infrastructure projects, most notably the establishment of the Special Economic Zone in the Khorgos dry port. BRI's success in Kazakhstan may be attributed to its ability to adhere to its win-win core.



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