

# China's Multilateral Cooperation:

The View from Kazakhstan

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## Abstract

The purpose of this study is to examine the importance of the New Silk Road to China as part of its 'Peripheral Diplomacy' (zhoubian) to promote trade, financial, and social ties with its neighboring states, which could be developed due to the limitations within, and by the framework of, the Shanghai Cooperation Organization (SCO). Inhibited by the internal workings of the SCO, China decided to create its own project in Central Asia, under the name of the Silk Road Economic Belt (SREB), in order to expand its economic strategy. The majority of prior research on the SCO focuses on different areas of cooperation, but fails to consider the confrontation between China and Russia within the organization, and the desire of China to expand its economic strategy in Central Asia through the New Silk Road Strategy.

**Key Words:** Shanghai Cooperation Organization (SCO), Russia, China, Central Asia, Kazakhstan, New Silk Road, Silk Road Economic Belt.

## 1. Introduction

China and Kazakhstan have developed cooperation not only on a bilateral level, but also multilaterally, specifically through the Shanghai Cooperation Organization (SCO). The first problem facing Central Asian countries after the collapse of the Soviet Union was border issues and these were primarily resolved through negotiations. After the resolution of territorial disputes between China and Central Asian states, the possibility of further developing regional cooperation arose.

The "Shanghai Five" (Russia, Kazakhstan, Kyrgyzstan, China and Tajikistan) was established in 1996 as the result of the signing of the Treaty on Deepening Military Trust in Border Regions, the predecessor of the SCO. At that time, the primary focus of proceedings was placed on the geopolitical aspects of security. Annual summits between the participants of the "Shanghai Five" were held in Moscow in 1997, Alma-Ata (Kazakhstan) in 1998, Bishkek (Kyrgyzstan) in 1999 and Dushanbe (Tajikistan) in 2000. By the time of the Bishkek summit, permanent mechanisms to facilitate cooperation had been put in place, specifically the holding of ministerial meetings and the creation of expert groups. A new in-

ternational organization was created and national coordinators were appointed by each country. The meeting held in Shanghai in 2001 saw the five participating countries accept Uzbekistan as a new member, which led to the organization being renamed the Shanghai Cooperation Organization or the “Shanghai 6”. This was the first multilateral security organization initiated and promoted by China (Wang 2022) and was also the first Sino-Russian-Central Asian strategic cooperative partnership (Sun 2021).

The interests of China in the organization were initially to reduce the threat of Muslim Uighur separatism in Xinjiang by denying cross-border funding to separatists, as well as to combat the “3 Evils” of Terrorism, Separatism and (religious) Extremism. Russia’s main interest was to use the SCO as a means of maintaining its influence in Central Asia and cooperating with China to keep NATO at bay (Skalamera 2018: 54).

However, there have been significant differences in the interests of countries such as Russia and China within the organization, both politically and economically. China, seeing the SCO countries as promising markets and potential new sources of energy (Ibid), believes that the priorities of the SCO, such as anti-terrorism and economic activity, should be shared equally. They also hope that their long term economic strategy will help them to take a commanding position in the organization. Russia is using the SCO to counter the influence of the US and the EU in Central Asia and it fears the establishment of China’s economic hegemony in post-Soviet Asia. Thus, Russia is endeavoring to restrain Beijing’s proposal to boost economic cooperation within the SCO. Russia seeks closer integration by delegating sovereignty to supranational bodies of the region (Eurasian Economic Union).

Interests in the foreign policy activity of Russia and China are also quite different. The priority for China is the economy, specifically economic cooperation and the establishment of the SCO free trade zone. China believes that the social causes of extremism and terrorism are poverty and underdevelopment. This argument holds that dealing with the socio-economic “roots” of these problems is the first thing that needs to be done (Mursaliev 2021). The most effective means of preventing terrorism and extremism, according to the Chinese side, is the free movement of capital and goods, which will lead to the most direct means of eradicating social and economic hardship. At present, the economic arena is the weakest aspect of the SCO’s activities (Ibid). However, Russia’s stance is that, now that border problems have been solved, the function of the SCO should be to focus on regional security.

The activity of China in the region (both at the bilateral level and within the SCO) has quite naturally enhanced Russian-Chinese competition for transport, as well as energy mar-

kets and corridors. Russia has attempted to expand its control over Central Asian oil pipelines, whereas China has tried to diversify the channels through which they import energy in order to maintain their energy security. For example, suspension of the famous Russian-Chinese oil project, known as Angarsk-Daqing, led to the signing of a Sino-Kazakh agreement in Beijing between Nursultan Nazarbayev and Hu Jintao, which focused on the construction of an oil pipeline from Kazakhstan to the western regions of China that would have a capacity of 50 million tons of oil per year (Omelicheva & Du 2018). In order to expand its economic strategy in Central Asia, China decided to create its own project in Central Asia.

## 2. Limited within and by the framework of the SCO, China is beginning to develop a strategy for the New Silk Road

The Silk Road was a term introduced by the German geographer Richthofen in 1877. Its history dates back to the year 138 B.C., when the ambassadorial caravan accompanied by the Chinese envoy Zhang Qian, was sent by Emperor Wu of the Han dynasty to unknown lands in the West. After 13 years, the prince went back to China and during his journey travelled to Afghanistan. He was thus said to have been the first person to take a direct route to China through Central Asia (Xi 2014: 315). This led to an increasing number of caravans stocked with silk being sent to the West. At the same time, goods from the Mediterranean, the Middle East and Central Asia started making their way to China. The road was paved in the second century B.C., and stretched from Xian via Lanzhou to Dunhuang. It was split in 2 parts: the northern route passed through Turpan, then crossed the Pamirs on to Fergana and the Kazakh steppes; the southern route travelled past Lake Lop Nor on the southern edge of the Taklimakan Desert through Yarkand and Southern Pamir, before leading to Bactria, and then to Parthia, through India, the Middle East, all the way up to the Mediterranean Sea (Liu 2015). The Silk Road was a trade route, but its influence was far wider; it also contributed to the interaction and mutual enrichment of nations. The historical cultural component of the route was an important aspect in developing policy concepts of the SCO.

The term New Silk Road was initially used by the President of Kazakhstan Nursultan Nazarbayev at the 25 th Plenary Session of Foreign Investors Council in Astana on May 22, 2012. He noted: "I declare the start of a large-scale project called 'the New Silk Road'. Kazakhstan must revive its historical role and become the largest business and transit hub

in the Central Asian region, and thus function as a bridge between Europe and Asia” (Ekonomicheskiy koridor 2012). According to the President, this project would help increase the volume of transit traffic through Kazakhstan by 50% by 2014 to 50 million tons, as well as raise the volume of trade with neighboring countries to one trillion dollars (Ibid). To implement this project, the construction of the Western Europe-Western China International Transit Corridor began in 2010, which was essentially the first step made toward reviving the Silk Road.

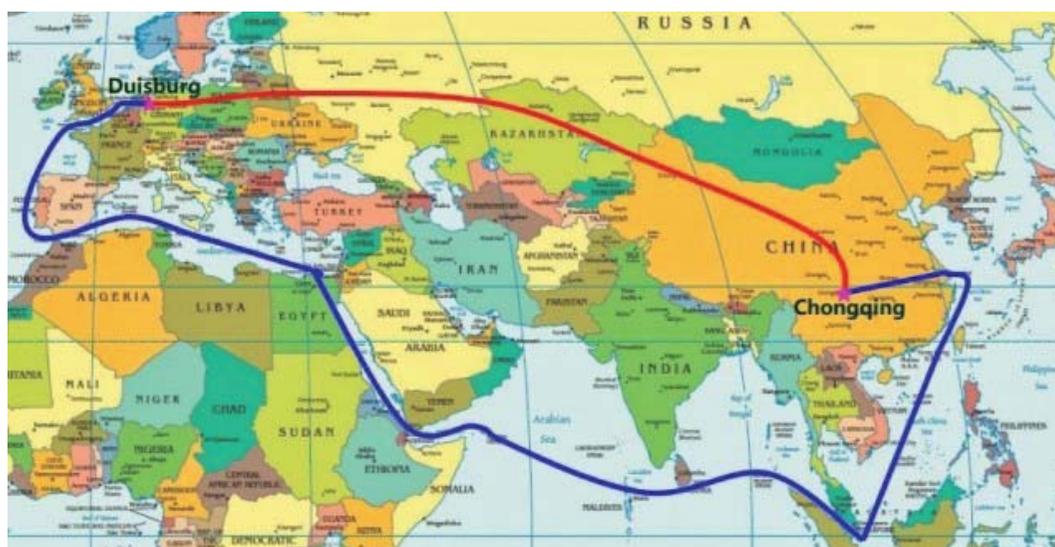
This idea was further developed by Xi Jinping during a speech he delivered at Nazarbayev University, Kazakhstan in September 2013. He stated the following: “In order to strengthen economic ties, deepen cooperation and expand the areas of development in Eurasia, we can apply a new model of cooperation and join in our efforts to generate an economic belt along the Silk Road, which I believe will be very beneficial to the people of all nations in the Silk Road. We could start with the following, taking steps to expand the areas of cooperation, before gradually entering into full-fledged co-operation in the region” (Vystuplenie Predsedatelya KNR 2013). He also added that “the Silk Road Economic Belt has a population of 3 billion people and there are huge markets opening up, as such there is great potential for trade and investment cooperation. It is best to review the appropriateness of schemes that facilitate trade and investment, which aim to eliminate trade barriers, reduce the costs of trade and investment, as well as to improve the speed and quality of economic operations in the region” (Ibid).

The official name is the Silk Road Economic Belt (SREB). As Chinese experts have noted, “In a situation where the development of China towards the East is being blocked by the US and Japan, the Silk Road Economic Belt will help China to establish and develop strategies towards the West and thereby contribute to effectively supporting the country’s economic growth, as well as the development of the Eurasian Economic Cooperation. However, competition amongst the great powers in Central Asia is becoming tougher, and it is therefore believed that the construction of the Economic Zone of the ‘Silk Road’ will help to reduce conflict and help find a mutually beneficial means of development” (Yan 2014).

Chinese politicians view the New ‘Silk Road’ as resembling ancient times in an important manner; the land and maritime routes that have emerged. Starting from the central part of China Chongqing, it will then move to Kazakhstan and Russia, on to Belarus, before opening up into Europe. The final destination will be Duisburg, where it will converge with the planned maritime route. The maritime route begins in Shanghai, hitting other southern Chinese ports before heading to the Malacca Strait. From Kuala Lumpur, it will then head

to Kolkata, and then cross the rest of the Indian Ocean, before arriving at its final stop in Germany (Duisburg) (Brugier 2014). The New ‘Silk Road’ aims to bring together nearly half of the world’s population (around 3 billion people) and will facilitate trade, energy, transport and technological streams. The strategic geopolitical goal of the new ‘Silk Road’ is to bring together Asian and European markets, which in the future will be able to help pull Europe out from its political dependence on the US (Noviy Shelkoviy Put 2014).

21 countries will help implement this grand plan (Ibid); a policy that China not only began work on some time ago, and has been actively promoting. Although China has long implemented concrete policies towards most of its neighboring countries, its neighborhood policy was formalized as a foreign strategy only recently (Song 2016: 10). Since 2002, China has pursued a new strategic policy towards its neighbors, which Chinese analysts have referred to as ‘Peripheral Diplomacy’ (zhoubian). This has represented a significant shift and seen China place greater emphasis on its relations with its neighbors (Zhang, Zhou 2011). To support this shift, China developed the SREB grand strategy in 2013, which focuses on the establishment of linkages between China and its peripheral states. China seeks to use the SREB to promote trade, financial, and social ties with its neighboring states “to ensure greater connectivity, greater interdependence, and a shared “destiny” with neighboring partners” (Reeves 2016).



Map-1. China's New Silk Road  
Source (Pepe 2014).

### 3. A New stage in Kazakhstan-China relations

The Chinese director of the Institute of Russian, Chinese Academy of Contemporary International Relations Feng Yujun has noted in a report presented at a meeting of the Astana club on November 12: “Many countries have naturally come to a general conclusion about the potential of the Eurasian Economic Cooperation, and how it can serve as a bridge between Europe and the dynamic Asia Pacific region, making Eurasia a new center of world economic growth. Against this background, different global players have put forward their own initiatives for Eurasia. Russia has made great efforts to promote the Eurasian Economic Community (EAEC), in which Moscow plays the leading role. The USA has put forward the concept of “New Silk Road”. The EU has adopted a new strategy for Central Asia, while China has taken the initiative in the Silk Road Economic Belt (SREB)”. Chinese experts have also stressed: The Silk Road Economic Belt is connected with the priorities of China’s foreign policy, which include: 1) Ensuring border security and the development of constructive, mutually beneficial relations with neighboring countries; a strategic goal of China’s foreign policy in Eurasia. 2) Preventing strategic threats and military-political blocs in the region that could be a threat to China. 3) Ensuring energy security by means of stable and reliable energy supplies in the region; one of China’s primary interests in Eurasia. China could receive up to 20 million tons of oil from Kazakhstan via pipelines annually, and 85 billion cubic meters of natural gas from Central Asia through the “China - Central Asia” pipeline. 4) Continuing to build the SCO as an institution, and turning it into an organization that will be able to make an even greater contribution to Eurasian security and the economic development of Eurasia (Zubov 2015). As we can see, the movement from the SCO to the Silk Road Economic Belt has long been a foreign policy initiative of China; a strategy that aims to further develop the country. China has grown and become strong in recent years, and it seeks to break out of the narrow framework of the SCO, and open up new instruments to expand its economic influence even in the West.

The key role in the implementation of the SREB has been given to Kazakhstan as it is in the best geographic location. Cargo in the “New Silk Road” will mainly be carried from East to West. The western and central provinces of China will be linked with the EU by direct railway and will run through Kazakhstan’s Dostyk Station. The delivery of goods to Europe by rail is, on average, 2-3 times faster than the sea, which is a significant competitive advantage for the transportation of goods that require high speed delivery. In addition, the transport infrastructure of eastern China (the inland waterway on the Yangtze River)

is heavily congested, meaning that transportation of goods from the western and central provinces by sea would take a long time. Cargo to Europe through Kazakhstan's Dostyk can be delivered in 16-17 days at a cost of 8,100 US dollars, which is significantly cheaper than through Russia, which costs 11,200 US dollars (Ekonomicheskiiy koridor 2012). Kazakhstan plays a very important role in connecting China with the EU in this project.

#### 4. Discussion

Why did China decide to initiate the New Silk Road? Relations between Russia and China are complex and range from competition to cooperation. After the collapse of the Soviet Union, the shared goal of Beijing and Moscow to ensure stability in Central Asia made them cooperate on many fronts, especially within the SCO. However, Russia, wary of China's economic expansion in Central Asia, blocked closer cooperation between China and Central Asian states within the SCO. Through the Silk Road Economic Belt, Xi Jinping is aiming at strengthening Chinese economic influence in the region and setting the stage for Chinese political influence to grow. Though China and Russia are partners in the economic coordination of the EAEU and the Silk Road Economic Belt in Central Asia, they are competitors for the political influence in the region. However, it has been shown that Russia's ability to project power has its limitations and China's ability to project power is increasing in recent years.

#### 5. Concluding Remarks

Initially, the interests of China and Russia in the SCO were similar, namely to restrain the influence of the US in Central Asia. However, the progression of time saw significant differences arise in their interests within the organization. China desired economic cooperation with SCO countries, but Russia, fearing the establishment of China's economic hegemony in post-Soviet Asia, used every bit of leverage available to them as a means of restraining Beijing's proposal to boost economic cooperation within the SCO. Inhibited by the internal workings of the SCO, China decided to create its own project in Central Asia, under the name of the Silk Road Economic Belt (SREB), in order to expand its economic strategy.

The idea of the Silk Road was announced in 2013 by Xi Jinping at the Nazarbayev University, Kazakhstan. However, the author argues that not only did China start preparation

for this economic strategy much earlier, but also promoted it actively. Since 2006, China has undertaken a new strategic policy towards its neighbors, labelled by Chinese analysts as 'Peripheral Diplomacy' (zhoubian), which has seen a significant shift in how China conducts relations with its neighbors. To support this shift, China developed the SREB grand strategy, which focuses on the establishment of linkages between China and its peripheral states. China seeks to use the SREB to promote trade, financial, and social ties with its neighboring states. In this project, China attaches great importance to Kazakhstan as the transportation of goods to Europe through Kazakhstan represents a much faster and cheaper route than Russia. If Kazakhstan uses this factor as a trump card, in a strategic manner, it stands to benefit a great deal.

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