

China's Belt and Road initiative, explained by Kazakhstan

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Roman Vassilenko, deputy minister of foreign affairs of Kazakhstan, met on Wednesday (4 July) with a group of international journalists from around the world to field questions about his country's development and the China-promoted Belt and Road initiative.

This week Astana is hosting a number of international events and has attracted many journalists. Vassilenko, who is a career diplomat, having served in the UK and in the US, spent two and a half hours with reporters and answered many questions.

The diplomat said he had received many questions in advance concerning the Belt and Road initiative, and made use of a map to offer explanations.

He argued that it is that map that gives a sense of why Kazakhstan is among the strongest supporters and key participants of China's mega project, the Belt and Road initiative.

It was unveiled by Chinese President Xi Jinping in September 2013, in a [speech at Kazakhstan's Nazarbayev University](#) in the Kazakh capital. The Central Asian nation

is the first country on the way to Europe from China, if land transport is used instead of sea.

Many maps about the Belt and Road can be found in internet, but most of them are extremely vague or even misleading.

“[After China and Kazakhstan] Russia comes next, and then Belarus and Ukraine”, said Vassilenko, explaining that there were two major routes being used by the railroad shipping companies that transport goods from China to Europe.

He explained that the northern route goes from southwest China into Kazakhstan with a crossing at the Chinese city of Khorgos.

It then continues across Kazakhstan to Russia and Belarus, and then into Poland and Germany, ending in Duisburg, the largest dry port and a hub in the heart of Europe. From there, trains can reach every corner of the continent.

The southern route, Vassilenko added, goes across Kazakhstan to Aktau [a Kazakh city on the Caspian Sea], then crosses the water into Azerbaijan, continuing by rail into Georgia, Turkey and then the EU via Bulgaria.

Kazakhstan has built 2,500 km of railroad since it became independent, more than any other post-Soviet country. That investment was meant to take advantage of the country’s central position in Eurasia and restore east-west connections, the Kazakh diplomat explained [in Soviet times the connections were north-south].

Kazakhstan has also laid 4,000 km of tarmac, including a 2,700 km that makes up the Kazakh leg of the 7,000 km-long Western Europe-Western China Highway. It is already been used by shipping companies but the main activity is by rail.

Thanks to these projects, as well as agreements between the railways companies of Kazakhstan, Russia and Belarus on the northern route, as well as by Kazakhstan railways and their counterparts from Azerbaijan, Georgia and Turkey, tariffs and operations have been synchronised, so the routes have become profitable, the diplomat explained.

A few figures mentioned by Vassilenko illustrate the exponential growth of container transport. In 2010, there were zero Chinese containers shipped via Kazakhstan to Europe. In 2011, 1,200 containers were shipped. In 2017, that number grew to 200,000 containers and this year, almost 400,000 containers are expected to cross Kazakhstan.

He added that the number would double in each of the next two years, reaching 800,000 containers next year and 1.5 million in 2020.

Overall, Kazakhstan expects to transit 2 million containers, including the north-south direction, by 2020. This would bring \$5 billion in transit fees.

The advantage for goods companies is that they are able to send their wares from China to Europe in 15 days. In comparison, transport by ship takes between 30 and 45 days, Vassilenko said.

He also explained that shipping by rail is less expensive than by air, but still more expensive than by sea (\$2,000 by ship, compared to \$6,000 by rail).

But experience shows that if the goods are of high value, like Hewlett Packard's who manufacture their computers in China, or Apple's iPhones, it is more advantageous to use the rail route.

The volumes are also telling, as only 1.5 million containers are transported by rail per year compared with 15 million containers via sea link.

China is among the biggest investors in Kazakhstan, where 51 economic projects worth \$28 billion are being implemented jointly with the Middle Kingdom, and not all are related to the Belt and Road initiative.

Many of them, Vassilenko explained, relate to industries such as petrochemicals, energy, housing construction, road construction, agriculture and processing of agricultural products, etc.

With its 28 members, the EU remains the largest investor in Kazakhstan though, accounting for roughly 50% of the total and half of the \$300 billion dollars invested in Kazakhstan over the 26 years of independence, Vassilenko said.

He added that taken individually, Russia is the largest trading partner, accounting for almost 21% of Kazakhstan's trade, while China is quickly catching up and accounts for 18% of the country's foreign trade.

Annually, the presidents of Kazakhstan and China exchange visits, overseeing each time the signing of dozens of commercial agreements. The last time they met was just before the Shanghai Cooperation Organisation (SCO) last month in Qingdao.

EURACTIV asked Vassilenko how his country, which is indeed very large, but has a population of only 18 million, hopes to preserve its identity and sovereignty, and not be overwhelmed by its powerful Chinese neighbor.

In his answer, the Kazakh diplomat highlighted the effort of Astana to maintain balance between the world's big powers.

"We are very mindful of the differences in terms of the size of the economy, of the population between Kazakhstan and China, but we are firmly of the opinion that we need to continue to develop these trade and economic relations, these political relations, for the benefit of all, not just Kazakhstan and China, but between Kazakhstan and our other partners," he said.

He further stressed that relations with the EU and US were also seen as a big priority.

"Our goal is to ensure the balance of those relations, politically and economically", he said, giving as example the biggest sector of the country – oil and gas – where investments have been distributed evenly, China accounting for a quarter of all investments, but the largest investor being the US, and Italy, the UK and France having also a very important share.

Also, he said that the directions of major export pipelines from Kazakhstan were in several directions.

The major export oil pipeline to Russia became operational in 2001, connecting the country's largest onshore oil field Tengiz with Russia's Black Sea port of Novorossiysk, but in the meantime an oil pipeline and a gas pipeline were built to supply China, and there were regular transport of oil by tankers across the Caspian Sea to Baku, where the commodity was pumped into the Baku-Tbilisi-Ceyhan pipeline.

"So it's a very diversified structure, ensuring the economic balance of interests of all the players", the diplomat said.

In terms of political relations, Vassilenko said his country was the first from the former Soviet Union to sign a border delimitation treaty, in 1998.

This was even more important given the border clashes between China and the Soviet Union of 1969-1970 took place on the territory of today's Kazakhstan, he argued. [The Sino-Soviet border conflict was a seven-month undeclared military conflict between the Soviet Union and China at the height of the Sino-Soviet split in 1969.]

He also reminded that his country was among the countries who established in 1996 the Shanghai Cooperation Organization [with Russia, China, Kyrgyzstan, Tajikistan], as a structure serving as a mechanism for jointly addressing common issues, developing not just security cooperation, as it was the case originally, but also economic cooperation.

Vassilenko said he will make an excursion in history to better explain the importance of such an organization. When SCO was established by the five countries mentioned [China plus four countries bordering it], one of the first decisions was to withdraw troops, as a confidence-building measure, at 100 kilometers from the respective border.

"So it's a combination of economic policies, political interaction and international structures that we seek to develop as the overall framework for stable, sustainable and mutual beneficial relations with China", he said.