



THE BELT AND ROAD INITIATIVE AGRICULTURAL PROJECTS IN KAZAKHSTAN

The Belt and Road Initiative (BRI), first announced by Chinese President Xi Jinping in Kazakhstan in 2013, is a continuation of China's integration with the international community as well as a new pattern in the Chinese economic and foreign policies. With the implementation of the BRI, China seeks to remove infrastructure and political barriers to trade in Eurasia. Ever since China announced the BRI, academic research and policy reports have been interested in studying its geostrategic intentions and possible geo-economic implications. However,

China's investment is not limited to transport and infrastructure, but is also expanding in economic terms into agriculture and the food industry of the countries along the route. Kazakhstan is the largest Central Asian recipient of Chinese investment in these sectors. There are joint projects that started after the BRI announcement and special projects branded as the BRI ones. The Kazakh authorities responded quickly and favorably to the Chinese initiative by incorporating its 2015–2019 "Nurly Zhol" ("Bright Path") infrastructure development program into the BRI. As well-known Chinese expert on Central Asia, Professor of Fudan University Zhao Huasheng stated, it is more essential for the BRI to have the Central Asian states as active participants and promoters, not as mere respondents and recipients. So, in implementing the BRI, China should make the regional countries its 'allies', but not just collaborators.

In mutual trade, Kazakhstan mainly exports crude oil and metals, while China exports manufactured goods such as electronic devices and textile products. The purpose of the Kazakh government is promoting economic diversification and diminishing the (over)dependence of the country on oil. The meeting of prime ministers of Kazakhstan and China Karim Massimov and Li Keqiang in December 2014 launched the official negotiations in this area. At this meeting, an agreement on the creation of a joint venture for the production of semi-finished products and intermediate goods was signed. Through the long-term period of bilateral negotiations on cooperation, agriculture was always on the agenda. The recent agreements reached by the ministries of agriculture of the two countries at the Kazakhstan-China Agrarian Investment Forum in 2017 boosted cooperation in this field. As a result, Kazakhstan has already agreed the standardization requirements

for exports of 17 food items, such as wheat, meat, vegetable seed, oil, honey, and other food products.

The changing situation with food security in China has also facilitated Chinese investments in Kazakh agriculture. According to the China Center for Agricultural Policy at Peking University, China's overall food self-sufficiency is forecasted to fall from 94.5% in 2015 to around 91% by 2025. In addition to that, with Chinese people becoming wealthier, their food consumption and the quality of products they consume are also rising. High-quality food and agricultural products are appropriately valued in China for environmental friendliness and naturalness. Additionally, China has suspended purchases of U.S. agricultural products during the trade war. These circumstances have led to an increase in exports of Kazakhstani food products to China. According to the Ministry of Agriculture of Kazakhstan, over the past 10 years, 2.1 million tons of wheat have been delivered to China. Last year, Kazakhstan exported more than 550,000 tons of wheat to China, in comparison to 110,400 tons in 2015. As of today, 105 Kazakhstani enterprises are registered in China and have the right to export wheat from four regions of Kazakhstan.

According to a study by the OSCE Academy, only two Kazakh-Chinese agricultural enterprises are branded as BRI projects. The first one is a camel powder milk company by the Golden Camel Group LTD located in Turkestan in south Kazakhstan. China Danqing Gold Land of Water-Saving Engineering Co., Ltd invested \$23 million into the project. The capacities allow to process 100 tons of shubat (camel milk) per day and produce 2,500 tons of finished products per year. The production of one ton of milk powder requires 16 tons of raw material. It is already known that 1 kg of milk powder produced by the company will cost \$140 for Chinese consumers. In China, the daily production of milk powder is 1 ton, thus, this quantity is extremely small, given the constant and high demand for such products. The second project is the Zhana Nur LLP – a plant for the deep processing of grain. The project's total cost is estimated at \$110 million. The project is of strategic importance for the Kazakh side since it produces goods both for the domestic and international markets. There are other 15 agricultural commercial projects established after 2015 since

the BRI action plan was announced, but they are not promoted as BRI projects. Some of them are related to the Kazakh national "100 concrete steps" reform program. For instance, a joint venture producing vegetable oil in the North Kazakhstan region has started exporting its products to the Shaanxi province of China. Another instance is the construction in the East Kazakhstan region of a meat processing plant by EurasiaAgroHolding (Kazakhstan) and the Rifa Investment LLP (China). This joint venture also seeks to direct its products towards the Chinese market.

Chinese investment in agriculture is a politically sensitive subject in Kazakhstan. In Kazakh society, there is a powerful sensitivity to agricultural cooperation with China, as there are increasing, though often alarmist, concerns among the masses about the Chinese use of Kazakh land. In 2016, after public protests against land lease to Chinese agricultural companies, the law on renting land by foreigners was rejected. On the other hand, the absence of transparency in relations between Kazakhstan and China makes it hard to correctly evaluate the advantages and expenses of Kazakhstan's multiple interest organizations. This adds to increasing worries about potential adverse effects of China's enhanced financial ties on the country. It is acknowledged that Kazakh-Chinese cooperation in agriculture is based on a "win-win" approach. Nevertheless, given the complexity arising from the diversity of stakeholders (government, companies and local communities), it would be more effective to assess BRI cooperation in agriculture in more transparent conditions. There is, however, a gap between the elite's (politicians and companies) and the public's perceptions of Kazakh-Chinese agricultural cooperation. In addition, there are general concerns about potential problems of Kazakh-Chinese interaction, such as corruption, environmental pollution, labor migration from China, etc. Thus, being a part of the BRI, the developing mechanism of the Kazakh-Chinese agricultural cooperation has become a dynamic component of non-resource cooperation and trade. There is also a common understanding between the two countries that the complementarity of mutual interests in food and agriculture provides a base for further development of Kazakh-Chinese BRI cooperation in this sector.

Politics, Foreign Affairs, and Security

- Uzbekistan will become a member of the Cooperation Council of the Turkic-speaking States, also known as the Turkic Council. Member states Azerbaijan, Kazakhstan, Kyrgyzstan and Turkey are expected to finalize Uzbekistan's accession at the Seventh Summit of the Turkic Council in Baku October 15. The summit will center on developing small and medium-sized businesses as part of the council's economic agenda for this year. (Astanatimes.com, 17.09.2019).
- Bilateral consultations between Azerbaijan and Kazakhstan on issues of the Caspian Sea were held at the Baku. During the consultations, the issue of establishing the Secretariat of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea was discussed. Also at the meeting, an exchange of views took place on the implementation of the Convention on the Legal Status of the Caspian Sea. (Trend.az, 17.09.2019).
- The 10th Extraordinary Meeting of Council of Foreign Ministers of the Cooperation Council of Turkic-Speaking States held in Hungary. The reason for meeting in Hungary was the opening the Turkic Council's Representation Office. Also, during the meeting, ministers considered the issues of Turkic Council's vision of 2025, as well as the application of Hungary to obtain Observer Status at the Turkic Culture and Heritage Foundation. (Turkkon.org, 19.09.2019).
- U.S. Secretary of State Mike Pompeo meet with the foreign ministers of the Turkmenistan, Kyrgyzstan, Uzbekistan, Kazakhstan, Tajikistan, in New York ahead of the United Nations General Assembly. The parties discussed ways of boosting economic cooperation, improving transit infrastructure, protecting the environment as well as strengthen the regional security and stability. (Washingtonpost.com 22.09.2019).
- Meeting of the Trilateral Contact Group on the peaceful settlement of the situation in eastern Ukraine was held in Minsk. During negotiations was discussed the "road map" for the implementation of the so-called "Steinmeier formula". But subgroup did not comment on the decision, because the TCG works on the basis of consensus. In addition, sides had the progress in the implementation decision concerning the repair works in Stanytsia Luhanska. (Ukrinform.net, 19.09.2019).
- Three Tajik soldiers and one Kyrgyz serviceman were killed and more than a dozen on both sides wounded at a shootout on a disputed section of the border between Kyrgyzstan and Tajikistan in the Ferghana Valley among communities along the contested frontier. Both sides blamed each other for starting shooting. The incident comes amid simmering tensions between Kyrgyz and Tajik communities living near the contested border. (Eurasianet.org, 17.09.2019).
- At the IAEA's 63rd General Conference, The Under Secretary for Nuclear Security of the Department of Energy (U.S.) Lisa Gordon-Hagerty and the Energy Minister of Kazakhstan Kanat Bozumbayev signed an agreement on joint work to safely dispose of highly enriched uranium. The main goal of the initiative is to ensure the non-proliferation of nuclear materials by transferring research reactors to low-enriched uranium fuel. (Akipress.com, 18.09.2019).

Economy, Finance, and Energy

- Iran and Turkey have reached major agreements on establishing of an international railroad corridor connecting Afghanistan to Turkey via Iran. The agreement was reached within the framework of Iran-Turkey Joint Economic Commission held in Ankara on September 17 to 20 of 2019. The sides also agreed to launch direct train services connecting Tehran and Ankara and set a \$30-billion annual trade target. (Tajikistannews.net, 09.20.2019).
- Chisinau hosted the Moldo-Russian Economic Forum under the title "Partnership without Borders". Participants in the forum consisting of over a thousand delegates from world 13 countries discussed issues related to the cooperation between Moldova and the regions of Russia in a wide range of areas. The sides also signed 11 major agreements that will determine the future vector of bilateral economic cooperation. (Ru.sputnik.md, 22.09.2019).
- The Mayor of North Kazakhstan region Karim Aksakalov has held a meeting with Afghanistan's Minister of Finance Mohammad Humayon Qayoumi and concluded a memorandum on cooperation aimed at enhancement of bilateral trade cooperation. In 2018, trade between the North Kazakhstan region and Afghanistan amounted to \$43 million and within 7 months of 2019 it amounted to \$76 million. The sides have set a plan to increase this amount to \$1 billion. (Inform.kz, 19.09.2019).
- On the Central Asian Energy Forum held Tashkent, nine countries of the Central Asia Regional Economic Cooperation (CAREC) - Afghanistan, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, and Uzbekistan signed a historic declaration aimed at cooperation in energy issues and creation of a regional energy market. The declaration consists of 10-point and makes a strong commitment to renewable energy and clean technologies. (Agenda.ge, 20.09.2019).
- The Asian Development Bank (ADB) has approved a \$50 million policy-based grant to the government of Kyrgyzstan. The grant is meant to provide financial support for the first subprogram of the Promoting Economic Diversification Program to diversify the economy through reforms aimed at improving the country's trade and investment competitiveness, small and medium-sized enterprise in various sector of the economy. (Kabar.kg, 17.09.2019).
- The Chamber of Commerce and Industry of Uzbekistan received the Chairman of the Tatarstan Chamber of Commerce and Industry, Mr. Shamil Ageyev. The sides discussed issues and prospects of trade and investment cooperation between Uzbekistan and Tatarstan. The meeting also examined opportunities for enhancing current economic cooperation in in field like petrochemicals, industrial equipment, automotive, agriculture, medicine and pharmaceuticals. (Uzdaily.uz, 19.09.2019).
- Ambassador of Kyrgyzstan to Turkey Kubanychbek Omuraliyev visited the 1st Organized Industrial Zone "Sincan" of the Ankara Industrial Chamber, where investment opportunities in Kyrgyzstan were presented to Turkish businesses. Ambassador Omuraliyev drew attention to the priority sectors of the Kyrgyz economy, such as agriculture, textiles, hydropower capacities, mining, tourism and benefits of reaching larger markets of the Eurasian Economic Union. (Trend.az, 16.09.2019).

Society and Culture

- The First National Nomad Games have started today in Talas region of Kyrgyzstan. The cultural programme of the National Nomad Games began with a Manas theatrical performance. Competitions in such sports like kok-boru, toguz corgool, ordo and salbuurun national games as well as national wrestling sports like er enish, alysh and Kyrgyz wrestling were held. (Menafn.com, 16.09.2019).
- Russia and Turkmenistan are about to launch joint cruise tours in the Caspian Sea in 2020. According to the plan, a motor ship will complete the cruise program in 11 days and will enter the ports of Baku (Azerbaijan) - Bandar-e Anzali (Iran) - Nowshahr (Iran) - Turkmenbashi (Turkmenistan) - Aktau (Kazakhstan) - Astrakhan and Makhachkala/Derbent (Russia). (Trend.az, 16.09.2019).
- Citizens of Turkmenistan have taken the second place after Russia in terms of the number of migrants to Belarus. Thus, in 2018, 7,040 Russians and some 4,001 Turkmen citizens moved to Belarus for permanent residence. Great majority of these migrants from Turkmenistan are students. In 2018, 7,700 students from Turkmenistan studied at universities of Belarus. (Trend.az, 19.09.2019).
- During the first international conference on water-energy security and the aerospace industry in Central Asia and Caucasus, held in Nur-Sultan it was announced that the Central Asian regional information center of NASA will be established in Kazakhstan. All Geo-Information Laboratory works will be conducted Kazakh experts in close collaboration with NASA experts. During the forum, the Astana Hub and the Asian Hub also signed a memorandum of cooperation. (Trend.az, 19.09.2019).
- Kazakhstan's one of the leading universities Al-Farabi KazNU is about to receive a supercomputer (High Performance Computing), which is expected to enter the top 500 most productive ones in the world. The university is currently working on establishment of the international IT Technopark of the Silk Road University Alliance. The supercomputer will be delivered from China, which became possible thanks to President Kassym-Jomart Tokayev's recent visit to China. (Inform.kz, 16.09.2019).
- The regular session of the working group of the Secretariat of Congress of Leaders of World and Traditional Leaders starts in the Kazakhstan's capital of Nur-Sultan bringing together 14 nations. This session of the working group also serves as a platform for generating key issues for the forthcoming VII Congress of Leaders of World and Traditional Leaders to be held in 2021. (Inform.kz, 17.09.2019).
- Dushanbe hosted the CIS Council for Cultural Cooperation. The members of the council discussed a draft program of the CIS main activities in culture for 2021-2025 consisting of 15 major items, which includes more than 100 international and national events to be held in areas like preservation and restoration of historical and cultural heritage, museums, theaters, libraries, visual art events, book publishing etc. (Tj.sputniknews.ru, 19.09.2019).