



## KAZAKHSTAN AND CHINA: THE ISSUE OF TRANSBOUNDARY RIVERS

During the June 2017 visit of Chinese President Xi Jinping to Kazakhstan and his reciprocal June 2018 visit to China, President of Kazakhstan Nursultan Nazarbayev stated that there were no unresolved issues between the two countries. Indeed, at the declaratory level, bilateral cooperation between Kazakhstan and China has developed on a mutually beneficial basis and achieved the strategic partnership level, but it is obvious that the two countries have differing views on certain cross-border issues. One of such issues is the legal status and use of transboundary rivers, discussions on which started between Beijing and Astana in 1998. Since then, not only Kazakh government officials, but also general public have become concerned with China's regional hydro policy and its potential negative consequences for Kazakhstan. Currently, the two main problematic topics between Kazakhstan and China are the "rational and equitable" distribution of water and the prevention of water pollution.

Along with a 1700-km long border, Kazakhstan and China share 23 transboundary rivers, including the largest ones – Ertis and Ile, both of which are vital for Kazakhstan. Since 1999, Beijing has been implementing the "Develop the West" strategy, which has led to a steady expansion of the agricultural, industrial, infrastructural, and energy sectors in the Xinjiang Uygur Autonomous Region (XUAR). As Xinjiang is mostly a desert or semi-desert area, its development is tightly dependent on the availability of water, and Chinese authorities have been extensively using Ertis and Ile resources for this purpose. Moreover, due to the active resettlement of the population from mainland China to the XUAR, the province population increased to 22 million by 2010, which significantly increased Xinjiang's water needs. On the Ertis, China constructed two channels by 2008 – Black Ertis-Karamay and Ertis-Urumqi. The water flow through these waterways amount to 6.3 km<sup>3</sup> per year, which is 2.5 times higher than the limit considered safe for the exploitation of transboundary water resources. On the Ile, China constructed 13 reservoirs and 59 hydropower plants. According to Kazakhstan's estimates, the Chinese side annually diverts about 15 km<sup>3</sup> of Ile water, and this number is constantly growing. In addition to the decreasing volume of incoming water, there are also many complaints about poor water quality as waste water discharges from the growing industrial capacity of Xinjiang harm both Ertis and Ile rivers.

Kazakhstan is concerned with China's excessive water use because the life of Central and Eastern Kazakhstan, which already experiences a water shortage, directly depends on the Ertis and Ile rivers. More than 2.5 million people live in the Ertis watershed in Kazakhstan, and the river also feeds the Ertis-Karagandy Canal, which is the main source of water for Astana and Karagandy. Out of 25 km<sup>3</sup> of Ertis water reaching Kazakhstan, the country only consumes 2% for canal needs. Water resources of the Ertis

River and its tributaries are used for industrial needs, housing and communal services, fishery, agriculture, irrigation, hydropower production, and navigation. There are three large reservoirs on the Ertis – Bukhtarma (5,490 km<sup>2</sup>), Shulba (255 km<sup>2</sup>) and Oskenmen (37 km<sup>2</sup>). The Ile River runs into Lake Balkhash, Kazakhstan's second largest waterbody after the Caspian Sea. About one-sixth of the country's population live in the Ile-Balkhash basin, and one-fifth of Kazakhstan's industrial enterprises operate there. The Qapshagai reservoir holding 21.8 km<sup>3</sup> of water is located on the Ile, and 90% of Ile water is used for irrigation.

Astana's main concern is that at current rates of water use by China the transboundary river basins in Kazakhstan will significantly decrease leading to economic losses and environmental degradation. For example, electricity generation at the Ertis-based hydro power plants may decrease by 25% by 2030, while the Bukhtarma and Shulba reservoirs, as well as Lake Zaisan, may partially desiccate. However, Kazakhstan, located downstream from both rivers, finds itself in a disadvantageous position in complicated water management negotiations with China. It is noteworthy that Beijing insists on taking into account the population sizes of the transboundary river regions when discussing water sharing arrangements, but this approach is not acceptable for Kazakhstan, whose population in the adjacent areas is much smaller compared to that of the XUAR. Besides, the Chinese side justifies its extensive construction of water reservoirs by the fact that during the Soviet period Kazakhstan already made an extensive use of the transboundary rivers, having built the large reservoirs and hydropower stations.

Since the beginning of its dam construction and river reorganization activities along the transboundary watercourses in the 1990s, China has repeatedly sought to reconcile its hydro policy with the broader political goals and objectives towards its neighbors, trying to avoid water disputes through various forms of ad hoc cooperation. However, in managing transboundary water resources, China acts in accordance with the principle of territorial sovereignty, according to which it has the right to use as much water as necessary if its source is on its territory. When negotiating on water resources, Beijing prefers to use the bilateral format, practically ignoring the norms of international law. China refuses to sign the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes, which determines the right of each state to an equitable share in the use of transboundary waters and provides for environmental obligations of its participants, as well as the 1997 Convention on the Law of the Non-Navigational Uses of International Watercourses. The country, though, joined the Convention on Biological Diversity and the Ramsar Convention on Wetlands, both of which protect ecosystems, including

transboundary rivers, and Kazakhstan as a party to both conventions can use these platforms to engage with China in areas that are directly related to transboundary water management.

It should be noted that Kazakhstan and China made the first important step in water management cooperation in 2001 when they established a joint commission on the use and protection of transboundary rivers. The commission became possible due to the creation of the Shanghai Cooperation Organization just a few months earlier and the resulting positive atmosphere among its members. Although the scope of the commission's activities remains narrow, focusing only on monitoring and research, this can certainly be considered as an unprecedented step on China's part. As a result of activities of the commission and its working groups, Kazakhstan and China concluded several intergovernmental and interdepartmental documents, the most important of which was the 2001 agreement on cooperation in the use and protection of transboundary rivers.

In subsequent years, however, China abandoned the agreed position on the issue of transboundary rivers. In 2007, in view of the emerging environmental problems, Kazakhstan offered China a preferential 10-year contract for the supply of food in exchange for an increase in the river flow to Balkhash, but Beijing rejected the deal. It was only in 2011 that the two countries started a new phase of joint water management when they negotiated the agreement on the protection of transboundary water quality. In addition, in April 2011, China and Kazakhstan officially launched the long-awaited joint drainage project on the Khorgos River, a 150-km Ile tributary flowing along the Kazakh-Chinese border. The project's goal is to improve irrigation, ensure safe water supply of the ecosystem and reduce potential flood risks, especially for the Khorgos Eastern Gate Special Economic Zone and the Khorgos International Center of Boundary Cooperation. When the project is fully completed, each side should receive 50% of the diverted water. While water sharing on border rivers is different from the situation with transboundary rivers, the fact that this project was eventually launched shows that progress on bilateral water issues between Kazakhstan and China is achievable.

In their joint statement issued in June 2017, Nazarbayev and Xi stated that they would make efforts to complete the planned water allocation technical work on transboundary rivers as soon as possible. The two sides also declared that in the shortest possible time they would complete the assessment of water resources of the Ertis, Ile, Emil and other major Kazakh-Chinese transboundary rivers, and intend to intensify work on a draft agreement on water sharing. Thus, it appears that in the near future building joint transboundary water management policy with China in accordance with international law will be the primary goal of Kazakh diplomacy.

Written by Azhar Serikkaliyeva  
Eurasian Research Institute, Kazakhstan

## Politics, Foreign Affairs, and Security

- During his official visit to Kazakhstan, Russian Prime Minister Dmitry Medvedev met with President of Kazakhstan Nursultan Nazarbayev, as well as his Kazakh counterpart Bakhytzhan Sagintayev. The parties positively evaluated their strategic partnership and discussed the current state of bilateral relations and further prospects of cooperation within the framework of the EEU.
- During the meeting of the Council of the CIS Heads of Government in Astana, the parties discussed ways to expand their trade, economic, social and humanitarian interaction. They also signed a number of documents on cooperation in the fields of nuclear safety, space research, environmental protection, tax administration, innovations, etc.
- During the 7<sup>th</sup> Trilateral Meeting of Foreign Ministers of Azerbaijan, Georgia and Turkey held in Istanbul, the parties discussed the region's major energy and transportation projects, such as TANAP and the Baku-Tbilisi-Kars railway. In the Istanbul Declaration adopted at the meeting, the ministers reaffirmed their commitment to further strengthen mutual cooperation in various fields.
- President Nazarbayev signed the law ratifying the Kazakhstan-India memorandum of understanding on the joint deployment of the Kazakh peacekeeping contingent as part of the Indian battalion in the UN Interim Force in Lebanon. 120 Kazakh peacekeepers deployed there will be involved in patrolling, organizing observation posts, and monitoring the ceasefire.
- The Constitutional Court of Ingushetia ruled that the law approving the border agreement with neighboring Chechnya was unconstitutional. According to the ruling, the land swap deal "has no legal consequences" without holding a relevant referendum.
- None of the candidates gained more than half of votes at the first stage of the presidential election in Georgia. Two candidates, Salome Zurbishvili (38.6%) and Grigol Vashadze (37.7%), who won most of the votes, will take part in the second stage scheduled for December 2, 2018. The election turnout reached 46.7%.
- During his visit to Turkey, Ukrainian President Petro Poroshenko met with his Turkish counterpart Recep Tayyip Erdogan. The two leaders pledged to maintain the strategic partnership, including by strengthening military technical cooperation and concluding a free trade agreement by the end of 2018.

## Economy, Finance, and Energy

- According to India's Ministry of Commerce and Industry, India, Iran and Russia plan to launch a new international North-South multimodal transport corridor, which may become an alternative to the Suez Canal. The 7,200-km long route will allow cargo to be shipped from India to the Iranian port of Bandar Abbas, then delivered by road to Iran's Caspian port of Bandar Anzali, from where it will be sent to Russia's Astrakhan and transported to Europe by rail.
- The governments of Ukraine and Moldova plan to integrate their energy markets under the EU4Energy program. Currently, both countries are engaged in the reform and harmonization of their wholesale electricity markets.
- Some Uzbek parliamentarians proposed to take measures against Ukraine in retaliation to the investigation into imports of Uzbekistan-made cars initiated by the Ukrainian authorities. One of the suggestions is to reduce imports of Ukrainian goods and substitute them with domestic or Russian goods.
- Kazakhstan entered the top-30 in the World Bank's Doing Business ranking for the first time, improving from the 36<sup>th</sup> to 28<sup>th</sup> position. Among the post-Soviet states, Kazakhstan is behind Georgia (6), Lithuania (14), Estonia (16), Latvia (19), and Azerbaijan (25), but is ahead of Russia (31), Belarus (37), Armenia (41), Moldova (47), Kyrgyzstan (70), Ukraine (71), Uzbekistan (76), and Tajikistan (126).
- Uzbekistan's State Committee for Geology and Mineral Resources and Turkey's Tasyapi company signed a contract on the development of two gold deposits, Galabulak and Kushtepa, in the Samarkand region. The Turkish side plans to invest \$5 million in the project during its first three-year phase.
- According to the Kazakh Ministry of Investment and Development, in 2019, Kazakhstan will open additional 10 trade missions abroad – in the United Arab Emirates, Russia, Uzbekistan, Kyrgyzstan, Belarus and others. They will serve to support domestic exporters as the country plans to increase the export potential of the non-primary sector by 1.5 times over the next three years.
- According to the Frank RG analytical company, wealthy Russians who own at least \$1 million keep only about 30% of their capital in Russian banks. Out of total financial assets worth \$455 billion, around \$140 billion are held in Russia, while the remaining \$315 billion are kept abroad.

## Society and Culture

- Turkey celebrated the 95<sup>th</sup> anniversary of the Turkish Republic, with ceremonies held across the country and around the world. In Ankara, President Erdogan laid a wreath at Anitkabir, the mausoleum of Mustafa Kemal Atatürk.
- The Coordinating Committee on Hydrometeorology and Pollution Monitoring of the Caspian Sea held its regular session in Ashgabat. The participants discussed the results of the committee's work in 2017-2018, as well as the implementation of the intergovernmental program on the hydrometeorology of the Caspian Sea until 2023.
- The delegation of the Kazakh Tourism national company visited Switzerland to organize a road show presenting projects of Kazakhstan's National Tourism Development Map. Kazakh Tourism and Swiss Tourism signed a memorandum of cooperation, with the Swiss side pledging to assist in the development of year-round tourism in national parks and mountain areas of Kazakhstan.
- According to the GSM Association, 80% of the CIS population are covered by mobile services, with penetration rates ranging from 60% in Turkmenistan and Uzbekistan to 89% in Russia. At the end of 2017, there were 232 million unique mobile subscribers in the CIS, with Russia, Ukraine and Uzbekistan together accounting for 80% of the total subscriber base.
- President Nazarbayev discussed the prospects for developing civil aviation in Kazakhstan during his meeting with Investment and Development Minister Zhenis Kassymbek, Samruk-Kazyna board member Richard Evans and Air Astana CEO Peter Foster. Noting the importance of improved availability of air transportation for the population, Nazarbayev authorized the creation of a low-cost carrier based on Air Astana.
- In the last five years, alcohol consumption in Kyrgyzstan has decreased from 23.26 million liters in 2013 to 19.81 million liters in 2017. According to the World Health Organization's 2016 report, in terms of annual per capita consumption, Kyrgyzstan (24 liters) ranked second behind Georgia (27.9 liters) among the post-Soviet states.
- Speaking at the UN Security Council briefing on the situation in Ukraine, the country's Permanent Representative to the UN Volodymyr Yelchenko claimed that Russia moved 108,000 of its citizens to Crimea for permanent residence. Yelchenko called this a deliberate policy to change the demographic composition of the region.