

Geopolitics of Energy in Kazakhstan: Implications for China

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ARTICLE INFO

Article history:

Date of submission: 01-03-2021

Date of acceptance: 28-04-2021

JEL Classification:

F5

Keywords:

Geopolitics

China

Kazakhstan

Cooperation

Energy security

ABSTRACT

In only a decade, Kazakhstan has become China's second-biggest partner behind Russia in the post-Soviet space. Economic relations between Astana and Beijing are characterized by a considerable imbalance of power that is of concern in some political and expert circles in Kazakhstan. At the same time, the tremendous opportunity for development offered by China's proximity brings hope that the country might be extricated from the crisis that followed the dissolution of the Soviet Union. This paper claims that China's energy policy in Kazakhstan is a part of its broader geopolitical approach towards the region that includes economic and infrastructure links; fight against the so-called "three evils" (terrorism, separatism, and extremism); evicting U.S. bases, limiting Russia's influence and using a multilateral organization like the SCO. This paper analyses Kazakh-China relations' various energy dimensions, which have strong relevance in the Kazakhstan energy sector because energy security stimulates a nation's economic development. It emphasizes the overall Kazakh-China relations and discusses the relevance of Kazakhstan energy from China's perspective.

1. Introduction

*K*azakhstan is one of Central Asia's significant states, which has been the most successful in crafting foreign policy. That ensured security and contributed to its authoritarian government's legitimacy in manipulating Central Asia's strategic environment characterized by the predominance of three major powers, i.e., Russia, China, and the United States. Thus this environment has been conducive for foreign policy enabling Kazakhstan to accomplish its objectives and goals in the region. Nonetheless, Kazakhstan

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felt free to follow multi-vector foreign policy in which Russia and United States was the main vector. Kazakhstan is an important region among the Central Asian republics due to the large reserve of oil and gas. So the acute rivalry over energy among the major powers has taken different forms in the region. It is also important to note that Kazakhstan's multi-vector foreign policy is focused particularly in the 1990s. Kazakhstan, since its inception, has been an independent state compelled to pursue a foreign policy that is characterized by constant rebalancing between traditional ties with Russia and the gravitational pull of the rising economic and straight weight of China in Central Asia. Kazakhstan has formed a new great game among the external powers in the region. This paper analyses Kazakh-China relations' various energy dimensions, which has strong relevance in the Kazakhstan energy sector because energy security stimulates economic development. It emphasizes the overall Kazakh-China relations and discusses the relevance of Kazakhstan energy from China's perspective. Kazakhstan is the second-largest oil producer among the post- Soviet states after Russia. Kazakhstan is one of the key energy players amid Central Asian states due to its advantageous geopolitical position and vast oil and gas deposits. However, due to geographical proximity, relatively safe transportation routes, and the absence of any rival forces stimulated china to make close relations with Kazakhstan. In this regard, this study focuses on China's engagement in Kazakhstan oil and gas sector, which is relevant for two important reasons, much of the oil is processed by Chinese companies and the profits from production accrue to those companies, secondly, Kazakhstan and China share a land border, oil delivered from Kazakhstan to China is seen as 'secure' oil. Moreover, it has analyzed the energy policy of China towards Kazakhstan and elaborates the major energy cooperation between the countries through multilateral organizations. In this regard, the paper examines the role of the Shanghai Cooperation Organization (SCO) in relations with Russia and China in achieving major energy objectives and cooperation in the region.

2. March West

The strategy of "March West" was coined by prominent Chinese Scholar Wang Jisi in 2012 to respond to the U.S. strategic rebalancing towards the

Asia-Pacific. According to Wang, China should develop a strategic plan by shifting attention away from the heated competition in Asia-Pacific and rebalance westwards towards Central Asia and the Middle East, where the U.S. reduces its presence¹. In Central Asia in particular, as the U.S. forces withdraw from Afghanistan and its airbase in Kyrgyzstan closes in 2014, its influence is in relative decline. Strategically, this presents a perfect opportunity for China to advance in and expand its power. In particular, 'March West' has two significant advantages. Firstly, it helps to improve the China-US relationship. Unlike East Asia, Central Asia is an area free from a U.S.-dominated regional order. Both China and the U.S. have several common interests to pursue, such as securing energy supplies, anti-terrorism, and regional security. For example, the U.S. has been calling for China to play a more active role in assisting Afghanistan and Pakistan's stability. 'March West' will benefit China's domestic policy of 'Grand Western Development' (西部大开发). The Central Government adopted this policy in 2000 to promote economic growth in the western provinces in light of the unbalanced development level compared to the coastal areas. In Wang's view, accelerating the construction of a China-led 'new Silk Road' to safeguard the smooth flow of energy supplies and commodities from Eurasia to China is important for regional economic cooperation in Central Asia and economic integration between China's western provinces and coastal areas. In this sense, Xinjiang's geographical location will benefit the region considerably by acting as a gateway to Central Asia. In turn, China will transform its economic strength into political clout and soft power by allocating more resources through diplomatic engagement and social and cultural exchanges with Central Asian states (Yu,2014).

3. Energy Geopolitics in Kazakhstan

Geopolitics emphasizes the geographical factors as important determinants of government policies and one of the key determinants of states' power position.

1. 王缉思. (2012) “西进”, 中国地缘战略的再平衡. 环球网. Retrieved from http://opinion.huanqiu.com/opinion_world/2012-10/3193760.html.

Geopolitics is conceded as a vital part of foreign policy because each nation's foreign policy has been guided by geopolitics. Energy has emerged as the most important factor in shaping the geopolitics of Kazakhstan. The geostrategic location and its natural resources have yielded the geopolitical significance of the region. Kazakhstan is one of the largest countries in Eurasia. It shares borders with two potential Eurasian great powers, Russia and China. Apart from its significant geopolitical location, Kazakhstan has massive natural resources, i.e., oil and gas reserves and some of the world's largest uranium reserves (Iseri, 2017). Russia has continued to play a dominant role in Kazakh political matters as well as energy matters. Russia certainly sees the geopolitical benefits of bringing Kazakhstan back into its sphere of influence, but for the most part, it is powerless to defy China's far more effective strategy. In this perspective, China is winning the economic battle on two fronts: first, it is gaining the upper hand in obtaining Kazakhstan's natural resources, and second, it is a far more attractive investment partner than Russia, which seems comparatively abrasive and controlling. Kazakhstan wants to maintain healthy and harmonious relations with these powers (Curtis, 2013). Energy has emerged as the most crucial factor in shaping the geopolitics of Kazakhstan. The geostrategic location and its abundant natural resources have made the region geopolitically significant. Kazakhstan conceded geopolitics as a suitable instrument for evolving cooperation and mutual interdependence. However, this is because a diversified and open oil policy can create favorable conditions for resolving the complex problems and impasses among the external players in Kazakhstan (Namazbekov and Ustimenko, 2019).

3-1. Relevance of Kazakhstan-China Energy Engagement

China originally started to engage with its newly independent neighbor to resolve border demarcation issues, since the two countries share a 1782 km long border with numerous cultural, linguistic, and historical exchanges (Kerimkhanov, 2018). China has been committed to developing its bilateral relations with Kazakhstan because of its need to keep the entire area stable. Indeed, the border areas are populated by the Uyghur minority, which is a minority accused of separatist intentions by Beijing (Nurlan, 2018). China gives great importance to the generation of economic development in these

regions as a way to consolidate political stability and for this reason, Kazakhstan has a central role in the Chinese BRI because of its geographical position, at the core of China's logistics and commercial project. It is no coincidence that President Xi Jinping decided to launch his major external strategy in Astana in 2018. China invested heavily in several projects to build infrastructures that can facilitate the exports of Chinese goods to Europe and middle markets. The Khorgos Gateway is a perfect example: The state-owned Chinese shipping company, China Ocean Shipping Company (COSCO) invested in the construction of the "dry port" with the purpose to build a giant logistic hub for overland transportation, hoping to significantly reduce the journey from Asia to Europe⁵⁸(Higgins,2018). The Khorgos Gateway has witnessed incredible growth in container traffic in 2017, and it aims to handle 500,000 containers by 2021. Thus, the logistic aspect and the importance that Kazakhstan's geographical position has in the Chinese wider strategy are particularly relevant in the development of bilateral relations. At a trade level, in two decades, China has been able to increase its trade turnover with Kazakhstan, becoming the third-largest trade partner of the Central Asian country, after the E.U. and Russia; the bilateral trade grew from almost \$460 million in 1996 to almost \$18 billion in 2017.

Table1. Chinese trade turnover with Kazakhstan, \$ million

Year	Trade turnover
1996	459,8
1999	1,138
2000	1,556
2005	6,806
2008	17,552
2010	20,428
2012	25,676
2014	22,451
2016	13,097
2017	17,943

Source: <https://trendeconomy.com/data/h2/Kazakhstan>

Another major driver and feature of the Sino-Kazakh relationship is energy; As already mentioned, China has been pursuing a strategy aimed to diversify its energy supplies. In this strategy, Beijing values particularly the construction of overland pipelines, that respond to a security and strategic need to lessen the risk of naval blockade by the U.S. navy forces (nikkei,2019). Given the importance of foreign investments for the Kazakh oil and gas industry, China has actively provided financial support to the country's energy sector.

3-2 Energy Cooperation between China and Kazakhstan

Kazakhstan for China is a kind of gateway to Central Asia, as the main energy and transport corridors pass through this country, with which the Silk Road Economic Belt will be connected. The country is interesting as a rich source of natural resources, a profitable market for Chinese goods. Kazakhstan is the leader among XUAR 10 trading partners, which, of course, makes it very attractive for China. According to the EDB (The Eurasian Development Bank) Center for Integration Research, by 2015 out of \$ 27 billion in Chinese direct investment accumulated by major CIS economies, Kazakhstan accounted for 23.6 billion dollars. As can be seen from figure2, from 2015 to 2018, the volume of foreign direct investment of China in Kazakhstan almost constantly grew (Tulkinov and Zhang, 2019:303).

For Kazakhstan and China, a very important event was the commissioning in 2013 of the Zhetygen – Korgas railway line (293 km) with the Khorgos junction and Altynkol station serving it. The launch of the new railway line made it possible to reduce the distance from China to the southern regions of Kazakhstan and the Central Asian countries by about 550 km (Laruelle, 2018). According to expert estimates, by 2022, two-thirds of all trade flows from China to Europe will pass through "Khorgos" - Eastern Gate, with an increase in their volume in 2012–2022. By 45%, which again brings us back to the idea of "One Belt - One Road" and allows us to the conclusion is that Kazakhstan will truly become the gateway to this path.

Table 2. Chinese direct investment and trade turnover of Kazakhstan and China for 2015 – 2018

Year	Kazakhstan and China. US\$million			
	Chinese direct investment	Trade turnover	Export	Import
2015	838.4	10 567	5 480	5 087
2016	974.7	7 896	4 228	3 668
2017	1 082	10 469	5 777	4 692
2018	1 153	11 657	6 272	5 384

Source: <https://ijier.net/ijier/article/view/1409/996>

The cooperation also provides new energy to support China's "Go West" program and helps it gain greater access to Central Asia markets. Some experts see the increasing Sino-Kazakh cooperation in the energy field as tied to the long-term strategic interests of the two countries, especially when faced with greater U.S. military presence in Central Asia after September 11. For Kazakhstan, China can diversify its energy sector by balancing against Russia's influence in its energy field (Fazilov and Chen, 2018).

As a result, Kazakhstan, in particular, is becoming an important oil producer for China. Nonetheless, the transportation costs are the most crucial factor making Kazakh oil more expensive than other oil sources. Kazakhstan and China's geographical proximity reduces the effect, and the direct link that ties between these countries decreases transportation costs. Moreover, the route that brings Kazakh oil to China passes through safer locations than those in the Middle East. Kazakhstan is one of the most stable countries in Central Asia, and the Caspian Region pipeline, which carries Kazakh oil, passes through Kazakh and Chinese territory alone (Chen, 2018).

Central Asian energy resources are helping China reduce its dependence on Middle Eastern oil (Saudi Arabia, Iran, Oman, Yemen, Kuwait, and Iraq), which currently supplies more than half of China's petroleum imports. Meanwhile, China is also seeking to reduce its dependence on energy imported by tankers (wang, 2018:28). The government is concerned about the continuous threat of piracy and the geopolitical risks of energy transit

controlled by the United States, in particular the US Navy-patrolled Strait of Hormuz in the Persian Gulf and the Strait of Malacca in South-East Asia, through which 60% of Chinese oil imports pass (Osiewicz,2018) Thus, it is a policy goal to avoid tanker transportation as much as possible and give priority to continental oil and gas pipelines. Since the further expansion of the Burma-China pipeline is constantly hampered by Burma's political changes and civil protests, and the new China-Russia pipeline will not be fully commissioned until 2022, Central Asian pipelines are seemingly the optimal choice for the enhancement of China's energy security. Furthermore, as it is geographically situated between major energy supply centers and religious regions, the Central Asian region's significance is bolstered by its position not only as a Eurasian land-based bridge but also as a culture buffer zone (Wang, 2018). The Chinese government believes stronger economic development through energy collaboration is strategically beneficial for regional political stability and social prosperity.

3-3. China's Energy Security Policy towards Kazakhstan

Since the 1980's Chinese leaders have made a deliberate effort to formulate an integrated periphery policy known as good neighbor diplomacy; the goal was to explore the common ground with neighboring countries in both economic and security arenas and convey the image of a responsible power willing to contribute stability and cooperation in China's neighborhood (Zhu, 2013: 114).

There are two sufficient reasons which depict China's vital energy interest in Kazakhstan. First, the change in the situation of China's domestic energy demands. Secondly, change in the international situation after the September 11, 2001 incident. China's economic development has significant implications for national and global energy supplies. These two factors have significantly impacted China's energy thinking and policies in Kazakhstan (Huasheng, 2017).

China listed Kazakhstan as one of the "three strategy regions" for Chinese oil companies to target. This was because this regional focus occurred in the shadow of the U.S.-led war on terror in Afghanistan and Iraq. As part of

China's energy strategy, Kazakhstan has drawn international attention in the region and regards China as a regional competitor rather than a strategic partner. There are special conditions that shape China's energy policy in Kazakhstan. First, China shares a long border with Kazakhstan. It has been a part of China's sphere of geopolitical trade and economic interests. Second, the region has enormous reserves of energy resources, including oil, gas, and uranium, which have strategic importance for China. Third, China's policy in Kazakhstan is linked with developing the country's western provinces that border on the Kazakhstan region. Fourth, China needs to ensure stability in Kazakhstan's bordering region. Fifth, an important factor of Chinese regional policy in Kazakhstan is China's traditional geopolitical view of itself as a strategic link between maritime nations and the continental part of Eurasia. Sixth, China's policy in the region also stems from the region's role as an alternative to the country's vulnerable naval communications (Petelin, 2011). Seventh, the development of the Xinjiang Uygur Autonomous Region through interregional cooperation, roads, and railway construction (Guschin, 2015). Nevertheless, China's energy policy in Kazakhstan has not been a paragon of stability. It has fluctuated in line with the geopolitical, economic, and domestic political situation in China itself and the Central Asian states broadly.

4. China as a dominant Player in Kazakhstan

In 2018, Kazakhstan and China are implementing 51 joint projects in industry, transport, and logistics worth approximately \$28 billion (Astanatimes, 2018). Additionally, until 2018, the total volume of financial resources used by Beijing to strengthen its position in the Kazakh oil and gas sector is assessed at \$43,5-45,7 billion, including around \$22,2- 24,4 billion in investments, around \$16,3 billion in acquired assets, and \$5 billion in loans (Paramonov and Stokov,2018). However, despite the positive impact of the Chinese presence on the Kazakh economy, Chinese investments and acquisitions have also caused some domestic collateral damages: there are increasing concerns about the exaggerated control of China over the Kazakh energy sector, for example, it is reported that China buys almost 25% of Kazakh oil output reducing the share going to other partners (Carnegieen,2018), as well as social

demonstrations about the increasing control of sections of the Kazakh economy in general. A major demonstration took place in 2018 calling for the Kazakh government to halt land reforms, which protesters feared to be a way for foreigners, especially Chinese, to gain control over vast areas of Kazakh land. The Kazakh authorities were persuaded to suspend the plan.

4-1. Transfer of Chinese Production Capacity to Kazakhstan

Another sensitive issue is the proposal to transfer several Chinese manufacturing enterprises to Kazakhstan and uncertainty about the legal framework within which Chinese managerial staff and workers are brought in. At the G20 summit in Hangzhou in 2016, China proposed moving the production capacity of 51 plants to Kazakhstan under the Silk Road development plan to enhance its US\$20 billion investments. These include work on the new railroad transit route Altynkol–Khorghos, the Sarybulak–Zimunay gas pipeline, and the Beyneu–Bozoy pipeline. Details on the plants and their locations have not been forthcoming, fueling suspicions that the transfer of Chinese production capacity to the natural resource base for "industrial purposes" will generate favorable conditions for them to acquire land control and use it covertly for commercial, including agricultural, purposes. This has led to fears that the moratorium on leasing land to foreigners could easily be circumvented by giving these lands to the Chinese for industrial construction and staff housing, which would, de facto, present the Chinese with the opportunity to use the land for commercial and agrarian purposes (Laruelle, 2018).

Opposition activists allege that the transfer of Chinese factories to Kazakhstan raises many questions about the "real interests" of Chinese capital and will be followed by the arrival of engineers, technicians, and labor from China, pushing out local staff and requiring them to learn Chinese (Juan, 2017). There are widespread reports, again lacking sufficient evidence, that the local affiliate of China National Petroleum Corporation in Aktobe has been asking its workers to take Chinese language tests (Farchy, 2016). There is also resentment toward Kaz Munay Gas, which sold a crucial share to Chinese companies and established a joint venture in which the Chinese CEFC holds

a 51 percent stake in Kaz Munay Gas International (KMGI) the latter retains the remaining 49 percent. The venture relies on Kazakhstan's energy and China's financial resources to expand Belt and Road-related business.

Given the scant information about governmental negotiations on environment safeguards, production-sharing arrangements, and other issues, local activists allege a contradiction or double standard regarding China's commitment to environmental protection. China is working to tackle domestic pollution and is also engaged in international efforts through multilateral fora such as the Beijing Consensus on environmental protection. At the same time, however, this lack of details about their environmental practices in Central Asia—coupled with credible analysis—suggests that China is moving high-polluting factories to neighboring states and selling crops cultivated through toxic fertilizers pesticides in the region. This has led to suspicions that key government figures are the unique beneficiaries of business deals with China, are withholding information, and contribute to "Chinese state control" in Central Asia (Laruelle, 2018).

The absence of statistics and information makes it difficult to estimate the number of Chinese migrant workers in Kazakhstan; the legal framework under which they are brought in; the top management bodies' national composition; work conditions and wages paid to the Chinese; and relations between Chinese and locals.

Kazakhstan's leading experts do not have a comprehensive understanding of the China–Kazakhstan economic partnership. China is spending US\$2 billion from its US\$40 billion Silk Road infrastructure fund on a new investment fund to support 'capacity cooperation' with Kazakhstan, but all the remaining ones are credits (Chen and Rose, 2015).

Credit conditions are not known, and contracts are not published, though talks about large-scale investment and massive projects in which the Chinese participate make the headlines (Juan, 2017).

The lack of transparency regarding China's investments and activities and the process of concluding these deals and tenders also contribute to rumors, distortions, and myths, culminating in the proliferation of clichés such as "creeping expansion," "covert settlements," "yellow peril," and the "use of

local fronts for Chinese business." As with China's projects under BRI worldwide, there are questions about how Central Asian populations benefit from the proposed investments and developmental plans. There is a perceived risk that while the various transport "corridors" will allow China to export its goods via Central Asia to Europe, they may also turn the entire territories of Kazakhstan and adjacent states into significant transport corridors, fulfilling China's needs.

To a certain extent, the ruling authorities have allowed measured public debate. Public figures have been able to "air out" their grievances through spontaneous societal resistance to expanding Chinese influence, which is also a way to increase pressure on China and secure better deals. Sino phobia is, for instance, a key instrument used by national patriots who, over a decade and a half ago, were engaged in mobilizing public opinion to combat the hegemony of Russia and the Russian language (Laruelle, 2018).

4-2. Hydroelectric System

Kazakhstan has a sufficient electricity supply for internal use based on sufficient hydrocarbon resources. To seek comparatively cheap electricity for the northwest region of China, in case of electricity shortfall occurrences (especially in Xinjiang Autonomous Regions), China has embarked on a campaign of exploring hydropower resources and constructing associated high voltage power grids since the 2000s. Through this strategy, China can maintain social stability in terms of electricity supply in the northwest, but it is also beneficial for China to transport hydroelectricity from Central Asia to southern corridor countries including India, Pakistan, and Afghanistan, and thereby enhance its regional influence.

Underpinned by a framework that followed the initiation of the China-Kazakhstan strategic partnership in 2005, the national electricity companies of both sides, KEGOC and China's State Grid Corporation, sought to establish an electricity bridge between the two countries (Jamestown, 2017). The plan was to construct a power station on the Irtysh River (Eurodialogue, 2018), with an expected output of 3,600 megawatts, making it the most powerful in

the CIS. The costs were to be covered by Beijing (Daily Online, 2017) and the electricity generated by this joint project was transported through a 4000 kilometer, 1,500 kV high voltage line to reach Xinjiang, in the northwest of China.

The second joint project is the Moinak Hydro Power Plant, on the Charyn River in Almaty Province of Kazakhstan, which is equipped with two individual turbines with a nominal generation capacity of 150 MW each and can generate 1.27 billion kilowatt-hours of electricity per year (nominal hydropower station, 2019). It is the first infrastructure joint project in a non-fossil energy field between China and Kazakhstan, and, as a standard EPC project, is funded by the National Development Banks of Kazakhstan and China. It will be able to make up part of the electricity deficit in the south of the country.

4-3. Fighting against Three Evils (Terrorism, Separatism, and Extremism)

Terrorism, Separatism, and Extremism are significant threats that strongly influence relations between China and Kazakhstan. The struggle against terrorism and the related problem of separatism has become China's main agenda in Central Asia. Thus, China and Kazakhstan have jointly undertaken measures to attack international terrorism, organized crime, the illegal weapons trade, the drug trade, and other trans-border crimes.

Kazakhstan has faced many security challenges during its 23 years as an independent country. Its geostrategic position at the heart of Eurasia has led to its adoption of a multi-vector foreign policy championed by its leader and widely emulated in the region. Consequently, it has looked to maintain good relations with all its neighbors. It has sought membership of a range of international organizations and institutions that it believes enhance its foreign policy objectives. In recent years China has included Central Asia as a region for its economic ambitions, and in the process, China has challenged Russia's historical dominance in this region. As China's economic activity grows in the area, it would be reasonable to assume that China would seek influence in the

sphere of regional defense and security, including Kazakhstan (Harrison, 2015).

4-4. Strategic Concern

Central Asia is conceded to be a bridge between Asia and Europe. It links Asia, Europe, and the Middle East in a geographical sense and political and cultural dimensions. China's primary strategic concern is Central Asian stability. The quest for natural resources of Central Asia shapes China's policies in the region. China wants to project itself as a major power in the region. It will challenge the supremacy of the United States and Russia in the region. On the other hand, China has been heavily dependent on the Middle East for oil, and though it is a trouble region in China to access oil through the Sea. It wants to diversify its sources of supply to Kazakhstan and Russia.

Nevertheless, China's involvement in Central Asia has fundamentally changed the strategic picture of the region. For Central Asian states, China is a crucial actor locally and could be a long-term counterbalance against Russia and the United States of America. In this context, China and Kazakhstan signed the Good Neighborly Treaty of Friendship and Cooperation in 2002, which serves as a cornerstone of their strategic partnership in the early 21st century (Bransten, 2007).

5. SCO: regional power hedging—common security interests and preferences

Founded in 2001, the SCO—currently consisting of Russia, China, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, India, and Pakistan—has emerged as an institutional framework to resolve regional security issues, which have been threatening the regional stability and the regimes of Central Asia in particular since the collapse of the Soviet Union. The commitment encompasses the combat against secessionism, terrorism, and extremism (the so-called "three evils") and divisive clan politics, border disputes, and transnational organized crime. The SCO, thereby, functions as an institutional instrument to coordinate the means of conflict resolution, recognizing the other member states' national interests (Zhao, 2013:440).

Since the SCO is specifically designed to take on internal security challenges, it functions as an institution of regional cooperation with a permanent negotiation mechanism. Its decision-making essentially involves the regime legitimacy and geopolitical sustainability of strong and centralized regimes, the dominant political form of government in Central and East Asia. Thus, the SCO provides sufficient incentives for the subordinates to contribute to this political order generated under the informal Sino-Russian leadership (Aris, 2019).

With the increasing role of China in the security sphere, questions are beginning to arise as to China's ability to develop security leverage over Nur-Sultan. This is tied to Beijing's growing arms industries and superior military spending in comparison to Moscow. However, Russia maintains significant leverage over the arms export industry to Kazakhstan.

China has constantly increased its military expenditure, which signals the capability to supply sufficient security provision, whereas Russia has to pay proportionately to maintain its military might. Despite this, Kazakhstan significantly relies upon Russian arms sales, suggesting that Russia, despite China's developing interests in entering the international arms trades, still maintains sufficient security linkages. China's commitments are, nevertheless, interpreted as a supplementary means of security provision, stemming from the correlation of security interests and preferences between Beijing and Nur-Sultan.

In particular, China is concerned about domestic tensions and separatist threats in Tibet and Xinjiang. Regarding the latter, since the political instabilities have been threatening its gateway to Central Asia, China has been compelled to increase its engagement with Kazakhstan, to offset its demarcation vulnerabilities (Zheng, 2014). Washington's assistance of the Taliban to restrain the Soviet Union. As a significant number of Uighur insurgents currently reside in Kazakhstan to shirk Chinese law enforcement, such a constellation necessitates comprehensive cross-border security cooperation with Kazakhstan to combat secessionism more effectively (Zhao, 2013:437).

In parallel, Kazakhstan is well aware of the threats posed by ethnic and religious separatism. Considering the potential spillover effects deriving from the aforementioned, the SCO declarations since 2005 have reiterated all member states' joint commitment to countering such developments, seeking to ease regime change concerns. This forms the basis for Kazakhstan's harmonization of interests and preferences with Russia and China, thus revealing convergence between the subordinate and the two dominants and sufficient potential for alignment (Sullivan, 2019:35–36).

Considering these implications, Nur-Sultan has enhanced its security commitments with Russia and China, which may reassure Kazakhstan that certain security challenges stemming from Central Asia's volatile and politically charged environment do not spill over. Such signals do not necessarily indicate an authority transfer. Still, they legitimize China's role as a consolidator of the political order within the SCO and the bilateral engagement between Nur-Sultan and Beijing. This reveals regional power hedging patterns within the SCO checked and balanced by the subordinates and Sino-Russian convergence of security interests and preferences in the international dimension (Harper, 2017).

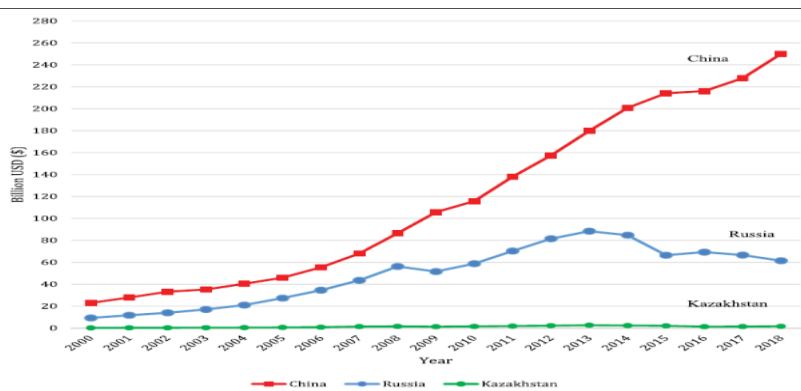


Figure 1. Military expenditure—China, Russia, and Kazakhstan (USD \$) August 2019. **Source:** World Bank Doing Business Report 2019

China's new focus on SCO energy cooperation derives from its concern over instability in the Middle East and the goal of securing both Russian and Kazakh oil and gas. Within the SCO, Russia, Kazakhstan, and China appear to be forming an energy and security triangle. Kazakh oil is currently exported through the Caspian Pipeline Consortium, which runs through southern Russia and terminates at Novorossiysk. Russia's Unified Energy Systems, the electricity monopoly, has tied Kazakhstan and its neighbors into the electrical power grid (Ziegler 2016:18-21)

Kazakhstan continues to negotiate with China on an oil pipeline eastward while the government suppresses Uighur separatists and leases agricultural land to ethnic Chinese. However, emphasis on energy cooperation within the SCO could lead to conflict with the United States since American oil companies have been actively developing Kazakhstan's oil sector for over a decade.

SCO is an essential element for economic cooperation in the energy field in which Russia, Kazakhstan, Uzbekistan, and Iran are big exporters, and China and India are significant importers. However, securing reliable and diversified energy supplies is central to China's security today. As a net importer of energy, China has a stake in the stability of neighboring oil and gas producing regions which China's leaders perceive as linked to domestic economic growth rates and societal quiescence. As a major oil-consuming nation, China has shared interests with significant oil and gas importing countries such as United Nations, Japan, South Korea, and European Union members. Thus China's energy requirements constitute one significant factor driving China to move beyond regionalism. China emerged as a global energy actor has had a major impact on the world economy and will continue to do so soon. Moreover, China's foreign energy policy is critically important to economic development, and sustained economic growth is vital to maintain social stability (Hu and Cheng, 2008).

The Chinese government actively supports the financial, agricultural, and other non-energy sector cooperation between the two sides and has signed many relevant legal documents with Kazakhstan. Since the establishment of diplomatic relations, the two countries have maintained friendly relations and signed the China-Kazakhstan Treaty of Good Neighborliness and China-Kazakhstan cooperation strategy in the 21st century (Kali, 2014).

6. Kazakh concerns over Chinese energy domination

China's presence in the Kazakh energy market is welcome: it reduces Russia's predominance and will enable the collection of transit rights on Uzbek and Turkmen gas and even on Russian petroleum. The Chinese companies, supported by the political powers and their "good neighbor" policies, often grant contracts that are more favorable to KazMunayGaz than those of the large international consortiums (Nabiyeva, 2019). China's huge presence gives rise to concern, however, in some Kazakh political and economic circles. The internal operations of CNPC, which brings all its extraction equipment from China, please neither Kazakh entrepreneurs, who enjoy no benefit from increased sales nor the trade unions, which criticize the foreign company's right to bring its labor of employing local workers. Some alarmist experts raise the threat of an enormous Chinese migration wave that would affect the ethnic balance of sparsely populated Kazakhstan. (Peyrouse, 2008). The possibility that some regions could become economic enclaves entirely dependent on Chinese businesses is also a concern: the budget of the Kyzyl-Orda region, for example, is reportedly funded 90 percent by taxes levied on the petroleum sector, which Beijing dominates. Astana's lack of transparency in petroleum transactions regularly returns to the political stage. It finds the lack of transparency in decisions on the allocation of oil and gas deposits dangerous and notes that China is abnormally favored during the tendering process. Questions the future of the costly China-Kazakhstan pipeline if the price of petroleum plummets and if new deposits are discovered in the Tarim basin, while questions the pipeline's profitability without guarantees that Moscow will ship its oil through it. Environmental risk is also mentioned regularly. Furthermore, China's refusal to take account of expert archaeological assessments carried out along the route of the pipeline has destroyed valuable prehistoric and ancient sites.

6-1. Kazakhstan plans to increase gas exports to China

Kazakhstan has plans to significantly increase gas exports to China as it was reported, in 2017 Kazakhstan started exporting its gas to China. The expected export revenue is about \$1 billion. According to the Ministry of Energy

(2018), gas reserves in the country amount to 3.9 trillion cubic meters. In 2017, Kazakhstan produced 53 billion cubic meters of gas. Of these, about 22 billion were consumed by the producers themselves, the domestic market took 13.8 billion, and the remaining 17.2 billion cubic meters went for export. KazMunaiGas is Kazakhstan's national operator for the exploration, production, processing, and transportation of hydrocarbons, representing the state's interests in the oil and gas industry of Kazakhstan. 90% of the company's shares belong to the Samruk-Kazyna state fund, 10% - to the National Bank of Kazakhstan (special Energy Issue, 2018).

7. Conclusion

Kazakhstan is important for China's energy security. Kazakhstan is one of the world's 10 largest countries in its oil, gas, coal, and uranium reserves. Also, it has a strategic geographical location for controlling the flow of oil and gas from Central Asia to the East and West (Zhumazhanov 2018). Its geographical proximity, security of transport routes, and the absence of any hostile competitors in the region are the main advantages of the Kazakhstan energy sector for China. This research sums up the various energy dimensions of Kazakh-China relations. The energy dimension of Kazakh-China relations has quite significant in the Kazakhstan energy sector because energy security stimulates a nation's economic development. This research emphasizes the overall Kazakh-China relations. It has discussed Kazakhstan-China energy engagement's relevance by emphasizing their interests towards each other. Kazakhstan has promulgated a multi-vector policy to develop and improve strategic, diplomatic, and economic relations with the major geopolitical powers in the international arena. However, due to geographical proximity, relatively safe transportation routes, and the absence of any rival forces stimulated China to make close relations with Kazakhstan. Oil delivered from Kazakhstan to China is seen as "secure" oil. Energy security challenges that China faced in Kazakhstan and emphasizes China's policy and strategies in Kazakhstan in accomplishing energy security in the region. Moreover, China's energy policy towards Kazakhstan and elaborates the major energy

cooperation between the countries through multilateral framework and organization.

China's energy policy in Kazakhstan is a part of its broader geopolitical approach towards the region that includes economic and infrastructure links, Fight against the so-called three evils: terrorism, separatism, and extremism, evicting U.S. bases, limiting Russia's influence, and using a multilateral organization like the SCO and Also, since all major straits in the world, such as Malaga and the Hormuz, are controlled by the U.S. Navy, China seeks to relocate its energy pipelines through its borders in Central Asia, where the U.S. has a smaller presence, and in the event of a possible confrontation with the United States and its allies and the possibility of closing the straits by the U.S. Navy, This country could provide the energy it needs. Kazakh-China relations' various energy dimensions have pretty relevant in the Kazakhstan energy sector because energy security stimulates economic development. It emphasizes the relevance of Kazakhstan energy from China's perspective. Kazakhstan is the second-largest oil producer among the post-Soviet states after Russia; It is one of the key energy players amid Central Asian states due to its advantageous geopolitical position and vast oil and gas deposits. It shares borders with Russia, China, Uzbekistan, Kyrgyzstan, and Turkmenistan. Kazakhstan has promulgated a multi-vector policy to develop and improve strategic, diplomatic, and economic relations with the international arena's major geopolitical powers.

Recommendation To improve the efficiency of its energy strategy and increase the number of successful deals in Central Asia, China can develop bilateral relations with Kazakhstan through loans, aid packages, trade, investments, security cooperation, public diplomacy campaigns, and improved business practices; new regional cooperation initiatives with Kazakhstan and other actors engaged in the region (free trade agreements, energy security, environment protection).

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