

## ASSESSING CHINA'S CURRENT INVESTMENT PROJECTS IN KAZAKHSTAN: OPPORTUNITIES AND CHALLENGES

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**Abstract.** This article provides an in-depth analysis of China's investment projects in Kazakhstan, focusing on the current stage of development, opportunities, and challenges. Through a comprehensive review of various investment initiatives, it examines the economic, geopolitical, and cultural implications of China's engagement in Kazakhstan's economy. The analysis highlights the significance of the Belt and Road Initiative (BRI) in shaping investment dynamics and fostering regional cooperation. Moreover, it explores the diverse sectors targeted by Chinese investments, including energy, infrastructure, manufacturing, and agriculture. By assessing the opportunities for mutual benefit and addressing the associated challenges, this study offers insights into the evolving relationship between China and Kazakhstan. The findings underscore the importance of understanding cultural differences, legal frameworks, and market dynamics to facilitate sustainable and mutually beneficial investment partnerships in the region.

**Keywords:** Kazakhstan, China, investment projects, Belt and Road Initiative, economic cooperation, geopolitical implications.

**Аңдатпа.** Бұл мақалада Қытайдың Қазақстандағы инвестициялық жобаларына терең талдау жасалып, қазіргі даму кезеңіне, мүмкіндіктері мен қиындықтарына назар аударылады. Түрлі инвестициялық бастамаларды жан-жақты шолу арқылы Қытайдың Қазақстан экономикасына қатысуының экономикалық, геосаяси және мәдени салдарын зерттейді. Талдау «Белдеу және жол» бастамасының (BRI) инвестициялық динамикасын қалыптастырудағы және аймақтық ынтымақтастықты дамытудағы маңыздылығын көрсетеді. Сонымен қатар, ол энергетика, инфрақұрылым, өңдеу өнеркәсібі және ауыл шаруашылығын қоса алғанда, қытайлық инвестицияларға бағытталған әртүрлі секторларды зерттейді. Өзара тиімділік мүмкіндіктерін бағалау және соған байланысты проблемаларды шешу арқылы бұл зерттеу Қытай мен Қазақстан арасындағы дамып келе жатқан қарым-қатынастар туралы түсінік береді. Нәтижелер аймақтағы тұрақты және өзара тиімді инвестициялық серіктестіктерді жеңілдету үшін мәдени айырмашылықтарды, құқықтық базаларды және нарық динамикасын түсінудің маңыздылығын көрсетеді.

**Түйін сөздер:** Қазақстан, Қытай, инвестициялық жобалар, «Бір белдеу, бір жол» бастамасы, экономикалық ынтымақтастық, геосаяси салдарлар.

**Аннотация.** В данной статье представлен углубленный анализ инвестиционных проектов Китая в Казахстане с акцентом на современном этапе развития, возможностях и проблемах. Посредством всестороннего обзора различных инвестиционных инициатив в нем рассматриваются экономические, геополитические и культурные последствия участия Китая в экономике Казахстана. Анализ подчеркивает значение инициативы «Один пояс, один путь» в формировании инвестиционной динамики и развитии регионального сотрудничества. Более того, в нем исследуются различные сектора, на которые нацелены китайские инвестиции, включая энергетику, инфраструктуру, производство и сельское хозяйство. Оценивая возможности взаимной выгоды и решая связанные с этим проблемы, данное исследование дает представление о развивающихся отношениях между Китаем и Казахстаном. Результаты подчеркивают важность понимания культурных различий, правовых рамок и динамики рынка для содействия устойчивому и взаимовыгодному инвестиционному партнерству в регионе.

**Ключевые слова:** Казахстан, Китай, инвестиционные проекты, инициатива «Один пояс, один путь», экономическое сотрудничество, геополитические последствия.

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## Introduction

The investment landscape between China and Kazakhstan has witnessed significant evolution in recent years, marked by a diverse array of projects spanning various sectors of the economy. This dynamic relationship reflects the deepening economic ties between the two nations and holds implications not only for bilateral cooperation but also for regional economic integration. Understanding the scope, nature, and implications of Chinese investments in Kazakhstan is paramount in assessing the current state of affairs and charting the course for future collaboration.

This analysis delves into the intricacies of China's investment endeavors in Kazakhstan, offering insights into the opportunities and challenges that characterize this burgeoning partnership. By examining the multifaceted dimensions of investment projects across different sectors, from energy to infrastructure and beyond, this study seeks to provide a comprehensive overview of the present stage of China's involvement in Kazakhstan's economic landscape. Moreover, it explores the methodologies employed, highlights key findings, and delineates avenues for future research and collaboration in this dynamic field of study.

## Literature review

Chinese investment projects in Kazakhstan present significant opportunities and challenges. Han and Adambekova highlight that Chinese investment in Kazakhstan's oil and gas sector contributes to GDP growth, job creation and the introduction of new technologies, highlighting the mutual desire for stability and close strategic relationships [1]. Celik notes that Kazakhstan's geopolitical situation requires cooperation with China, with the Belt and Road Initiative (BRI) promoting economic modernization and infrastructure development. However, challenges include Russia's response to China's growing presence and anti-Chinese sentiment in Kazakhstan [2]. Shegirbaev emphasizes the need to improve information policies to accurately represent the volume of Chinese investment and emphasizes the importance of government

efforts to attract investment [3]. Rezeinejad and Peyma discuss the strategic and economic implications of the Belt and Road Initiative, noting that it increases regional dominance and facilitates interaction with global markets, but also increases geopolitical competition [4]. Yang Lingyun highlights the pandemic-induced opportunities and challenges in building the Digital Silk Road, emphasizing the need for improved digital governance and strategic mutual trust [5].

## Methodology

The methods used in this analysis of China's investment projects in Kazakhstan involved comprehensive research and data collection from various sources, including governmental reports, academic publications, industry analyses, and news articles. Both qualitative and quantitative approaches were employed to examine the scope, impact, opportunities, and challenges associated with Chinese investments in Kazakhstan. Qualitative methods included literature review and analysis of policy documents to understand the broader context and implications of these investments. Quantitative methods involved gathering statistical data on investment flows, economic indicators, and project outcomes to assess the tangible effects of Chinese investments on the Kazakhstani economy. Additionally, case studies were utilized to provide specific examples and insights into the dynamics of investment projects in different sectors. Overall, a multi-faceted approach was employed to offer a comprehensive understanding of China's investment activities in Kazakhstan.

## Discussion and results

### 1. Current Situation of Chinese Investments in Kazakhstan

From the perspective of investment attractiveness, Kazakhstan is a country in Central Asia with rapid economic development, a relatively stable political situation, and a relatively good social order. It is rich in mineral resources such as oil, natural gas, coal, and non-ferrous metals and has a solid agricultural foundation, excellent environmental conditions, and

strategic location. Since gaining independence, Kazakhstan has pursued a policy of actively attracting foreign investment and has tightened relevant legislation. In April 2003, Kazakhstan adopted a new Investment Law, continuously improved and revised investment legislation, and signed bilateral investment protection agreements with China, the United Kingdom, the United States, France, Russia, and other countries. In December 2015, Kazakhstan became the 162nd official member of the World Trade Organization. In order to further enhance the country's investment attractiveness, the government of Kazakhstan formulated a new version of the «Concept of Investment Policy of the Republic of Kazakhstan until 2026» and took comprehensive measures to attract foreign investment.

Currently, economic and trade agreements between China and Kazakhstan include: Agreement on Economic and Trade Cooperation (December 22, 1991), Agreement on Transit Rail Transport (August 10, 1992), Agreement on Road Transport (September 26, 1992), Treaty on Mutual Legal Assistance (January 14, 1993), Agreement on Air Transport (October 18, 1993), Agreement on Cooperation in Science and Technology (December 30, 1994), Agreement on the Use of the Lianyungang Port (September 11, 1995), Agreement on Banking Cooperation (July 5, 1995), Agreement on Goods Inspection (July 5, 1996), Agreement on Cooperation in the Oil and Gas Industry (September 24, 1997), Agreement on Customs Cooperation and Mutual Assistance (September 26, 1997), Agreement on Combating Unfair Competition and Antimonopoly (November 23, 1999), Agreement on Avoidance of Double Taxation and Prevention of Tax Evasion on Income (September 12, 2001), Bilateral Currency Swap Agreement (June 13, 2011, with Japan), Bilateral Investment Protection Agreement, «Framework Agreement on Strengthening Production Capacity and Investment Cooperation» (August 31, 2015), «Government of the People's Republic of China and the Government of the Republic of Kazakhstan on Building the «Silk Road Economic Belt» and «Bright

New Economic Policy Docking

Cooperation Plan» (September 2, November 2016), «Memorandum of Understanding between the National Development and Reform Commission of the People's Republic of China and the Ministry of Information and Communications of Kazakhstan on Strengthening Digital Economic Cooperation» (November 22, 2018) [6].

China-Kazakhstan cooperation has made significant progress in strengthening the strategic alignment between the «Belt and Road» initiative and the «Bright Path» new economic policy, and has contributed to the implementation of a number of major strategic projects in Kazakhstan. According to analysis, the main investment projects of Chinese investors in Kazakhstan are focused on manufacturing, logistics, agriculture, new energy, and other sectors [3].

## 2. Characteristics of Chinese Investments in Kazakhstan

*A) The scale of investments continues to expand.* As the cooperative relations between China and Kazakhstan continue to strengthen, the scale of Chinese investments in Kazakhstan continues to expand. Data from the «Kazakhstan Blue Book: Kazakhstan Development Report (2022)» shows that China's direct investments in the entire industrial sector of Kazakhstan in 2021 amounted to \$859 million. China's share in Kazakhstan's trade structure accounted for 18.2% of Kazakhstan's trade volume. China is also one of Kazakhstan's major trading and investment partners. In 1992, the total trade turnover between China and Kazakhstan was \$368 million. In 2023, the trade volume between China and Kazakhstan reached a new historical high, reaching \$36.86 billion. Specifically, Xinjiang's trade volume with Kazakhstan amounted to \$18.14 billion, an increase of 62.3% [7]. In March of last year, a successful visit to Kazakhstan was made by a member of the CPC Central Committee Politburo, Secretary of the Party Committee of the Xinjiang Uygur Autonomous Region of China, Ma Xingrui. Full coverage was achieved in establishing sister city relationships between Xinjiang and border cities and regions of Kazakhstan. Successful exchange visits were made between the provinces of Shandong, Shaanxi, Jiangsu, Anhui, and many regions

of Kazakhstan, during which more than 10 cooperation agreements were reached between sister cities. News of mutually beneficial cooperation between the two sides continues to emerge. For example, the construction of the Kazakhstan section of the third transboundary railway between China and Kazakhstan was officially started. The first clearing bank for yuan transactions in the territory of the Republic of Kazakhstan was appointed. A consortium of

Chinese enterprises won the tender for the reconstruction project of Almaty CHP-2 [7]. Chinese car brands have appeared on the avenues and streets of Kazakhstan, like mushrooms after rain, becoming the main driving force behind the sale of new cars. High-quality Kazakh agricultural products, such as flaxseed, wheat, and sunflower seeds, continue to be popular and well-received goods in China.

**Table 1 - Key Data on China-Kazakhstan Relations**

	Aspect	Details
1	China's direct investments in Kazakhstan (2021)	\$859 million
2	China's share in Kazakhstan's trade volume	18.2%
3	Trade turnover (1992)	\$368 million
4	Trade turnover (2023)	\$36.86 billion
5	Xinjiang's trade volume with Kazakhstan (2023)	\$18.14 billion (62.3% increase)
6	High-level visits	Visit by Ma Xingrui, CPC Central Committee Politburo member, Secretary of the Party Committee of Xinjiang
7	Sister city relationships	Full coverage between Xinjiang and border cities/regions of Kazakhstan
8	Cooperation agreements	More than 10 agreements between provinces of Shandong, Shaanxi, Jiangsu, Anhui, and regions of Kazakhstan
9	Infrastructure projects	Construction of the Kazakhstan section of the third transboundary railway, Almaty CHP-2 reconstruction project
10	Financial collaboration	First clearing bank for yuan transactions in Kazakhstan
11	Chinese car brands in Kazakhstan	Significant presence, driving new car sales
12	Popular Kazakh exports to China	Flaxseed, wheat, sunflower seeds

*Note – from the source [7]*

**B) Diversification of Investment Directions.** Chinese investments in Kazakhstan cover many areas, including manufacturing, logistics, agriculture, and new energy.

In the industrial and manufacturing sectors, in 2021, a CKD plant jointly built by China Yutong Bus Co., Ltd. and QazTehna was put into operation in Saran, Karaganda region, Kazakhstan. The project exclusively produces electric buses and environmentally friendly buses compliant with Euro V emission standards. The Kazakh petrochemical complex, built under a general contract by China National Chemical Engineering Group Co., Ltd., will be able to produce 500,000 tons of polypropylene per year, meeting Kazakhstan's domestic demand and

generating foreign currency revenue from exports [8].

Chinese-Kazakh cooperation in the logistics sector has also achieved remarkable results: the two countries have opened 7 pairs of year-round auto ports and 2 transboundary railway lines, established the China-Kazakhstan International Border Cooperation Center «Khorgos», the dry port «KTZE-Khorgos Gateway», and the China-Kazakhstan Logistics Cooperation Base in Lianyungang. Despite the COVID-19 epidemic, the number and total weight of China-Europe train containers transiting through Kazakhstan via the ports of Khorgos and Alashankou have significantly increased. In the first half of 2022, 6,195 China-Europe freight trains arrived at and departed from Xinjiang's double ports [8].



Agricultural cooperation is increasingly becoming an important growth point for Chinese-Kazakh cooperation. Since 2016, the grain and oil industry group Xi'an Aiju has been promoting a contract farming model in Kazakhstan and has built a logistics and agricultural product processing park in Northern Kazakhstan. Based on the needs of the Chinese market, orders are provided to Kazakh farmers at guaranteed prices, encouraging the use of unused agricultural land to increase income. Chinese companies have also invested in establishing a dry camel milk processing plant in Turkistan, a city in southern Kazakhstan. Camel milk produced by the Kazakhstan Golden Camel Group Co., Ltd. has successfully entered the Chinese market. By 2022, the trade volume of agricultural products between China and Kazakhstan will reach \$930 million, increasing by 61.3% annually [9].

In the context of global energy transition, Kazakhstan's need for clean energy has become more urgent. On July 1, 2010, former Kazakh President Nursultan Nazarbayev proposed solutions to climate change issues, the development of a green economy, and the implementation of a global energy and environmental strategy at the opening ceremony of the «Third Astana Economic Forum». He also advocated for the development of clean energy, environmental protection, and the reform of the economic structure and development model. Subsequently, in 2012, the «Kazakhstan 2050 Strategy» was issued, and in 2013, the «Concept for the Transformation of Kazakhstan's Green Economy» and the «Concept for the Development of Kazakhstan's Fuel and Energy Complex until 2030» were adopted.

Therefore, in recent years, Chinese investment projects in Kazakhstan have also begun to involve new energy. Today, in the vast plains of Kostanay in Kazakhstan, stands the 50 MW Ibragim wind power project built by the Chinese company Universal Energy. Universal Energy has become one of the largest local providers of clean energy. It has built 6 new energy projects, including photovoltaic energy production, wind energy production, etc., with a total capacity of 380 MW, providing a total of 1.41 billion kWh of clean energy. During the peak construction period, a total

of 1.41 million tons of carbon dioxide emissions were reduced, and 3000 local jobs were created [10].

In addition, new energy projects such as the Zhanatass wind power station, the Turgusun hydroelectric power station, and the «Akmola Wind Power Station» project, invested in and built by Chinese companies, are helping Kazakhstan's energy industry transition to low-carbon energy. According to China Power Kazakhstan Energy Investment Co., Ltd., as of the end of 2022, the total installed capacity of renewable energy projects involving Chinese companies in Kazakhstan exceeded 1000 MW [11].

*C) Diversification of Investment Methods.* China's investment methods in Kazakhstan include, among others, direct investments, joint operations, loans, and joint ventures. Direct investments refer to Chinese companies opening branches or subsidiaries in Kazakhstan to carry out independent operations, such as PetroChina (Kazakhstan) Aktobe. The company is already a major integrated oil and gas company in Kazakhstan. Over the course of more than 20 years, the project has produced approximately 150 million tons of oil and over 80 billion cubic meters of natural gas [12].

Joint operations involve cooperation between Chinese and Kazakhstani companies for joint project development or manufacturing activities, such as the Astana-Almaty railway built by China Railway Construction Corporation. This railway connects the capital of Kazakhstan, Astana, with its largest city, Almaty, and is an important infrastructure construction project. Additionally, the Chinese government has also provided credit support to the Astana International Financial Centre to facilitate its construction and rapid development. These credits are mainly used for infrastructure construction and operation of the Astana International Financial Centre, including the construction and maintenance of office buildings, data processing centers, roads, and other facilities [12]. Furthermore, the Chinese government has also provided talent and technical support to the Astana International Financial Centre to help improve its financial system and enhance service levels.

### 3. Challenges with Chinese

## Investments in Kazakhstan

*A) Sectors with high investment risks remain hot investment destinations.*

China's major investments in Kazakhstan are still concentrated in oil fields, but oil resources are non-renewable and therefore unstable. There is a risk of relatively strong price fluctuations in the oil market, making it a high-risk venture for investors. In recent years, several major oil fields in Kazakhstan have also faced gradual depletion. Although Kazakhstan's own oil reserves rank 12th in the world, there will inevitably come a day when they are exhausted, making investment in Kazakhstan's oil fields risky [13].

Investments in metallurgical, oil, and other deposits are, on the one hand, limited by resource reserves, and on the other hand, the efficiency of oil extraction is also very low. Due to the lack of professional talents and financial support, China's investments in Kazakhstan's energy sector will be subject to political constraints. The oil sector is not entirely market-oriented and will be subject to stricter local supervision. At the same time, as environmental protection continues to receive increasing attention, more and more investments and expenses will be spent on environmental protection during oil exploration. The growth of these expenses will make the funding gap even more pronounced, and the efficiency of constructing many petrochemical facilities will be low [14]. Of course, this is not limited to the oil industry but also applies to many sectors of natural resources and energy. For example, in the mining market, Kazakhstan has always attached great importance to whether investors own state shares. As for political support, Kazakhstan also emphasizes that products must serve local economic development while increasing the transparency of foreign investment processes.

*B) Operating expenses continue to rise*

Since Kazakhstan gained independence, the government has set restrictions on the share of foreign-capital enterprises that can use the country's workforce to ensure the development of the domestic economy and address employment issues. This requires investors to diversify human resource management

and overcome cultural differences among employees, which demands the company to invest appropriate resources and time. If foreign-invested enterprises want to be exempted from Kazakhstan's labor quota restrictions, they must meet the criteria for priority investment [15]. There are relatively high threshold restrictions in terms of technology and capital, which many companies find difficult to achieve.

*C) The threshold for Chinese companies' investment in Kazakhstan has been raised.*

Kazakhstan aims to achieve economies of scale, so the development orientation of some special economic zones established by Kazakhstan is specialization and intensification. However, investment methods in Kazakhstan will be limited, and the types of economic activities will not be as diverse as before. At the same time, in terms of investment promotion policies, Kazakhstan clearly prefers large enterprises with high commercial value. For these reasons, investment barriers for many small companies in Kazakhstan have become higher. At the same time, small enterprises are less likely to receive political and financial support, so naturally, small enterprises are gradually being squeezed out of the market.

*D) Restrictions of laws and regulations.* There are certain differences between the laws and regulations of Kazakhstan and China, which pose certain challenges for Chinese companies operating there. For example, Kazakhstan's Communications Law contains a number of restrictions on foreign investment in the communications industry, especially with regard to investment shares and state licensing and approval requirements. For example, in long-distance and international telecommunications networks, foreign investors cannot own more than 49% of the shares. Likewise, the Kazakh government also strictly limits the participation of foreign capital in the construction, banking, and insurance industries. Regarding mining investments, Kazakhstan's Mining Law, revised in 2005, provides that when a company is preparing to transfer mineral rights or sell shares, the Kazakh Ministry of Energy has the right to refuse to issue a license. However, the government not only has priority in purchasing mining rights or

shares transferred by mining companies but also has priority in purchasing mining rights or shares that may directly or indirectly impact the company's business decisions. Moreover, Kazakhstan has introduced a strict work permit system for foreign workers. Foreign citizens engaged in paid work in Kazakhstan must obtain a work permit issued by the labor department, otherwise, they will be fined, detained, or even deported [11].

*E) Cultural differences.* Certain cultural differences between China and Kazakhstan can have a significant impact on local operations and the management of Chinese companies. Firstly, the languages of China and Kazakhstan are different, and language barriers can hinder communication and affect cooperation and

exchanges between enterprises on both sides. Secondly, there are differences in business culture and business etiquette between China and Kazakhstan. For example, styles of business negotiations, decision-making methods, communication methods, etc., may vary, requiring understanding and adaptation from both sides [16]. Finally, the two countries also have differences in values and religious beliefs. Understanding and respecting the religious beliefs and values of the local culture are important for businesses operating at the local level.

This table briefly summarizes the issues associated with Chinese investment in Kazakhstan, as well as a brief description of each issue.

**Table 2 – The brief description of challenges Chinese investments in Kazakhstan**

Challenges	Descriptions
Sectors with high investment risks	Chinese investments in Kazakhstan are concentrated in sectors like oil, which face challenges due to non-renewable resources, price fluctuations, and environmental concerns. The efficiency of oil extraction is low, and investments are constrained by political factors and market supervision. Other sectors, like mining, also face constraints regarding ownership and political support.
Operating expenses continue to rise	Kazakhstan imposes restrictions on foreign-capital enterprises regarding workforce usage, leading to challenges in human resource management and cultural integration. Foreign-invested enterprises must meet strict criteria for exemption from labor quota restrictions, posing barriers in terms of technology, capital, and management resources.
The threshold for Chinese companies' investment	Kazakhstan's focus on large enterprises with high commercial value raises barriers for small companies. Special economic zones have limitations, reducing investment diversity. Small enterprises face challenges in receiving political and financial support, leading to market exclusion.
Restrictions of laws and regulations	Differences between Kazakhstan and China's laws and regulations pose challenges for Chinese companies, particularly in sectors like communications, banking, and mining. Restrictions include limitations on foreign ownership, licensing requirements, and work permit regulations for foreign workers.
Cultural differences	Differences in language, business culture, and values between China and Kazakhstan can hinder effective communication and cooperation. Understanding and respecting cultural nuances are essential for successful business operations in Kazakhstan.

*Note – from the sources [13-16]*

#### **4. Prospects of Chinese investments in Kazakhstan**

Chinese investments in Kazakhstan face certain challenges; however,

considering the situation comprehensively, the development prospects remain extremely broad. With the continuous deepening of the «Belt and Road Initiative»

and the strengthening of China's cooperation with Central Asian countries, Chinese investments in Kazakhstan will continue to expand. This process opens up more opportunities for economic cooperation between the two countries [17].

In the future, China may achieve significant success in various areas of cooperation with Kazakhstan. In the fields of manufacturing, logistics, agriculture, and new energy sources, both sides can enhance cooperation, seeking new paths of joint development. Chinese companies can leverage their experience in technology, capital, and management to support Kazakhstan's development in these areas while also gaining more opportunities to expand their presence in the local market.

In addition to the economic sphere, education, culture, and tourism are also important aspects of cooperation between China and Kazakhstan. By strengthening cooperation in education, training personnel, and academic exchanges can be stimulated, giving a new impetus to humanitarian exchanges between the two countries. Cultural and tourist exchanges contribute to deeper mutual understanding and friendship between the peoples, laying a solid foundation for the long-term development of relations between China and Kazakhstan [18].

However, to achieve these goals, Chinese companies investing in Kazakhstan still face certain challenges. During the collaboration process, it is necessary to overcome differences in language, culture, and legal systems, adapt to changes in the local market, and build sustainable cooperation models. Additionally, attention must be paid to environmental protection, social responsibility, and ensuring that investment projects contribute not only to economic growth but also to the development of the local society.

Overall, the potential for cooperation between China and Kazakhstan remains high, and the prospects for future development are highly optimistic. By deepening cooperation in various fields and striving for mutual benefit, it is possible to further stimulate the economic prosperity of both countries and strengthen solid foundations for bilateral relations.

## Recommendations

Chinese investment in Kazakhstan, particularly within the framework of the Belt and Road Initiative (BRI), carries substantial ramifications for economic advancement, infrastructural enhancement, and regional amalgamation. To optimize benefits and ameliorate challenges, Kazakh policymakers and stakeholders must adopt strategic measures. The authors propose the following recommendations:

### *1. Enhance Economic Cooperation and Diversification:*

Chinese investments have significantly bolstered Kazakhstan's oil, gas, and infrastructure sectors, fostering economic expansion and enhancing transportation networks. However, over-reliance on these sectors engenders susceptibility to economic dependence and external shocks. Encouraging investments in diversified fields such as renewable energy, agriculture, and technology is imperative to mitigate this risk. Offering incentives to foreign investors, such as tax concessions, subsidies, and streamlined regulatory procedures, can facilitate this diversification. Concurrently, fostering indigenous industries through policies mandating partnerships with local enterprises and technology and skill transfer to the domestic workforce is crucial for sustainable economic progress.

### *2. Strengthen the Legal and Institutional Framework:*

Effective integration of Chinese investment necessitates a robust legal and institutional framework to safeguard national interests and ensure transparent and equitable business practices. Updating and fortifying the legal framework governing foreign investment in alignment with international best practices is imperative. This entails delineating clear directives on environmental standards, labor rights, and corporate governance. Investing in enhancing the capacity of regulatory institutions responsible for overseeing foreign investment, through personnel training, infrastructure enhancement, and the incorporation of advanced technologies for superior oversight, is essential.

### *3. Address Geopolitical and Security Concerns:*

Given Kazakhstan's strategic positioning and the influx of Chinese



investment, geopolitical ramifications, particularly concerning Russia and neighboring countries, are significant. Ensuring regional stability and security is paramount. Facilitating regional cooperation, including with Russia, to foster mutual benefits from Belt and Road initiatives is crucial. Establishing multilateral forums to address and resolve geopolitical issues and bolstering regional security measures is imperative. Diplomatic channels should be utilized to maintain a balance in relations with major powers, safeguarding Kazakhstan's sovereignty and strategic autonomy. Engaging in strategic dialogues with China to address security apprehensions and align investment projects with national interests is essential.

#### *4. Maximize Social and Environmental Benefits:*

Large-scale investment endeavors may engender considerable social and environmental impacts necessitating effective management for sustainable development. Aligning investment projects with the United Nations Sustainable Development Goals (SDGs) to promote social and environmental well-being is essential. Involving local communities in the planning and execution of investment ventures to ensure alignment with community needs and aspirations is crucial. Conducting social impact assessments and establishing grievance mechanisms to address adverse impacts on communities is imperative.

#### *5. Enhance Infrastructure and Capacities:*

Infrastructure enhancement is pivotal in Chinese investments, facilitating expanded connectivity and trade routes. However, meticulous planning and execution are essential to maximize benefits. Developing comprehensive infrastructure blueprints integrating transport, energy, and communication networks, aligned with national development strategies and regional connectivity goals, is vital. Establishing and implementing high-quality standards for infrastructure projects to ensure durability, efficiency, and environmental sustainability is recommended. Rigorous monitoring of project implementation to forestall cost escalations, delays, and substandard workmanship is essential.

To leverage the opportunities presented by Chinese investments and mitigate associated challenges, Kazakh policymakers and stakeholders must adopt strategic and multifaceted approaches. Key focal areas encompass economic diversification, legal and institutional reforms, regional cooperation, sustainable development, and infrastructure enhancement. Implementation of these recommendations can ensure that Chinese investments contribute to Kazakhstan's long-term national development goals and regional stability.

### **Conclusion**

Chinese investment activity in Kazakhstan is an important aspect of their interaction, as evidenced by a wide range of projects covering various sectors of the economy. This analysis reflects the gradual deepening of relations between the two countries, strengthening their interaction, and prospects for future cooperation.

First and foremost, it should be noted that the diversity of Chinese investment projects in Kazakhstan not only contributes to the economic growth of this country but also extends beyond its borders, influencing large-scale geopolitical strategies. China's «Belt and Road Initiative» plays a significant role in shaping new economic ties in the region and strengthening partnerships between the countries.

However, despite the potential and prospects, investments always entail risks. It is important for Chinese companies not only to understand and comply with local laws and regulations but also to interact with local structures and enterprises, taking into account their specific features, cultural aspects, and work practices. This will help mitigate risks and ensure more effective interaction between China and Kazakhstan within investment projects [19].

From the Kazakhstani government's perspective, active support for investors, including Chinese companies, is also required. Providing a favorable investment environment, protecting the rights and interests of investors, and offering conveniences for business development are important factors in attracting and retaining foreign investments.

In the long term, deepening economic

ties between China and Kazakhstan serves as an important catalyst for the growth of both economies. The continuation of China's investment projects in Kazakhstan will contribute not only to economic development but also to stimulating innovation, creating new jobs, and prospects for various industries.

In conclusion, the deepening

cooperation between China and Kazakhstan in the investment sphere represents an important platform for both countries, opening up numerous prospects and opportunities. The necessity of mutual respect, understanding, and consideration of each party's interests becomes a key element for sustainable and mutually beneficial cooperation in the future.

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#### ҚЫТАЙДЫҢ ҚАЗАҚСТАНДАҒЫ АҒЫМДАҒЫ ИНВЕСТИЦИЯЛЫҚ ЖОБАЛАРЫН БАҒАЛАУ: МҮМКІНДІКТЕРІ МЕН СЫН-ҚАТЕРЛЕРІ

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#### ОЦЕНКА ТЕКУЩИХ ИНВЕСТИЦИОННЫХ ПРОЕКТОВ КИТАЯ В КАЗАХСТАНЕ: ВОЗМОЖНОСТИ И ВЫЗОВЫ

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