

# GLOBAL VIEWS

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## Trade fulcrum

Seizing the new opportunities for cooperation and strengthening economic ties will help stabilize the Eurasian continent

Central Asia can achieve more significant and faster progress in its development through coordinated and productive work with its neighbors.

First of all, Asia is emerging as a formidable hub of innovation and technology, solidifying its position as the epicenter of global economic power in the modern world. With a population larger than that of the rest of the world combined, the region is a true powerhouse.

The GDP of Asian countries has increased rapidly in a short span of time. Over the past decade, several Asian states have managed to move into the category of middle- and even high-income countries. This remarkable trajectory reflects the ongoing processes of industrialization, urbanization, the steady rise in labor productivity and the robust expansion of the corporate sector.

Asia holds more than half of the world's patents. The lion's share of these patents can be attributed to a select few countries, chiefly China, Japan and Republic of Korea. China, in particular, has demonstrated astonishing growth in this regard over the past decade.

The COVID-19 pandemic has accelerated the development of the e-commerce sector. Asia accounted for 51.1 percent of the global online retail sales revenue by the end of 2022. Countries in the region are leading in developing and implementing digital technologies, including robotics and e-commerce.

Today, the region is the "production center" of the world. About two-thirds of the world's industrial robots are used in Asia. China alone accounts for about 30 percent of the manufacturing robot market.

Second, Central Asia can become the driving force of Eurasian logistics. The current geopolitical and geo-economic situation not only presents it with serious challenges but also opens up immense opportunities.

In this regard, Kazakhstan views the Middle Corridor as a vital tool for developing interconnected relationships between Asia, Europe and the Middle East, with the Belt and

Road Initiative being the primary driver for developing the Middle Corridor.

The Middle Corridor may soon become the powerhouse of Kazakhstan's transport and logistics industry. In a short period, the transit time from China to Europe has been reduced from 53 days to around 20 days, through the joint efforts of our countries. At the same time, the transit time through Kazakhstan has been halved — from 12 to six days. The aim is to reduce this to five days by the end of this year.

The volume of cargo transported through the Middle Corridor from January to June amounted to 1.3 million metric tons. That is 1.8 times more than during the same period of last year. It is expected that in the medium term, cargo transportation along the Middle Corridor will grow to 10 million tons per year.

Nonetheless, it is essential to remain vigilant and proactive. It is crucial that these corridors are transformed from mere transit routes into robust logistical and economic arteries. This transformation entails the creation of export-oriented joint ventures that target European and Middle Eastern markets.

Last year, Kazakhstan approved a corridor development road map with Georgia, Turkiye and Azerbai-

jan. It also established a joint logistics company with Azerbaijan, simplifying customs procedures. Joint logistics companies serve as the tool for corridor development, and they will expedite its progress.

Expectations are also high for the development of e-commerce. For instance, agricultural products

from Kazakhstan are in demand in the Chinese market.

Recent volatility in the global food market underscores the importance of collaboration in this industry. Kazakhstan is keen on both expanding and diversifying its agricultural exports to neighboring countries. In line with this vision,

President Kassym-Jomart Tokayev has proposed establishing a joint food hub with China, centered around the Khorgos International Trade Center.

Third, Kazakhstan and China play pivotal roles in maintaining regional stability. The cooperation between Kazakhstan and China, based on mutual respect for core interests, is crucial in ensuring regional stability.

One of the cornerstones of this cooperation is the shared commitment to non-interference in the internal affairs of sovereign states. Collaborative efforts within organizations such as the Shanghai Cooperation Organization and the Conference on Interaction and Confidence-Building Measures in Asia bolster trust among nations. They help shape a common agenda for preserving security and stability in our region.

Economic interdependence in trade, energy and infrastructure projects increasingly highlight the need to maintain a regional balance.

Joint projects between Central Asia and China represent investments in regional stability. China is the anchor economy of Asia. Expanding the BRI in the region will foster interdependence between Central Asia and China. Contributing to the development of transport and logistics

routes is the main direction that can give the necessary impetus for social and economic development.

China's experience in the industrial economy serves as an example for Kazakhstan as well. This year, Kazakhstan initiated a profound transformation of the country's economy, moving away from its dependency on natural resources, with the processing industry serving as the trendsetting link.

Domestic and foreign investors will be exempt from paying taxes and other mandatory payments for the first three years to support this industry. It is a significant step to attract companies ready to participate in developing an industrial economy in Kazakhstan.

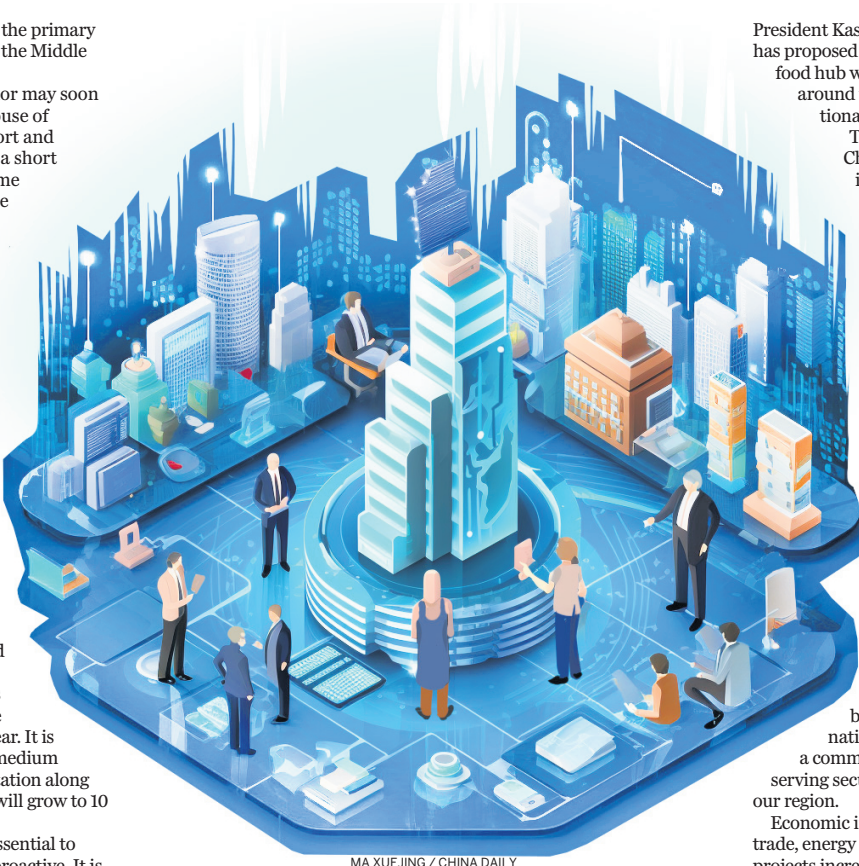
Considering the stocks of raw materials and other reserves essential for producing electric cars, mobile devices, household appliances, drones, robots and other equipment, Kazakhstan aspires to build a 21st-century industrial economy. Hence, it is also interested in collaborating in the IT and artificial intelligence sector.

China's automotive industry has demonstrated impressive growth, reflected in the increasing popularity of Chinese vehicles both globally and in Kazakhstan. A notable trend is the establishing of joint ventures to manufacture automotive parts in Kazakhstan.

The primary requisite for building a stable Eurasian continent is finding new vectors for cooperation, creating joint ventures and strengthening economic ties.

To this end, it would be advantageous to expand the interactions among the scientific and expert circles of China and the Central Asian countries to form a mutual understanding of the existing problems and develop the most effective solutions to them.

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## Long road ahead

After 10 years of China-LAC cooperation under the BRI, it is clear that there will be many future decades of promissory results and win-win scenarios

Since the Belt and Road Initiative was announced in 2013, its global presence has increased dramatically. As China's main cooperation instrument, particularly vis-a-vis developing countries and regions, the initiative has been able to enhance hundreds of policies and cooperation projects for countries, groups of countries and specific regions.

Under the heading of interconnectivity, the BRI has translated into thousands of infrastructure projects. These infrastructure projects have been critical in China's recent history since its reform and opening-up, specifically in its success in eradicating poverty.

The increasing global relevance of the initiative has been highly concerned by the United States and the European Union, among others. In several cases they have tried to reproduce the BRI's cooperation schemes, in other cases they have tried to undermine China's increasing global presence in the context of the "great power competition" highlighted by the Donald Trump administration and followed by US President Joe Biden since 2021. Asia, Africa and Latin America and the Caribbean have been the center of the BRI's attention.

After 10 years, the BRI has had profound effects in the LAC, which was formally acknowledged as being part of the BRI in the China-Community of Latin American and Caribbean States Forum in Santiago, Chile, in 2018. Since then, 21 LAC countries have adhered to the initiative.

From a quantitative perspective, the BRI has had a tremendous impact on LAC-China ties: LAC

countries' trade with China increased over 50 percent during 2013-21, while Chinese overseas foreign direct investments accounted on average annually for \$12.8 billion during 2013-22. China's employment generation in the LAC has been very significant. The existence of more than 40 Confucius Institutes in the LAC in 2023 reflects that China's presence in the region includes cooperation in culture, education, academics and technology, among many other items.

From a qualitative perspective, the China-LAC intensification of cooperation is particularly relevant for the LAC since it allows for new strategic cooperation with China, in addition to historical ties with other global partners such as the US and the EU. The China-CELAC Forum is significant for the LAC since it allows for deepening cooperation in infrastructure projects and dozens of cooperation fields that have been left aside by historical cooperation partners of the LAC: the Joint Plans of Action of CELAC since 2015 are particularly fruitful for the LAC since they allow for hundreds of cooperation programs with China. Several countries in the LAC have pursued strategic comprehensive partnership with China since 2013 and China has signed five free trade agreements with LAC countries — Costa Rica, Chile, Ecuador, Peru and Nicaragua. Each cooperation reflects wide and profound concrete cooperation possibilities with China, bilaterally and regionally.

The Chinese activities in the LAC since 2013 and through the BRI reflect China's openness in allowing for bilateral, regional,

and multilateral cooperation with countries there. In the last decade, China-LAC cooperation through the BRI has been growing in almost all imaginable fields, with important challenges.

As also highlighted by the Chinese leadership, a "high-quality BRI" requires monitoring, evaluation, and institutional modernization of LAC-China cooperation, which has become increasingly complex bilaterally and in light of the US-China confrontation. New diplomatic recognitions by LAC countries, such as by the Dominican Republic, El Salvador, Honduras, and Nicaragua, in the last decade have also enriched the LAC-China potential.

In the case of LAC-China cooperation since the BRI and in the last decade, the institutional setting requires particular rethinking and reforms; since 2013 the dynamics of regional cooperation reflect plenty of new public, private, and academic institutions participating in LAC-China exchanges. Historical fields of cooperation such as agriculture, science and technology, trade, overseas foreign direct investment, infrastructure projects, culture, and tourism, but also new

ones in telecommunications, the transfer of technology, renewable energy, think tanks, and on the environment, among many others, require learning processes and an improvement in quality.

Without doubt, the China-LAC cooperation under the BRI will

have many future decades of promissory results; high-quality institutions, monitoring and evaluations will be fundamental for such successful and win-win scenarios.

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