Solving of organizational and legal problems of Kazakh-Chinese trade-economic cooperation

China, along with Russia, is the largest trading partner of the Republic of Kazakhstan. Kazakhstan's trade and economic relations are based on a solid international legal framework of bilateral trade and economic treaties and agreements. Nevertheless, the parties are striving to further accelerate these relations, which could quickly bring more substantial dividends. In this regard, the parties, based on such interest, show interest in the problems that have arisen and are emerging in the process of Kazakh-Chinese bilateral trade, which need to be resolved at an accelerated pace. This article is largely devoted to the formulation of recommendations and proposals, the implementation of which will bring much more success in this important area of cooperation between Kazakhstan and China. In the light of the problems in the Red Sea and global trade shipping, including with regard to China, Kazakhstan proposes to use its territory and the territories of other countries to the maximum as a trade transit of goods from China to Europe. This will benefit China (saving time in the delivery of goods), Kazakhstan and other countries - transit dividends, European countries - prompt delivery of goods, affordable prices for these goods.

**Keywords:** trade and economic cooperation, transactions, trade and economic treaties and agreements, trade volumes, settlement currency, investments, cooperation, transport.

**Introduction**

Currently, China occupies a solid place in the volume of world trade. This is evident from the fact that this state is the largest trading partner of 120 countries of the world, including Kazakhstan. “In 2022, China's GDP amounted to 121.02 trillion yuan (about $18 trillion), and annual growth reached 3%. For comparison, the GDP of the United States of America in 2022 was $25.46 trillion and showed growth of only 2.1%. China's economy is the second largest in the world after the United States in terms of nominal GDP” [1]. From 2010 to the present, China has been the world's largest exporter of a variety of goods and services. By countering protectionism in the global economy and trade, China is expanding the circle of Belt and Road partners: it has “signed more than 200 documents on cooperation on joint construction of the Belt and Road with 151 countries and 32 international organizations” [2]. By supporting this Chinese project, Kazakhstan joined these states.

A number of scientific papers written by Ksye Tian, V. Dodonov, P. Allayarov have been written on the topic of trade and economic cooperation. The study of these works showed that the article by Xiye Tian and others [3] is devoted to the analysis of cooperation between Kazakhstan and China from the standpoint of economic theory, the article by V. Dodonov [4] reveals mainly Kazakh-Chinese energy relations from an economic standpoint, the article by P. Allayarov [5] examines Kazakh-Chinese relations in the light of an
analysis of the trade structure of both parties. These and other similar scientific works do not disclose bilateral trade and economic cooperation from the point of view of national law and international economic law. It is this circumstance that emphasizes the novelty and relevance of the topic of the article we have chosen.

The fact that at the beginning of 2023, Chinese representatives signed several dozen bilateral agreements on free trade zones indicates additional activity by China in conducting its trade policy in the international economic arena. Moreover, these agreements have regulated trade and economic relations with 26 countries of different continents, in particular, such as Europe, Africa, South America, Asia. It should be emphasized here that the aforementioned agreements covered approximately 35 percent of the total foreign trade volume of the People's Republic of China. The Republic of Kazakhstan has signed at least 152 treaties and agreements of a trade and economic nature with many countries of the world, among which Russia and China, which are the main trading partners of the Kazakh state, can be distinguished. Kazakhstan and China, as neighboring States, strive to establish mutually beneficial trade and economic relations between themselves through bilateral treaties and agreements in the form of instruments of international economic law.

**Methods and materials**

The materials for writing this article were collected in China and Kazakhstan, as well as in the framework of international trade and economic law. In the process of writing this article, the authors were guided by the methods of logical analysis, comparative legal analysis, as well as scientific forecasting.

**Results**

Kazakhstan and China have a more than 30-year history of diplomatic relations, which began on January 3, 1992. At the same time, it should be emphasized that the People's Republic of China (PRC) became one of the first countries to establish diplomatic relations with the Republic of Kazakhstan. The regulation of mutual relations and cooperation between Kazakhstan and China is based on more than 250 international legal documents in the form of intergovernmental and interdepartmental agreements.


If the volume of trade transactions and transactions between China and Kazakhstan at the beginning of the establishment of diplomatic relations (1992) amounted to 368 million dollars (hereinafter — US dollars), then at the beginning of 2023 it increased to 24.1 billion dollars. The calculation showed that over the past 30 years, bilateral trade has grown 60 times. Kazakhstan and China have become the largest trading partners in relation to each other.

During the 30-year period, China and Kazakhstan signed at least 30 agreements regulating their relations in the bilateral trade sphere. Bilateral trade between Kazakhstan and China is facilitated by 5 permanent border posts, 2 border railway lines, 5 oil and gas pipelines, as well as the center for international cross-border cooperation. In terms of the volume of foreign investments attracted to Kazakhstan, China ranks 4th...
among other investor states. Since 2005, the volume of China's investments in the economy of the Republic of Kazakhstan totaled more than $44 billion [7].

The value of the total volume of all investments in the economy of Kazakhstan in the second half of 2022 amounted to $13.4 billion, with a significant part falling on transport and warehousing, which is directly related to the implementation of mutual Kazakh-Chinese trade. V. Yu. Dodonov writes in relation to Kazakhstani investments, in particular: “In bilateral cooperation in the investment sphere, Kazakhstan is not limited to the role of only a recipient of Chinese investments, but also acts as an investor in the Chinese economy. As of 1.07.2021, the volume of accumulated investments of Kazakhstan in the People's Republic of China amounted to 4,324 million US dollars and this value corresponds to a third of the volume of accumulated investments of the People's Republic of China in Kazakhstan (12,918 million dollars). At the same time, for most of the history of bilateral economic cooperation, Kazakh investments in China have shown an upward trend” [8; 108].

It should be emphasized that by the end of 2022, exports and imports of both countries are well balanced. This is evident from the fact that the export of Chinese goods to Kazakhstan amounted to $13.1 billion, and the import of Kazakhstani goods to China reached $11 billion. The trade turnover between Kazakhstan and China amounted to 24.1 billion dollars by the end of 2022 [9].

Thanks to the above-mentioned bilateral agreements, the parties were able to lay a cross-border pipeline for the transportation of oil and gas. Kazakhstan has supplied more than 240 million tons of oil and more than 20 billion cubic meters of gas to China. The joint efforts of the parties led to the completion of the construction of the Chinese-Kazakh logistics base of cooperation in the port of Lianyungang, the Chinese-Kazakh international center for cross-border cooperation “Khorgos” and the special economic zone “Khorgos-Eastern Gate”, which provides real assistance to the further development of mutual trade and economic ties.

It should be noted that Kazakhstan exports the following types of goods to China: oil, natural gas, copper, ores, ferroalloys, wheat, oilseeds, meat, eggs, uranium. Kazakhstan has the ability to supply at least 135 types of industrial and agricultural goods to the Chinese market. In turn, China exports to Kazakhstan mainly machine-building equipment, electric generator sets, smartphones, road and construction equipment, cars, chemical industry products, technology brands of widely known Chinese companies Huawei and Xiaomi, which are very popular in the Republic of Kazakhstan.

Discussion

What should be done to ensure that trade and economic cooperation between Kazakhstan and China occupies a more solid place in the total volume of China’s world trade with all other countries of the planet?

First. Kazakhstan exports mainly raw materials to China. In this regard, the Government, ministries and departments of the Republic of Kazakhstan need to seriously think about how the relevant types of raw materials and raw materials would be processed in the country’s factories and plants so that the products of these plants could be supplied to world markets, including China, as competitive and high-quality goods. Thus, Kazakhstan could slowly but consistently develop as an industrial state, could gradually take its place among the developed countries of the planet. By the way, in the process of mutual trade and economic cooperation, Kazakhstan could study the experience of China, which relatively recently, being a backward country, managed to quickly become one of the world leaders of economically developed countries. This could be facilitated by foreign, including Chinese, investments made in 2022 in the development of the republic’s manufacturing industry in the amount of $2.75 billion.

Second. We need to strengthen our bilateral economic cooperation in the form of established and ongoing joint ventures. There are 3,000 Kazakh-Chinese joint ventures operating on the territory of Kazakhstan, including enterprises specializing in bilateral trade. And here it would be desirable to create an additional number of joint ventures that would specialize in the production of goods for various purposes. Kazakh entrepreneurs could set up similar joint ventures with their Chinese counterparts in Xinjiang and other provinces of the People's Republic of China. In this regard, Kazakhstani entrepreneurs could pay attention to the purchase of tomatoes of a special variety grown in Xinjiang and the production of tomato sauce from it. Tomato sauce can be exported to Kazakhstan. It can be successful among Kazakhstans, since Xinjiang supplies the same sauce to European countries on a large scale.

The third. The experience of Chinese small and medium-sized commercial entrepreneurs shows that not all Kazakhstani entrepreneurs of the same level conduct their trade operations with Chinese colleagues based on the requirements of Kazakh legislation and the norms of bilateral Kazakh-Chinese trade agreements. In
this regard, we would like to draw the attention of the Kazakh National Chamber of Entrepreneurs “Atameken”, as well as the Council for the Protection of the Rights of Entrepreneurs and Anti-Corruption established under it, to the need to protect the rights of not only domestic but also foreign, including Chinese, entrepreneurs.

Fourth. It should be assumed that China considers Kazakhstan as a market for the goods it produces and considers the territory of Kazakhstan as a transit area for the transportation of its goods for supplies to European countries. An example of this is the “Western China – Western Europe” highway built in Kazakhstan. This international trade and transit route could bring mutual benefits to both countries. The southern and western regions of Kazakhstan, as well as the southern regions of Russia, where some of the transported goods could arrive, could benefit from this route. In addition, legal entities and individuals of the Republic of Kazakhstan serving this route, as well as the state budget of Kazakhstan, which receives amounts as transit fees, could benefit. Currently, Kazakhstan has become an important link in rail freight container transit between China and Central Asian countries; between China and Iran; between China and European countries. In 2020, for example, 12.4 thousand flights with 20 million tons of cargo were made by freight trains on the China-Europe route. Kazakhstan's territory has become a transit area due to the fact that it is used by 7 automobile, 9 railway and 4 air corridors of international importance. Among them is the international automobile corridor “Western Europe – Western China” with a total length of 8,445 kilometers: there is a road of 2,787 kilometers on our territory.

Fifth. Kazakh-Chinese trade and economic cooperation could develop at a more accelerated pace if at least several research institutions were established in Kazakhstan, which, as a result of careful study of the trade and economic opportunities of both countries, could formulate reasonable legal, economic, organizational recommendations and proposals to improve mutual trade at all levels. First, it is necessary to adopt a law or a government decree on the need to create a research institute within the framework of the National Academy of Sciences of the Republic of Kazakhstan. Scientific and practical issues of trade between our countries could be dealt with by research universities represented by scientific departments and relevant law and economics faculties of L.N. Gumilyov Eurasian National University, Al-Farabi Kazakh National University. Specialists (lawyers and economists) could conduct a thorough transparent examination of trade, economic and other contracts concluded between the Kazakh and Chinese states, between enterprises and organizations of Kazakhstan and China. Such an approach will remove the wariness in the relations between the contracting parties and the peoples of our states. This proposal is based on the fact that in China, at least 10 research organizations are engaged in studying trade, economic and other problems of the Central Asian region, including Kazakhstan.

Sixth. The main idea of the “One Belt, One Road” project put forward by China is to recreate trade and economic routes between the states of the Asian region and the countries of Europe along the ancient directions of the Silk Road [10]. Today, this project is divided into several parts. One of them is in the region of Central Asian countries, including the Republic of Kazakhstan, which are strategic partners in relation to each other. The region has a fairly long common border with the western part of China, so the region and China are connected by numerous land routes: they contribute to the maintenance and strengthening of close trade and economic mutual relations. The entire region exports oil from Kazakhstan to China, gas from Turkmenistan, as well as other energy and natural resources. In turn, China fuels the economies of the countries of the region with solid investments, and also exports considerable volumes of various tangible goods to the region. Thus, the Central Asian region is tied on a contractual and legal basis in the “One Belt, One Road” trade and economic system, supporting trade and economic transit between China and Europe. Thus, the region becomes part of the recreated world Silk Road, providing assistance in the trade promotion of goods from China to the countries of Western and Eastern Europe.

Seventh. The heads of state bodies of Kazakhstan must defend the interests of not only Kazakhstani entrepreneurs, but also foreign businessmen, including Chinese ones. Foreign entrepreneurs, being in an environment that is alien to them, cannot always correctly navigate local laws and understand people. In this regard, they sometimes lose considerable amounts of money, or goods brought by them from their country for sale on the Kazakh market.

Eighth. As we indicated at the beginning of our article, China has signed free trade agreements with Cambodia, Mauritius, South Korea, Australia, Iceland, Switzerland, Peru; it has agreed and organized free trade zones in the Maldives, Costa Rica, Singapore, New Zealand, Chile, Georgia. Kazakh scientists (lawyers and economists) could carefully study the contents of the above-mentioned bilateral agreements between China and a number of states on free trade, as well as those free trade zones in which China partici-
The successful development of Kazakh-Chinese trade and economic cooperation depends on the sound organization of information work with the Kazakh population so that it is possible to enlist the broad support of the citizens of the republic. To begin with, it is necessary to constantly familiarize the Kazakh population with those activities that are being implemented bilaterally. On both sides, the organizers and executors of Kazakh-Chinese projects should ensure maximum openness and transparency, explaining to the population the positive socio-economic consequences that will result from the projects being implemented in the relevant localities, citing the number of jobs actually being introduced, talking about the provision of specific social and sponsorship assistance, and the amount of taxes that will be received by the republican and local budgets, explaining the essence of environmental policy, which will really lead to the purification of the human environment. Before signing trade and economic projects with China, it is necessary to conduct comprehensive legal, financial, social, environmental and other expertise, which should be carried out by independent experts, representatives of non-governmental organizations. If there is dissatisfaction on the part of certain citizens on specific aspects of Kazakh-Chinese trade and economic cooperation, it is necessary to promptly hold open discussions on the issues raised, in which competent government officials, deputies of various levels, representatives of non-governmental organizations should take part. It is necessary that Chinese companies operating in Kazakhstan, in turn, show more transparency in the issues of their job creation, inform about the taxes paid to the state budget with the involvement of the media.

It should be emphasized that a particularly promising area should be considered the cultivation of large-scale agricultural products for domestic consumption with sale at low prices and their export primarily to China. We say this because the annual volume of food consumed by the population of this country is gigantic, estimated at $1.5 trillion. Currently, China imports the food it consumes from Australia, New Zealand, and Latin American countries, regardless of its high cost, which is increasing due to the huge distances. With the growth of the population in the country, the number of consumers increases, besides, the increase in the standard of living in the country has led to the fact that the masses of the population switch to the consumption of environmentally friendly products.

Kazakhstan, in comparison with the above-mentioned states, is in a more advantageous position: firstly, it is not just a neighboring state, but a neighboring state with respect to China, whose territories are divided by a common border line 1,782 kilometers long. This means that relatively small transportation costs are imposed on food. Secondly, Kazakhstan is one of the few countries where environmentally friendly agricultural products are grown. It remains to eliminate the use of chemical additives in some berries and vegetables. For agricultural producers in Kazakhstan, there is a real chance to constantly saturate the Chinese market and have enormous benefits. Today, 600 Kazakhstani producers have permission to export agricultural goods to...
China in the form of wheat, beef, pork, fish, rapeseed, soy, honey, alfalfa, flour, corn. With 240,720 farms actually operating in Kazakhstan, the figure “600” means only 0.2 percent. This means that we really need to work on a sharp increase in farmers, farms exporting agricultural products from Kazakhstan to China and other foreign countries.

**Conclusion**

In order to export agricultural products to China in a larger volume and in a shorter time, especially perishable products, it seems advisable to build railway tracks along the territory of Kazakhstan of a narrower gauge (1435 mm) adopted in China: Kostanay, Petropavlovsk, Astana — the Kazakh-Chinese border; Kyzylorda, Shymkent, Taraz, Almaty — the Kazakh-Chinese border and back. This proposal is due to the fact that the transshipment of goods and cargo from a Kazakh train to a Chinese one due to the different railway gauge of our 2 countries at the border station takes 7 days. During this time, not only perishable products can rot. Such a project can be financed at the expense of the Kazakh side and Chinese investments invested in the economy of Kazakhstan on the basis of a new bilateral legal act — the Kazakh-Chinese agreement on the construction of railway tracks with a gauge of 1,435 mm. On the way back, these tracks and trains can be used to export agricultural and other products to Kazakhstan from Xinjiang and other provinces of China.

The leaders of Kazakhstan and China plan to increase the volume of Kazakh-Chinese trade to $40 billion in the future. We would like to hope that our recommendations on the development of mutual trade will significantly accelerate the achievement of this goal. In general, trade and economic cooperation between Kazakhstan and China is developing optimally. This is primarily facilitated by bilateral economic treaties and agreements between China and Kazakhstan. The general rules arising from international trade and economic conventions of a universal nature, to which both Kazakhstan and China are parties, also contribute to the accelerated development of trade and financial and economic ties between our countries. As is known, a knot of international contradictions has arisen in the Red Sea, which does not allow merchant ships of many countries, including China, to transport goods to Europe via the Red Sea through the Suez Canal, forcing shipowners to give commands to circumnavigate the whole of Africa, which significantly increases the prices of goods. In this regard, Kazakhstan and other countries could promptly offer China to transport all its goods to Europe through their railways and highways. This would be a profitable option, as a result of which China, Kazakhstan, and other transit countries would benefit (some Chinese goods would be purchased by them), as well as European countries (due to a significant reduction in the delivery time of goods and moderate prices for them).

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