

## **“Encouraging dialogue on the misunderstood and understudied” A roundtable on Kazakh perspectives on Chinese investment, supported by the Hollings Center for International Dialogue**

by [John Edward Conway](#)

*Between 2000 and 2010 trade between China and Central Asia increased 30-fold. In contemporary Central Asia Chinese loans finance budget deficits and Chinese firms work on infrastructure projects. However despite increased Chinese investment in Central Asia there is still widespread misunderstanding and mistrust towards China amongst the local population.*

[The Hollings Center for International Dialogue](#) is a refreshing departure from the typical Washington, DC based institute: it keeps a very low profile and regularly accomplishes exactly what it has set out to do (surprise!). The Center’s mission is to encourage dialogue between the United States and Muslim populations across the world, and it does so by organizing small, private roundtables focused on a specific topical theme and held in the transit- and (critically) visa-friendly city of Istanbul. The words shared among the participants are non-attributable, and by breaking out of the Beltway (or Damascus or Cairo or Almaty or Tashkent or Kabul...) the dialogue tends to be particularly open and self-effacing. Whether it is the ground rules set out by the Hollings Center staff, or maybe their skill in putting together a diverse selection of invitees, or maybe just the fact that a small roundtable on the edge of the Bosphorus with good food and coffee is not a bad way to spend a couple of days, in my limited (but cherished) experience, a Hollings Center roundtable inculcates a sense of honesty and modesty among the participants that most international panels or conferences fail to capture.

Almost a year ago to the day, I found myself in Istanbul for a Hollings Center roundtable titled, [“Foreign Policy and Competing Mediation in the Middle East and Central Asia.”](#) a rather vague name for a conference that turned to be focused on contextualizing the Arab revolutions within the concept of independence – that is to say, how the people in these Middle Eastern and North African states were dealing with an apparently newfound freedom, and how the post-Soviet experience of independence in the Central Asian states may serve as both a guide and a warning. It was also an opportunity to put names to faces – among the other individuals attending as Central Asian specialists, both Nargis Kassenova and Alexander Cooley had been invited. Cooley’s new book, [Great Games, Local Rules: The New Great Power Contest in Central Asia](#), had just recently been released, and Kassenova is of course a widely respected Kazakh professor who heads the [Central Asian Studies Center at KIMEP University](#) in Almaty. If ever one was to build a social network of researchers in Central Asia and run a few social network analysis algorithms against it, I am quite confident Kassenova would emerge as *the* hub.

**“Anecdotally, the Central Asian states have always seemed to view neighboring China with a wary eye”**

Admittedly, one of the themes drawn out of the July regional dialogue was an absence of “good answers” on our part when asked about Central Asian perspectives on Chinese influence, an area of high interest to Middle Eastern specialists interested in the rapidly expanding influence of China in the Middle East (Marlene Laruelle and Sébastien Peyrouse’s excellent [The Chinese Question in Central Asia: Domestic Order, Social Change, and the Chinese Factor](#)). Anecdotally, the Central Asian states have always seemed to view neighboring China with a wary eye, and while at times sentiment toward the Chinese has seemed irrational, since the collapse of the Soviet Union, Chinese economic expansion into the region has no doubt been swift

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In Kazakhstan, the relationship is of particular interest given the country’s similarities to many Middle Eastern states as a leading oil and gas producer – with significant exports to China – but equally as a consumer of Chinese goods. But while turnover between the two countries jumped from USD 4.5 billion in 2004 to USD 25 billion by 2011, the Kazakh-Chinese relationship continues to be largely unexamined or worse, misunderstood. As Konstantin Syroezhkin, the chief researcher at the state-run Kazakhstan Institute for Strategic Studies, [has aptly noted](#), evaluating the relationship between China and Kazakhstan “is not only complicated by the numerous myths surrounding this topic, but also by the unavailability of some of the information, the reason for which is not entirely clear. And it is this ‘secrecy’ that often gives rise to the myths about Kazakh-Chinese relations, as well as the phobias about China itself.”

In the spirit of further exploring this clearly under-examined relationship, the Hollings Center supported enthusiastically the idea to follow-up on the open-ended questions on Chinese influence that came out of the July 2012 dialogue by awarding Cooley, Kassenova and I a small grant to explore this issue in-depth in a roundtable setting at KIMEP University in Almaty in February 2013. Titled, “Kazakh Perspectives on Chinese Investment,” the roundtable gathered together a diverse selection of researchers and practitioners focused specifically on Kazakh-Chinese relations: Sabr Yessimbekov, the current president of the Kazakhstan Chamber of Commerce who held key positions within Samruk-Kazyna and KazTransOil and regularly works with Chinese investors in the country; Dr. Yelena Sadovskaya, an expert on Chinese migration into Kazakhstan who recently completed in-depth field research and survey work on the issue; Dr. Zhanibek Saurbek, a Kazakh lawyer and former administrator on several pipeline projects connecting Kazakhstan with China, and finally Dr. Alexandros Petersen, an expert on Chinese energy interests in Kazakhstan, the host of the blog “[China in Central Asia](#),” and a regularly consulted advisor on energy security in the region. The roundtable was also complemented by the participating audience members, from journalists to NGO officers, local think tank experts to foreign government officials, Fulbright scholars and of course KIMEP undergraduate and graduate students.



Alexander Cooley and Sabr Yessimbekov discuss energy relations between China and Kazakhstan Credit: [hollingscenter.org/](http://hollingscenter.org/) Photo by Maxim Tyan

While an interview on the roundtable can be found [here](#), along with the soon-to-be-posted after-action report which includes the roundtable's main findings (in English, Russian and Mandarin), there were a couple of takeaways that are more anecdotal in nature (and thus less explored in the formal report) that I found personally valuable as an individual focused on political risk management strategies for foreign companies operating in the region.

The first is an observation shared by those participants with first-hand access to Kazakh-Chinese business negotiations: that the Chinese are meticulous negotiators and that the process itself is very lengthy – a “marathon,” as one individual described the situation. Apparently the negotiators are keen to ensure that each and every permissible step for the Chinese operator is clearly detailed within the contract, and then once the contract is signed, it is followed to the word. To put it another way (and perhaps more controversially) these Chinese negotiators and their operators appear to believe very strongly (according to this narrow and highly anecdotal example) in the rule of law. This, I would argue, goes against popularly held opinion within both the US and Kazakhstan on Chinese foreign investment and may be evidence of greater symmetry between Chinese state run companies and other multinationals operating in the country; reconciling these competing opinions is clearly an area of research to be further explored.

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The second thread to come out of the roundtable that is particularly interesting to the political risk analyst is the observation that Chinese companies tend to settle any and all politically and/or socially grounded tensions and/or disputes at the local level of Kazakh government (i.e. the oblast), rarely traveling to Astana to lodge a complaint with the respective ministry. This was rightly presented in contrast to the typical New York-, Toronto- or London-listed multinational that often over-emphasizes a “top-down” approach to conflict resolution. In this sense, I get the feeling that Chinese operators in the country, at least from the perspective of Astana, may lend themselves more toward an “out of sight, out of mind” operating strategy, again a concept ripe for further academic enquiry.

As is often the case, in the end the roundtable at KIMEP created more questions than it resolved, but then that is the beauty of the Hollings Center's dialogue-focused mission: the Center does not presuppose nor maintain the hubris in the belief that a small, one-day private conference in Almaty can wrap up and tie bow around as complex an issue as Kazakh-Chinese relations. What the Center does recognize, however, is that we get no closer to understanding the situation by recycling the same old talking points, but rather (and perhaps, not unlike the apparent Chinese negotiating process), the road to understanding is not a sprint but rather a marathon. Our small roundtable may have just been one distance marker along that path, but forward progress is forward progress, and in this sense the roundtable was an appreciated success.

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