Collaboration on the "New Silk Road" project has led to rapid and large-scale development in relations between China and Kazakhstan. The two countries are integrating their economies and transport systems as well as their financial infrastructure at a fast rate.

It is well known that for many years China and the Republic of Kazakhstan (RK) have been actively developing cooperation in many areas. The main aspect of their cooperation is a global infrastructure project called the "New Silk Road" (NSR). Kazakhstan's participation in the NSR has led to a significant increase in its trade with China and has brought Kazakhstan a considerable amount of financial investment from China.

And so the Sino-Kazakh program of industrialization and investment has begun, under which China will move part of its production capacity to Kazakhstan. Now this program includes 51 joint projects in chemical industry, mechanical engineering, information technology, light industry, oil refining and other sectors. China intends to invest about $28 billion and the interaction of financial structures of both countries plays an important role in China-Kazakh cooperation.

Even back in 2004, Kazakhstan and China created a committee on cooperation, with a subcommittee for financial cooperation, development of cooperation between banks and other financial institutions and the creation of legislative framework necessary for Sino-Kazakh financial cooperation. Since then, meetings of the
subcommittees have taken place almost every year and have been attended by representatives of state and commercial banks and other financial institutions of both countries.

In 2014, after the ninth meeting of the subcommittee, trades began of "Chinese yuan/Kazakh tenge" on the Kazakhstan stock exchange and on the regional market of China’s interbank foreign exchange center. In the same year, China and Kazakhstan signed a number of agreements to expand the use of national currencies, including yuan/tenge currency swap agreement.

In 2015, the National Bank of Kazakhstan signed a memorandum of understanding with the China Securities Regulatory Commission.

Now subsidiary banks of two Chinese banks, the “Bank of China” and the "Industrial and Commercial Bank of China" are operating in Kazakhstan.

China intends to open another financial institution in Kazakhstan, the subsidiary of one of its biggest and oldest banks, the China Construction Bank (CCB), branches of which operate in the UK, Germany, Russia, Singapore, USA, Japan and other countries.

In December 2017 in Beijing, this question was discussed at a meeting between the Ambassador of Kazakhstan in China Shakhrat Nuryshev and CCB’s Chairman of the Board Tian Guoli. The discussion of such issues at such a high level demonstrates the seriousness of both parties. Tian Guoli stressed the importance of Kazakhstan for the NSR and expressed the CCB’s readiness to invest in the Kazakh economy. The CCB’s main activity is construction, and as a result many specialists associate its arrival in Kazakhstan with hopes for the start of mass construction of high quality residential areas, and the reduction of housing costs and mortgage payments, which is an important issue for contemporary Kazakhstan.

Kazakh financial institutions are also developing relations with China. At the beginning of 2018 the International Finance Centre "Astana" (IFCA) will begin working. Its founders hope that the IFCA will become a leading center of financial services at an international level. It is reported that IFCA will operate according to the principles of English law, and that an independent court of IFCA, separate from the Kazakh judicial system, will operate on its territory. The IFCA will develop the financial market, new financial technologies, and Islamic Finance.

It is expected that the IFCA will be a key element in the formation of a new Kazakh financial infrastructure and a major financial hub for the whole of Central Asia, as well as the Middle East, countries of the EAEU, the EU and China. The stock exchange of the IFCA should become one of the main parts of financial infrastructure, through which the securities market in Kazakhstan will receive the incentive to develop and integrate with international capital markets.

At the end of November 2017, a delegation from Kazakhstan held a presentation on the IFCA at the Shanghai Stock Exchange (SSE), one of the main stock exchanges in Asia and the largest trading platform in mainland China.

In December 2017 the "Kazakhstan Global Investment Roundtable“ forum was hosted in Astana, during which Kazakh Prime Minister Bakytzhan Sagintayev met with the Executive Vice President of the SSE Liu Sotanghon as they discussed plans for the development of the Kazakhstan stock market and further cooperation between the IFCA and SSE. Both parties noted the great importance of IFCA for the NSR project. As mentioned above, one of the items in the task list of the IFCA is working with so called Islamic Finance. This could make the Kazakhstan an important mediator of China in the advancement of the NSR and OBOR projects in the Middle East and North Africa.

It can be concluded that the Republic of Kazakhstan is on the threshold of great change. Cooperation with China leads to rapid changes in the economy, industry, energy, the financial sector and socio-economic development. It is very likely that the results of this cooperation will be visible in the coming years.

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