

REGIONAL ECONOMY

XINJIANG DEVELOPMENT STRATEGY AND SOCIO-ECONOMIC DEVELOPMENT OF ITS BORDER AREAS

Daniyar MADIYEV

*Ph.D. Student, the Al-Farabi Kazakh National University
(Almaty, Kazakhstan)*

Nabidzhan MUKHAMETKHANULY

*D.Sc. (Hist.), Professor, the Al-Farabi Kazakh National University
(Almaty, Kazakhstan)*

Oshan ZHANYMKHAN

*Ph.D. (Hist.), Assistant Professor, the Al-Farabi Kazakh National University
(Almaty, Kazakhstan)*

Kaliolla ARDAK

*Senior Lecturer, the Al-Farabi Kazakh National University
(Almaty, Kazakhstan)*

ABSTRACT

In 1949, the Communist Party of China formulated and launched the strategy of political, economic and social changes for the Xinjiang Autonomous Region as part of the People's Republic of China. Since that time the Xinjiang Uyghur Autonomous Region has completely depended on the CPC's policy in China and its strategy in the region.

Throughout the 1950s-1970s, its traditional social structure underwent certain changes to adjust to the planned socialist economy. In the 1980s-1990s, when China moved away from planned to market economy, the social and economic situation in the region improved considerably.

In the first decades of the 21st century, it acquired a new lease on life in the form of the Great Western Development Strategy carried out by the CPC. It embraced 19 cities and provinces across the country and radically changed the situation in Xinjiang for the better, partly owing to financial, technical and human assistance extended by developed cities and provinces on a permanent basis. These concerted efforts improved the region's social and economic

context. Today, infrastructure, communication and transportation systems are developing on a high-tech basis.

The social and economic situation in the region's border areas, especially in those bordering on Kazakhstan, has been considerably improved. Trade and economic ties are developing with the Central Asian countries, Russia and the West. The development of the cities in the border regions (i.e., Khorgos) and creation of free trade hubs play an important role in China's trade and economic communications and the safety of its borders.

In fact, Kazakhstan can learn a lot from China's experience of realizing its strategy of intensified development of Xinjiang's border area to use it in its own border regions.

KEYWORDS: *Xinjiang development, border regions, socio-economic development, infrastructure, transborder trade between China and Kazakhstan.*

Introduction

Xinjiang and the strategy of its intensified development formulated in 2000 and prompted by its slow social and economic progress, geographic location and ethnic composition are an inalienable part of China's long-term socio-economic strategy realized in the rest of the country, which ensures, to a great extent, the region's geopolitical, geo-economic and social stability.

Xinjiang, situated in the north-west of China, occupies one-sixth of its total area and connects China with Central Asian, Middle Eastern countries and Europe, a total of eight states with a 5,600-km span of land border.

Rich in oil, natural gas and coal, it supplies 40% of the coal mined in China.

Its 47 nationalities make it one of the multi-national regions: Twenty-two millions of Uyghurs constitute 46% of the total population; Han-Chinese—40%, other nationalities account for the remaining 14%.

In 1949, socialist changes and social reforms realized by the new state, People's Republic of China, and its Communist Party gave Xinjiang a fresh start.

Xinjiang's geographic location and ethnic distinctions prompted a policy of national regional autonomy, which brought significant positive results: socially oriented economy was developing; the standard of living of the local population was rising; the socio-economic situation improved along with education and health services. This, however, was not enough to improve the ethnic relations, and in-depth studies were necessary.

So far, Xinjiang has gone through three stages of social development. The 1949-1978 period was the time of socialist changes and planned economy; the period between 1978 and 2000 saw social

reforms, the policy of open doors and development of market economy; starting in 2000, the region has been intensively developing under the state Great Western Development Strategy.

The ongoing strategic policy in Xinjiang gave the region a new lease on life; the border regions, transborder trade and economy are developing especially well. We have posed ourselves with the task to present the course of the border regions' social and economic development, which is realized under the state strategy, and assess the results.

It is hardly possible to cover all border regions of Xinjiang (the length of its border being 5,600 km) in one article. Thus, we have chosen the socio-economic and infrastructural development of the regions bordering on Kazakhstan. The policy Beijing is implementing in the border areas is of practical importance to Kazakhstan, since the development of social infrastructure in the border regions promotes interstate relations.

Much has already been written in Kazakhstan, China and other countries on the issues related, first and foremost, to Western China and Xinjiang's intensive development. The following authors and their works deserve special mention.

Kazakhstani scholars K. Syroezhkin,¹ N. Mukhametkhanuly,² Sh.M. Nadyrov,³ R.Iu. Izimov⁴ and K.K. Kenesbekova⁵ paid particular attention to the strategic programs realized in Xinjiang, the state of relationships between Kazakhstan and China and transborder cooperation between them.

In his work *Open Border and Studies of the Development of the Open-Doors Economy of the Border National Regions of Xinjiang* Chinese scholar Si Zhengjia (司正家) offered a profound analysis of Xinjiang's socio-economic development.⁶

Russian researchers A.V. Bondarenko,⁷ E.S. Bazhenova,⁸ Iu.V. Frolova and others study political and economic reforms in Xinjiang that have improved its infrastructure, the demographic situation and the region's relations with the Central Asian countries.

Stanley Toops⁹ and Altay Atli,¹⁰ whose works appeared in English, paid a lot of attention to important problems of the region's development after 1949, such as demographic changes and the impact of the New Silk Road program on its economy. In addition, this subject was covered in the

¹ See: K. Syroezhkin, "Kazakhstan-Kitay: torgovo-ekonomicheskie otnoshenia," *Kazakhstan i mirovye soobshchestvo*, No. 1 (2), 1995, pp. 62-67.

² See: H. Mұқаметханұлы, "Дипломатиялық қатынастар және қытайтану мәселелері," *Тарих тағлымы*, Алматы, 2010, 204 pp. (N. Mukhametkhanuly, *Diplomatic Relationships and Problems of Oriental Studies*, Tarikh taglymy, Almaty, 2010, 204 pp.).

³ See: Sh.M. Nadyrov, "Xinjiang Uigursky avtonomny rayon v dinamike ekonomicheskikh i politicheskikh otnosheniy RK i KNR," *Kazakhstan-Spekt*, No. 1, 2006, available at [<http://www.kisi.kz/ru/categories/geopolitika-i-mezhdunarodnye-otnosheniya/posts/sin-czyan-uygurskiy-avtonomnyy-rayon-v-dinamike-ekonomi>], March 2006.

⁴ See: R.Iu. Izimov, "Torgovo-ekonomicheskie aspekty sotrudnichestva Kazakhstana i SUAR KNR," available at [http://cc-sauran.kz/rubriki/ekonomika/41-kazakhstan_china.html], 26 March, 2013.

⁵ See: K. Kenesbekova, "Vzaimootnoshenia Respubliki Kazakhstan s Kitaem na primere SUAR," *KazNU Bulletin Oriental Series*, No. 2 (59), 2012.

⁶ See: Si Zhengjia, "Open Border and Studies of the Development of the Open-Doors Economy of the Border National Regions of Xinjiang" (司正家 沿边开放和新疆边境民族地区开放型经济发展研究..中国经济出版社), 2011, 436 pp.

⁷ See: A.V. Bondarenko, *Problemy i perspektivy razvitiya Xinjiang-Uigurskogo avtonomnogo rayona KNR v nachale XXI veka*, PhD thesis, Moscow, 2007, available at [<http://www.ifes-ras.ru/old/aspirant/Bondarenko-avtoref.pdf>], December 2007.

⁸ See: E.S. Bazhenova, "Xinjiang i novye gorizonty Velikogo Shelkovogo puti," *Prostranstvennaia ekonomika*, No. 2, 2011, pp. 137-145.

⁹ See: S. Toops, "Demographics and Development in Xinjiang after 1949," *East-West Center Washington Working Papers*, No. 1, available at [<https://www.eastwestcenter.org/publications/demographics-and-development-xinjiang-after-1949>], May 2004.

¹⁰ See: A. Atli, "Role of Xinjiang Uyghur Autonomous Region in Economic Security of China—Analysis," available at [<http://www.eurasiareview.com/03012016-role-of-xinjiang-uyghur-autonomous-region-in-economic-security-of-china-analysis/>], 3 October, 2016.

joint work by Chinese scholars Shan Wei and Weng Cuifen,¹¹ as well as in Susan W.K. Wong-Tworek's book,¹² both being published in English.

All authors mentioned above paid a lot of attention to the development strategy of Western China in general and Xinjiang in particular without concentrating on the development of social economy of the border areas. We have posed ourselves with the task to study the external ties and development of the border districts Ili, Tacheng and Altay as part of the Ili Kazakh Autonomous Region and the border areas of the Bortala Mongol Autonomous Prefecture within the Xinjiang Uyghur Autonomous Region.

We have relied, among other things, on important documents and information: decisions of the C.C. C.P.C., the government of China, the party committee and the government of Xinjiang, Nianjian¹³ annual statistical publications and reports of local executive structures on the realization of state programs.

New Xinjiang: Development Stages

Development began in the first years of the People's Republic of China. The Communist Party of China was building up a socialist political and economic structure and was gradually realizing the program of the socialist system development in social economy. The first stage ended in 1978.

On 1 October, 1949, the People's Republic of China presented its first political program as part of its Common Program (总纲) adopted by the Chinese People's Political Consultative Conference in September of the same year. The program that was in fact a Constitution of the newly established state stated in Art 9 "All nationalities in the People's Republic of China shall have equal rights and duties" and Art 51 "Regional autonomy shall be exercised in areas where national minorities are concentrated and various kinds of autonomy organizations of the different nationalities shall be set up." This provided the legal foundation of the Communist Party's nationalities policy.

The agrarian socialist reform reached the land-tilling and cattle-breeding regions of Xinjiang in September 1952. The abolition of the ancient system of land ownership in villages allowed the state to distribute landed plots among peasants.

During the second stage, cattle-breeding in the mountainous areas of Xinjiang and steppe pastures was fostered.¹⁴

In 1953, the C.C. C.P.C. published the first five-year plan; Xinjiang got its share of planned economy.

In that period the region's infrastructure received a lot of attention: a railway between Lanzhou and Ürümqi was built, highways, likewise, were not forgotten: in 1957, the total length of highways in the region was 12,039 km. Civil aviation connected the cities inside the region and the neighboring Soviet republics.

In 1958, the C.C. C.P.C. passed the Decision on People's Commune in Villages as part of the Great Leap Forward campaign that immeasurably complicated the economic status of the entire population.

¹¹ See: Shan Wei, Weng Cuifen, "China's New Policy in Xinjiang and its Challenges," *East Asian Policy*, Vol. 2, Issue 3, 2010, p. 61, available at [http://www.eai.nus.edu.sg/Vol2No3_ShanWei&WengCuifen.pdf].

¹² See: Susan W.K. Wong-Tworek, "China's Economic Development Plan in Xinjiang and How it Affects Ethnic Instability," available at [<https://www.smashwords.com/books/view/686217>], 29 November, 2016.

¹³ See: *Collection of Annual Statistical Data of Xinjiang* (新疆统计年鉴).

¹⁴ See: *Xinjiang History of the New Period* (当代新疆简史编撰委员会: 当代新疆简史. --北京: 当代中国出版社), 2003, 406 pp.

In March 1961, the C.C. C.P.C. published the Rules for the Village People's Commune that allowed the commune members to own small landed plots, keep cattle and poultry that saved them from the worst consequences of famine.

In January 1962, the C.C. C.P.C. went even further with the Greater Support of the Agrarian Sector and Development of Agriculture program that somewhat improved the everyday life of the common people by 1963. In 1964-1965, the country was plunged into the Socialist Education Movement and, later, into the Cultural Revolution (1966-1976) and the resultant crisis was felt especially deeply in Xinjiang.¹⁵

The Xinjiang Production and Construction Corps (新疆生产建设兵团) played a special role in the region's security and socio-economic development. This half-military, half-manufacturing structure was set up on 7 October, 1954 on the basis of the Chinese People's Liberation Army and the Armed Forces of the Kuomintang to preserve socio-political stability and ensure security of the border region; develop virgin lands and expand production. They were stationed in the steppe areas along the border. The Corps' General Staff in Ürümqi is independent of the local structures and takes orders from the federal center. Today, the over two-million Corps consists of 14 divisions, 174 economic structures, 4,391 production and construction, transport and commercial units and plays a definite role in the scientific-research structures, in education, culture, health protection, sport, finance, insurance and legal structures.¹⁶

The Production and Construction Corps controls 2109 km of the Xinjiang border; six out of its 14 divisions are stationed in the strategically important points at the Xinjiang northwestern border: the 10th division in the Altai Prefecture, the 7th, 8th and 9th divisions in the Tacheng Prefecture, in Karamay and the Ili Prefecture. Several 5th division units are stationed along the border with the Alakol District of Kazakhstan; the 4th division is stationed in the Ili Prefecture, while its staff operates from the settlement of Kokdala at the border with the Almaty Region of Kazakhstan. The 11th division is entrusted with the infrastructure projects realized in the border area.¹⁷

The second stage of Xinjiang's development lasted from 1979 to 1999. The decisions of the Third Plenary Session of the 11th C.C. C.P.C. held in December 1978 set off a period of reforms and development in China, which raised the development process in the autonomous region at a higher level.

The reforms launched by Deng Xiaoping, which began in the agricultural sector and spread to trade, industry and all spheres of social life, were intended to move the country away from planned to market economy. The highly successful experience of free economic zones of the southeastern seashore regions was repeated in the center and the west.

In September 1982, the 12th Congress of the C.P.C. passed the Regional Development Strategy that served as the basis of the Development Strategy of Xinjiang realized by the region's party and state structures. From that time on, the local leaders have been concentrating at attracting foreign and state investments to industrialization projects and building up regional infrastructure.¹⁸

The first free economic zone was established in Ürümqi in 1994, following the patterns tested in the country's south. Later, the region acquired several free economic zones.

¹⁵ See: Н. Мұқаметханұлы, *XX ғасырдағы Қытайдың тарихи үрдісіндегі қазақтардың әлеуметтік дамуы: Оқу құралы*, Алматы: Қазақ университеті, 2006. 168 с. (N. Mukhametkhanuly, *Social Development of Kazakhs in the 20th Century. History of China*, Textbook, Kazakh University, Almaty, 2006).

¹⁶ See: R.Iu. Izimov, "Voenizirovannye struktury Kitaia—kto kontroliruet granitsy SUAR: Vostochnoe biuro IA REGNUM," 2014, available at [<https://regnum.ru/news/1807314.html>], 28 May, 2014.

¹⁷ See: *History of the Xinjiang Production and Construction Corps (新疆生产建设兵团简史/岳廷俊*. --乌鲁木齐: 新疆大学出版社, 2007, 327 pp.

¹⁸ See: "Statistical Communiqué of the Xinjiang Uygur Autonomous Region Statistical Bureau on 1995 Economic and Social Development," *Xinjiang Daily*, 27 January, 1996, p. 2.

According to statistical data, between 1955 and 2000 the region received huge financial assistance from the Central Government of China and in the form of foreign and internal investments.¹⁹

By the end of the 20th century, huge internal and foreign investments raised the level of the region's social and economic development.

Further Social and Economic Development

In the 21st century, Xinjiang has been developing within the Open Up the West state development program, adopted to bring the level of socio-economic development of the country's west to the level of the country's southeast. Selected as the program's priority Xinjiang entered the third phase of its development.

Speaking at the Second Session of the 9th National People's Congress held in 1999 in Beijing, Chairman Jiang Zemin said that the C.C. C.P.C. had outlined the program of accelerated development of the country's central and western areas. It entailed a more active financial policy and a clearer understanding of the country's requirements as the main drivers of economic development, "This is an excellent strategic idea for our development."²⁰ The State Planning Commission of China began elaborating a clear plan of the development of its western part.

In June 1999, Xi'an hosted a large conference attended by the leaders of five prefectures and autonomous regions of Western China. Jiang Zemin, who was also present, talked about the great importance of economic, cultural, political, military and social development of the country's west. He called on the conference to accelerate the process which he described as a task of historic importance and giant dimensions. "For several decades or even over the course of the 21st century we will work hard to turn the western regions into a zone of developed economy, harmonious society and friendly ecology."²¹

In 2000, the government of Xinjiang set up an Intensive Development Commission for Xinjiang that specified long-term aims and perspectives. The highly complex structure consisted of three stages to be realized in the first half of the 21st century. The first stage was completed in 2010 with the Autonomous Region's GDP rising by over 10%.²²

Today, the region, assisted by developed regions, cities and industrial enterprises in all parts of China, is working on the second stage (2011-2030).

Until 2010, the Central Government helped Xinjiang with money and qualified specialists; today it extends financial, technological and labor resources. All provinces and cities involved in the process realize pilot projects in health protection, education, housing, agriculture, and information technologies. Over the last three years they have invested 24.8 billion CNY; realized 2,378 projects, 75% of them designed to raise the standards of living.²³

Everything that the 12th five-year plan (2011-2015) defined as the targets, namely, raising the per capita GDP to China's average, bringing the development levels of Xinjiang's south and north closer together, increasing the incomes of the urban and countryside population and improving infrastructure, have been fulfilled. A prospering society is supposed to be built by the year 2020.

¹⁹ See: "Vsemernaia pomoshch gosudarstva v razvitii Xingjiang," 22 September, 2003, available at [<http://uz.chineseembassy.org/rus/sgxx/sgsd/t130478.htm>].

²⁰ Quoted from: N. Mukhametkhanuly, *Diplomatic Relationships...*

²¹ Ibidem.

²² See: *Istoria i razvitie Xinjiang (White Book)*, Ch. X, Pomoshch gosudarstva v razvitii Xingjiang, 22 September, 2003.

²³ See: Iu.V. Frolova, "Ekonomicheskaiia politika KNR v Xinjiang-Uigurskom Avtonomnom Rayone v kontekste Interesov Stran Tsentralnoy Azii," *Problemy natsionalnoy strategii*, No. 4 (25), 2014, pp. 65-85.

Thanks to the vast investments, the region's economy demonstrated fast growth in some respects: in 2012, its GDP was \$120 billion, or 12% higher than in 2011. Its foreign trade turnover rose by 11% to \$25 billion.²⁴

In 2013, the official site of the government of Xinjiang published the results achieved in the previous year in economy, social sphere and its plans for the near future.

By 2030, the Chinese government plans to bring the level of Xinjiang's economic development to that of the country's southeast. On the other hand, it intends to turn the region into a transport hub that will connect China with Central Asia, Europe and the Persian Gulf.

Xinjiang maintains trade and economic ties with 167 countries and regions. In 2009, the total volume of its foreign trade was \$13.8 billion, 6.8 times more than in 1999; an average annual growth of 22.8% (transborder international trade reached 54.5% of the total volume of foreign trade).²⁵ The living standards improved; the level of social security of the people living in the countryside rose as high as 99.7%.

The transport infrastructure, an instrument of the region's economic development, receives a lot of attention. Air communications have been improved, highways and railways have been built to turn the region into a Central Asian transportation and logistics hub.

Highways are especially important: 12 express roads will be built and 8 regional roads reconstructed. In September 2012, an express road between Guazhou County (Gansu Province) and the city of Xingxingxia was commissioned. It is part of the national highway that connected Lianyungang, a port in the Jiangsu Province in the east with Khorgos, the town on the northwestern border of Xinjiang. The road runs from the east to the west across the Jiangsu, Anhui, Henan, Gansu and Shaanxi provinces. This is the only road that connects Xinjiang with the rest of the country.

In 2011-2015, the state poured 120-140 billion CNY (\$19-22 billion) into road construction and reconstruction in Xinjiang. The total length of highways in the region will be increased by one-third to reach 175,000 km by the end of the 12th five-year plan. By 2020, the western region will acquire a network of highways.²⁶

According to Shokhrat Zakir, who heads the region's government, in 2017 the GDP of the Autonomous Region was 1.09 trillion CNY (\$171 billion); the net per capita profit was growing at the same rate; average per capita income of the urban and village population was 30,775 CNY and 11,045 CNY (an increase by 10.1% and 9.9%), respectively; per capita GDP in the region's capital was 77,958 CNY (\$11,549).²⁷

Today, the Chinese government is working hard to make Xinjiang the trade, economic, transit and logistics hub of the country's West, to raise the region's economic development level to that of China's southwest by 2030. According to Chinese experts, the state has enough money and can attract foreign investments to achieve this aim.

Intensive Development of Xinjiang and Socio-Economic Development of the Border Region

Xinjiang is developing under the strategic Open Up the West Program. Direct trade and economic contacts with foreign countries will improve the state of its social economy. The relationships

²⁴ See: S. Toops, op. cit.

²⁵ See: N. Mukhametkhanuly, *Diplomatic Relationships...*

²⁶ See: Iu.V. Frolova, op. cit.

²⁷ See: "Za 10 let po chasti ekonomiki Xinjiang dognal i peregnal Kazakhstan," available at [<https://zonakz.net/2018/11/01/za-10-let-po-chasti-ekonomiki-sinczyan-dognal-i-peregnal-kazaxstan/>], 1 November, 2018.

with the Central Asian countries, Kazakhstan, Russia and the European Union across the northwestern border will increase Xinjiang's international weight and accelerate its economic growth, an important factor of political and social stability in the border region. High-tech infrastructure will positively affect the economies of region's border area and the rest of its territory.

The northwestern border region of the PRC includes the territories of the Ili Kazakh and Bortala Mongol Autonomous Prefectures that border on Kazakhstan, Russia and Mongolia and serve as transit territories for highways of international importance that connect China and the West.

Today, the PRC is realizing the second stage of the Open Up the West Program (2011-2030): new industrial capacities, social facilities and infrastructural transit networks are being commissioned. For example, the Karamay oil field in the Tacheng Prefecture supplies half of crude oil extracted in Xinjiang; petrochemical products are sold in China and in the neighboring countries' markets. The aluminum plant in the Ili Prefecture produces 10,000 tons of aluminum every year. Several big industrial projects are under construction: coal mines, food and textile industry. In 2016, the industrial enterprises of the Ili Kazakh Autonomous Prefecture produced 156,230 million CNY worth of products, 11.4% more than in the previous five years.

Tourism, likewise, is highly beneficial for the region's social climate and economy; in the last few years the quality of services has improved, while the free economic zones along the border—the Silk Route of antiquity, mountaineering, visiting ancient cities, hunting, acquaintance with traditions of the local peoples, and ecotourism—became tourist attractions.

The number of self-employed among the local population has increased; tourism stirred up domestic and foreign trade, catering and transport services improved, an interest in folk art stimulated the production of consumer goods and traditional arts and crafts, which added vigor to local economy.

Encouraged by infrastructure projects, social economy is moving ahead. Since the 2000s, China has been investing about 8-10% of its GDP in infrastructure. Billions of yuans have been poured into highways and railways, airports, hydro-technical and energy facilities functioning in the autonomous region. Under the 12th five-year plan China has been developing the region's transportation system to improve its transit potential. In 2006-2010, the basic assets of the region's transport and communication received 67.2 billion CNY, which is 12.0 billion more than planned. In 2010, the total volume of investments in the communication and transport sector was 24.8 billion CNY, 9.8 billion CNY more than planned. This money was used to build 1,965 km of express roads, 3,223 km of highways and 8,000 km of roads in the countryside. In the same period, 47.6 billion CNY (or 11.2 times more than in the previous five-year period) were invested in railway construction. The region acquired the Jinghe-Yining-Khorgos and Kuytun-Beitun railways in the northwestern border area, as well as several strategically important railways in other parts of Xinjiang. In 2010, the already functioning railway was extended by 1,068 km to the total span of 4,093 km.²⁸ This will contribute to the consolidation of international contacts and the rise of region's economic indices to a higher level.

The Ürümqi-Jinghe stretch, commissioned in 2009 as part of the 381.5-km Dostyk-Alashankou route, increased the volume of freight transportation to and from Central Asia. Since 2010, the volume of freight railway transportation from XUAR has increased by 7%.

In 2018, the high-speed Ürümqi-Khorgos railway, known in China as the Basis of the New Silk Road revived by China and the “the railway that is strategically important for each of the neighboring countries,” was commissioned.²⁹

The government of China considers the border zones of economic cooperation an instrument of their accelerated social development and economic growth. Today, 3 out of 14 zones are situated

²⁸ See: Iu.V. Frolova, op. cit.

²⁹ *Statistical Communiqué of the Xinjiang Uygur Autonomous Region Statistical Bureau...* p. 2.

along the northern border of Xinjiang: Yining (Ghulja), Tacheng (Chuguchak) and Bole (Bortala Mongol Autonomous Prefecture) set up in 1992. In 2010, the Central Economic Work Conference of the Chinese government, which discussed the future of the border cities Kashgar and Khorgos, confirmed their status as special economic development zones.

The 2011 document entitled Plans the State Council of the PRC on Setting up Economic Development Zones in Kashgar and Khorgos pointed out that the logistic potential of Xinjiang could be used to tune up transborder trade with Central, South and West Asian countries as well as to upgrade the region's economic potential.³⁰

The state invested over 5 billion CNY into the construction of infrastructure and basic assets of the economic cooperation zones; 330 enterprises of different types were registered, three of them boasted the production capacity of over 100 million CNY and 15—the production capacity of over 10 million CNY. All of them intend to sell their products inside and outside the country.³¹ This means that social infrastructure and the economic production system are developing according to contemporary demands. Kazakhstan should follow the same pattern when developing its border regions.

Trade and Economic Relations at the Border

The dynamically developing trade and economic relations with the West and stronger security of Xinjiang's border areas rest on their upgraded social infrastructure.

Xinjiang's geographic location perfectly suits trade and economic cooperation with foreign countries. This means that foreign trade is closely connected with transborder trade; in recent years half of XUAR foreign trade has been ensured by transborder trade.

On the whole, the trade and economic relations between China and Kazakhstan and the Central Asian countries across the Xinjiang's border began in the 1980s. On 23 November, 1990, the governments of the Kazakh S.S.R. and China signed an agreement on economic, scientific, technical and cultural cooperation. The Parties agreed to promote cooperation in trade, transportation, communication, power production, agriculture and tourism.³²

In 1991, when Kazakhstan became an independent state, trade between the two countries rose to a new level; since that time the volume of trade has been steadily increasing.

In 1992, it reached the figure of \$432 million; the share of Chinese exports to Kazakhstan equal to \$205 million, or 43.7% of Kazakhstan's total imports. China imported from Kazakhstan products for a total amount of \$227 million, or about 16.3% of Kazakhstan's total exports.³³

In February 1992, the then Prime Minister of Kazakhstan Sergei Tereshchenko visited China to promote bilateral trade and economic relations. He signed several documents, including an agreement on border crossings Khorgos (Kazakhstan)-Khorgos (China), Dostyk (Kazakhstan)-Alashankou (China), Bakhty (Kazakhstan)-Bakhty (Politu, China), which acquired an international status.

³⁰ See: "Mezhdunarodny tsentr Khorgos prizvan rasshirit torgovye svyazi mezhdu stranami ShOS, 8 November, 2011, available at [<http://www.infoshos.ru/ru/?idn=9036>].

³¹ See: "Zona gosudarstvennogo prigranichnogo ekonomicheskogo sotrudnichestva Inin," available at [<http://russian.cri.cn/881/2010/01/06/1s320771.htm>], 6 January, 2010.

³² See: K. Syroezhkin, op. cit.

³³ See: Hou Tongdi, Ji Xueyan, "Studies of Transborder Trade of Xinjiang," *Economics and Culture of the Border Region* (侯同娣、李雪艳. 新疆边境贸易研究. 边疆经济与文化), No. 9, 2005.

The Agreement between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China on Border Crossings signed on 10 August, 1992 invigorated trans-border trade between the two countries.

In the first half of 1993, their trade turnover reached \$116 million; Kazakhstan's exports to China comprised \$84 million of the total amount, or 12.1% of Kazakhstan's exports.³⁴

In October of the same year, the then president Nursultan Nazarbayev visited the People's Republic of China. The sides signed the Joint Declaration on the Principles of Friendly Relations between the Republic of Kazakhstan and the People's Republic of China that stated in particular that the Parties would develop comprehensive relationships and cooperation between enterprises and encourage all forms of economic cooperation.³⁵

In 1994, the volume of trade between Kazakhstan and China reached \$218.7 million: China's import amounted to \$148.9 million and export to \$69.8 million. In 1995, the trade volume increased to \$328 million.³⁶

In 1998, the trade turnover between the two countries was \$560 million; in 2001, \$1,570,000 million. The trade between Kazakhstan and Xinjiang accounted for half of this amount.

In 1991-2000, the volume of trade between Xinjiang and five Central Asian countries amounted to \$6,892,500 million; 70% of the total amount covered by transborder trade between Xinjiang and Kazakhstan, Kyrgyzstan and Tajikistan.³⁷

According to statistics, transborder trade between Kazakhstan and China was dynamically developing between 2000 and 2006; at that time the volume of transborder trade between Kazakhstan and Xinjiang accounted for over 50% of Xinjiang's total volume of foreign trade.³⁸

Between 2000 and 2008, the figures were even higher: in 2007 the trade turnover between Kazakhstan and Xinjiang was \$9.2 billion; in 2008—\$12.24 billion.³⁹

The financial crisis of 2008 had considerably reduced the volume of trade between the two countries; however, two years later it achieved positive values. In 2011, the trade volume topped \$10 billion for the first time in the history of bilateral trade; the total value of import-export was \$10,597,000. This made China an important trade and export partner of Kazakhstan.

Several newly opened border crossings invigorated the transborder trade. Today Xinjiang's border is dotted with 15 border crossings, five of them at the border with Kazakhstan. They are Dostyk-Alashankou, Khorgos, Bakhty, Maikapchagai-Jeminay, Qaljat (Kalzhat)-Dulata Port in the Almaty Region. Khorgos, the biggest and most important of the border crossings is in the Huocheng district of the Ili Kazakh Autonomous Prefecture.

It was reopened on 16 November, 1983 with the permission of the State Council of China. In 1992, it acquired the status of an international transit point with an annual capacity of 3 million passengers and 2 million tons of freight. This is a window that opens into Central Asia and Europe.

The Bakhty border crossing in the Tacheng (Chuguchak) district of the Ili Kazakh Prefecture is one of the most important check points that connect Xinjiang with the Central Asian countries and Europe. It was officially opened as a border crossing for third countries in November 1992 with the annual capacity of 200,000 tons of freight and 100,000 passengers.⁴⁰

³⁴ See: Hou Tongdi, Ji Xueyan, op. cit.

³⁵ See: K.K. Tokaev, *Preodolenie. Diplomaticheskie ocherki*, OAO "SAK"—NP PIK «CAUHAR», Almaty, 2003, 656 pp.

³⁶ See: Hou Tongdi, Ji Xueyan, op. cit.

³⁷ See: "O razvitii prigranichnoy trgovli v Xinjiange," available at [<http://russian.china.org.cn/russian/153393.htm>].

³⁸ See: "Interview of Ambassador Extraordinary and Plenipotentiary of the Republic of Kazakhstan Zh. Karibzhanov to correspondent of the *Rinmin Ribao* newspaper," available at [<http://internetwebsystem.com/program/kzembassy>], 24 October, 2003 (in Russian).

³⁹ See: E.S. Bazhenova, op. cit.

⁴⁰ See: "Sukhoputny (avtodorozhny) KPP 'Bakhty,'" available at [<http://russian.china.org.cn/russian/153475.htm>].

The Jeminay (Zaysan) border crossing in the Altay Prefecture of Xinjiang is opposite to the Maikapchagai border crossing in the East Kazakhstan Region. Its annual capacity is 100,000 tons of freight and 50,000 passengers.⁴¹

In 1999, the Dostyk-Alashankou international border crossing handled 3.68 million tons of freight; in 2000, 4.7 million; in 2011, over 16 million. During the first 8 months of 2017, it handled 6,700,000 tons of freight.⁴²

On the whole the international check point Dostyk-Alashankou handles over 110 million tons of freight.⁴³

Border crossings play an important role in Xinjiang's international trade and economic relations. The Khorgos International Center for Transborder Cooperation was set up according to the Agreement on Regulating Activities of the ICTC Khorgos signed by Chairman Hu Jintao during his visit to Kazakhstan on 4-5 June, 2005. According to this agreement, the Kazakh part of the border crossing is 120 hectares; the Chinese—343 hectares. Its main functions are:

- Promotion of industrial innovations in both countries;
- Activating the region's economy by attracting investments and improving the investment sector;
- Economic integration and development of the export-oriented branches of Kazakhstan;
- Introduction of the system of international standards for foreign trade operations;
- Development of transport-logistic, import, export and terminal services of transit freight turnover;
- Development of international tourism, including tourism infrastructure, transport and communication along the Great Silk Road;
- Creation of new jobs for local specialists and upgrading their qualification.

ICTC Khorgos began functioning in 2012; today it houses branches of the Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of Communication, etc.

According to information supplied by the Khorgos border crossing, in the first 10 months of 2017, 4,654,000 passed through customs to visit ICTC Khorgos; the number of tourists rose by 10% against the similar period of the previous year. Its daily trade turnover is over 5 million CNY; the main customers arrive from China and Central Asian countries.

On the whole, trade between China and Kazakhstan and their economic relations are steadily developing: in 2016, their trade turnover amounted to \$7.9 billion, in 2017 it rose by 32.6% to reach the figure of \$10.5 billion.⁴⁴

Development of ICTC, social infrastructure in the border regions and border crossings play a great role in developing trade with China.

⁴¹ See: "Sukhoputny (avtodorozhny) KPP 'Zimunay,'" available at [<http://russian.china.org.cn/russian/153467.htm>].

⁴² See: "Ob'em gruzoperevozok cherez perekhody Dostyk i Altynkol," available at [<https://ru.sputniknews.kz/economy/20170926/3340677/obem-gruzoperevozok-cherez-perekhody-dostyk-i-altynkol-prevysit-10-mln-tonn.html>], 26 September, 2017.

⁴³ See: A.D. Mustapaeva, N.D. Rsymbetova, "Optimizatsia logisticheskikh aspektov transportno-logisticheskogo tsentra Dostyk kak transportno-logisticheskoy sistemy v tsepi postavok gruzov v napravlenii Almaty-Dostyk," available at [<https://www.kazatk.kz/material/nauka/practica1/337-340.pdf>], 2017.

⁴⁴ See: "Otnosheniya Kazakhstana i Kitaia vykhodiat na novy uroven," available at [<https://kapital.kz/economic/69671/otnosheniya-kazakhstana-i-kitaya-vyhodyat-na-novyy-uroven.html>], 5 June, 2018.

Conclusion

In 1949, when the Chinese People's Republic was established, Xinjiang's social development moved into a new historical epoch. Since that time, it lived through three major stages of social and economic development.

- In the first stage (1949-1978), the region lived through socialist changes and planned economy; the region's traditional social structure was changed beyond recognition. Developing agriculture, cattle breeding and industries changed the social status of the border regions.
- In the second stage (1978-2000), China entered the stage of comprehensive reforms that added dynamics to Xinjiang's social economy; its social infrastructure was improved, market economy was generally improved along with foreign trade.
- The third stage, which began in 2000, is still going on; Xinjiang's intensive development relied on the Open Up the West Program, where 19 cities and prefectures of China are actively engaged with their money, know-how, human resources and machines. The border zone acquired its latest infrastructure with all the required international features.

Xinjiang's political, economic and strategic status was thus upgraded since China relied on it to widen its foreign economic ties and foreign trade.

Dynamic development improved the standards of living in the borderline areas and made the borders safer. Transborder trade, economic and cultural exchanges with Kazakhstan are underway.

On the whole, Xinjiang's development, social and economic development of its border areas in the first place, its high-tech infrastructure is of huge political and economic importance for the entire country and for the region's strategic security. China's strategy and practical experience tested in its border regions can be emulated in the border regions of Kazakhstan.