

# Kyrgyzstan and the Belt and Road Initiative: Recent Development

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## ACRONYMS

AiIB	Asian Infrastructure Investment Bank
BCP	Border crossing point
BHPP	Bishkek Heat and Power Plant
BRI	Belt and Road Initiative
CNY	Chinese yuan
EAEU	Eurasian Economic Union
FDI	Foreign direct investments
GDP	Gross domestic product
KGS	Kyrgyz som
MoF	Ministry of Finance of the Kyrgyz Republic
PRC	People’s Republic of China
UN	United Nations
USD	United States dollar
VAT	Value added tax

## 1. Introduction

This paper provides an update to the paper (Mogilevskii, 2019) which looked at the economic interactions between the People’s Republic of China (PRC) and the Kyrgyz Republic (Kyrgyzstan) in the framework of the Belt and Road Initiative (BRI). The interactions are interpreted broadly and included in the analysis whether they are formally labelled ‘BRI-related’ or not.<sup>1</sup> The update covers developments over the period 2018-2022.

Previous analysis identified the following key types of interactions in the BRI framework: (i) Chinese participation in large infrastructure projects in Kyrgyzstan, (ii) different forms of PRC’s development assistance beyond infrastructure projects, (iii) trade between two countries, and (iv) debt of the government of Kyrgyzstan to the government of China. Respectively, this paper is structured around the same topics.

During the period under consideration the economic relations of two countries were affected by multiple exogenous non-economic shocks including COVID-19 pandemic, political instability accompanied by a frequent change of governments in Kyrgyzstan and episodes of social unrest in Kyrgyzstan.

## 2. Chinese aid to Kyrgyzstan

### 2.1. Public infrastructure projects

In 2008-2017 many large infrastructure projects were initiated in Kyrgyzstan financially supported by the loans and grants of the PRC’s government and implemented by Chinese companies. These projects concentrated on construction, modernization and rehabilitation of automobile roads, electricity generation facilities, transmission lines and substations and urban development.<sup>2</sup> In 2018-2022 works on these projects had been continued, and some projects were completed, e.g., a hospital in Osh, the second large city in Kyrgyzstan (2018). Some other projects are still under development including the largest one – the alternative automobile road North-South connecting the Issyk-Kul Lake area with the Ferghana valley. Implementation of these projects has been delayed by the COVID-19 pandemic which did not allow Chinese technical personnel to stay in Kyrgyzstan; without this personnel the road construction works were not possible.

Two very large projects planned for a long period of time have not been launched yet. The railway China-Kyrgyzstan-Uzbekistan is still being discussed. It is planned to be a segment of China-Central Asia-West Asia Economic Corridor leading from Xinjiang, China to Arab peninsula.<sup>3</sup> As before, the disputed points include the financing modality, the route and the gauge width.<sup>4</sup> This railway is included into all development programs of the government of Kyrgyzstan, and all three involved governments have

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<sup>1</sup> According to the available information, no project in Kyrgyzstan has been explicitly positioned under the BRI umbrella.

<sup>2</sup> The list of main infrastructure projects initiated during that period could be found in Table 5.1 at (Mogilevskii, 2019).

<sup>3</sup> [http://english.scio.gov.cn/beltandroad/2020-08/04/content\\_76345602.htm](http://english.scio.gov.cn/beltandroad/2020-08/04/content_76345602.htm) (last visited 26 June 2022).

<sup>4</sup> The project is very costly (up to USD5 billion or more than 50% of Kyrgyzstan’s GDP), so the Kyrgyz government would not like to have it financed through a sovereign loan suggesting some other forms of financing (e.g. a concession) instead. The government of China prefers the railway going through the shortest possible route while the government of Kyrgyzstan would like to have it crossing the territory of the country closer to major deposits of minerals thus facilitating their future development. Similarly, the Chinese side suggests using its railway gauge width of 1435 mm while Kyrgyzstan prefers to have it at the Soviet/Russian standard of 1520 mm. The latter width may simplify the eventual integration of the railway under discussion into the railway network of Kyrgyzstan. In practical sense, this is a discussion on where the gauge-changing station is going to be located: on the Chinese-Kyrgyz border, somewhere inside Kyrgyzstan or on the Kyrgyz-Uzbek border (the railways in Uzbekistan also have the gauge of 1520 mm).

reiterated their interest in having this project implemented. The discussions on the project have been elevated to the top political level of these countries.

Another project awaiting its implementation is the gas pipeline Kyrgyzstan-China that is part of the line D to supply natural gas from Turkmenistan to China. The construction works in Kyrgyzstan have not started yet due to the pandemic as well as, per the Kyrgyz government documents,<sup>5</sup> the delays in development of new natural gas deposits in Turkmenistan and construction delays in Tajikistan (the country from which the pipeline should enter the territory of Kyrgyzstan) and some slowdown of the economy of China making its demand for additional natural gas less pressing. Another concern related to the pipeline is its vulnerability to possible terrorist attacks. This required introduction of additional provisions into the legislation of Kyrgyzstan allowing for Chinese participation in guaranteeing the pipeline's security.

The only new project broadly related to the BRI agenda launched recently is the loan provided by the Asian Infrastructure Investment Bank<sup>6</sup> (AIIB) jointly with the International Development Association (part of the World Bank) named *Emergency Support for Private and Financial Sector Project (under the Covid-19 Crisis Recovery Facility)*. It provides the government of Kyrgyzstan with USD75 million in loan finance (USD50 million from AIIB and USD25 million from the World Bank) accompanied by the World Bank's grant of USD25 million. The AIIB loan is provided for 32 years with 5 years grace period and the AIIB's standard interest rate for sovereign-backed loans<sup>7</sup> minus one percentage point. The loan is to provide concessional funding for micro-, small and medium enterprises in Kyrgyzstan adversely affected by the COVID-19 pandemic.

## 2.2. Other aid

While the infrastructure projects are very important and constitute the largest part of the Chinese aid to Kyrgyzstan from the financing point of view, there are other forms of Chinese aid. Perhaps most important, China provided Kyrgyzstan an abundant supply of Sinopharm vaccine against the Corona virus free of charge during the COVID-19 pandemic before any other vaccine was available in the country. 74% of all people vaccinated in Kyrgyzstan were treated by this vaccine.<sup>8</sup>

Other bilateral cooperation areas are diverse. Currently implemented and planned cooperation programs<sup>9</sup> in Kyrgyzstan include:

- Establishing an agricultural technopark, a feasibility study is to be conducted for 0.95 million of Chinese yuan (CNY);<sup>10</sup>

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<sup>5</sup> The Decree of the Government of the Kyrgyz Republic No. 530 dated 12 November 2018.

<sup>6</sup> While the AIIB is an international institution, it is perceived in Kyrgyzstan as a PRC-led entity. For example, the draft Programme of the medium- and long-term development of intergovernmental trade and economic cooperation between PRC and the Kyrgyz Republic till 2030 (see below) identifies potential cooperation with the AIIB as a part of the bilateral relations agenda.

<sup>7</sup> 6-Month LIBOR + 1.5% (<https://aiib-live-sgp.mcon-group.com/en/treasury/common/download/AIIB-Sovereign-backed-Financing-FactSheet-01262022.pdf>, last accessed 15 June 2022).

<sup>8</sup> Source: Ministry of Health of the Kyrgyz Republic (<https://vc.emed.gov.kg/Home/DashboardMain>, last visited 15 June 2022).

<sup>9</sup> Some of these programmes have been costed, others are just initial ideas without much detail. The implementation status of these initiatives may vary; most of them seem to be intentions rather than signed agreements. Source: decrees and dispositions of the Government of the Kyrgyz Republic.

<sup>10</sup> For reference, as of June 2022, CNY/USD and KGS/USD exchange rates were 6.7 and 80, respectively.

- Supply of military and police equipment for CNY50 million in 2022 only;
- Works on conservation and restoration of archeological monuments (CNY100 million);
- Establishing a zone free of the foot and mouth disease;
- 2 sets of equipment for mobile hospitals;
- Implementation of a video surveillance system for road safety;
- Several framework agreements for various types of assistance with total costs of CNY1,500 million;
- A program on rural water supply and sanitation with a feasibility study (CNY0.7 million);
- Protocols on sanitary and phytosanitary (SPS) requirements to the Kyrgyz export products such as honey, dairy products, wheat flour, soya beans similar to the protocols already signed in 2017 for fresh cherries and melons;
- Sharing of information collected by the Chinese meteorological satellites Fengyun-3E;
- Establishing the research and training center for quarantine of plants (grant of KGS1.4 million);
- Full tuition for 10-15 Kyrgyz students a year to study at different universities in China;
- Mutual translation and publication of national classical literary works;
- Assistance of Qingdao city in urban development of the city of Bishkek; and
- Cooperation in such areas as labor and social protection, health, radio and TV broadcasting, human resource development (training programmes for civil servants), supreme audit agencies' activities, harmonization of standards, prevention of emergencies and supply of equipment for firefighting and rescue service, cultural exchanges, statistics etc.

For those programs which are costed, the total amount included into the draft agreements is equal to CHY1,652 million (some USD250 million) for an unidentified period of time. This number should be treated with caution – it is a maximum amount under consideration, only some part of this amount may eventually be disbursed.

The general vision of the Kyrgyz Government of the key directions and forms of bilateral relations is summarized in the draft Program of the medium- and long-term development of intergovernmental trade and economic cooperation till 2030 proposed in 2022.<sup>11</sup> It refers to the BRI as a framework for development cooperation. The program identifies the following priority directions of cooperation:

- trade (reduction of non-tariff barriers, e-commerce etc.),
- agriculture (exports to China and transit via China to third countries, technological exchanges, research),
- investments (openness, protection of investments),
- finance (integration of payment systems, use of national currencies in trade and other transactions, expanded use of the PRC-led financial institutions and other resources),
- transport and logistics (development of multimodal shipments along the automobile roads China-Kyrgyzstan-Uzbekistan, development of air transport, construction of information highways),
- hi-tech (big data, low carbon technologies, startup development),
- prevention of economic crimes (fighting smuggling, tax evasion, money laundering, cyber-crimes),

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<sup>11</sup> In the past, the PRC and Kyrgyz governments had two similar programmes: one for 2004-2014 and another for 2015-2025.

- health (access to training on the Chinese traditional health care, preventing spread of infection diseases), and
- tourism (introduction of new tourism products), cooperation at sub-national level and in international organizations.

The environment and climate change are not mentioned in the text as potential areas of cooperation. As of June 2022, the reaction of the PRC's Government on this draft Program is not known.

The bilateral cooperation between two governments had been clouded by the terrorist attack on the PRC embassy in Bishkek undertaken by an Islamite group in August 2016. The embassy had to switch to an enhanced security mode with adverse implications for the intergovernmental cooperation effectiveness. One of the consequences of this change was introduction of a significantly more cumbersome and slow process of entry visa issuance for the Kyrgyz citizens wanting to travel to China for study, business and tourism. Later in 2019 (see Section 4), China had also closed its General Consulate in Kyrgyzstan's second large city of Osh.

### **3. Trade between Kyrgyzstan and China**

Traditionally the trade between Kyrgyzstan and China is highly asymmetric: Kyrgyz exports to China (USD50-100 million per annum) are modest relative to the size and proximity of the trade partner, while imports from China to Kyrgyzstan are very large. Another well-known feature is the gap in mirror statistics on the imports: Kyrgyz data on Chinese imports are 3-5 times smaller than respective Chinese data on the same flows, i.e., the Chinese exports to Kyrgyzstan (Figure 1). The Kyrgyz exports to China mostly consist of metal concentrates (gold and, later, copper), leather and livestock hides/skins and some other items. Light industry products (garments, footwear, textiles etc.) constitute 70-80% of total imports from China to Kyrgyzstan. These products are partially consumed or processed in Kyrgyzstan, but for the most part these goods are re-exported to Russia, Kazakhstan and some other countries of the region. These re-exports are usually informal and poorly covered in the Kyrgyz import statistics; this is the main source of statistical discrepancies noted above. Another major item of imports is machinery and equipment (up to 15% of total imports from China, based on Chinese data). Other imported items include chemicals, foods etc.

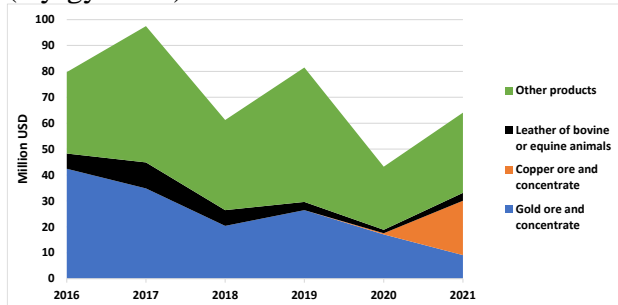
The COVID-19 pandemic produced a major blow to Kyrgyz-Chinese trade. In the beginning of 2020, the PRC Government closed all its border crossing points (BCPs) including two major BCPs on the Chinese-Kyrgyz border—Torugart and Irkeshtam—which are the main gateways for the bilateral trade. Irkeshtam BCP is also widely used for transit of Chinese goods to Uzbekistan. As a result, in 2020 the trade turnover between China and Kyrgyzstan fell by more than 50% compared to 2019. This spilled over to the Kyrgyz government's budget revenue as taxation of imports is one of the key revenue sources; e.g., the collections of VAT on imports from non-EAEU countries (including from China) in 2020 fell by 45% in comparison to 2019. The shortage of many consumer goods usually imported from China was one of the reasons behind the inflation hike in Kyrgyzstan in 2021: the 12-month inflation rate went up from 4.1% in February 2020 just before the pandemic started in Kyrgyzstan to 14.6% in July 2021 at the pandemic's peak.

The BCPs were gradually re-opening later in 2020 and in 2021. The return of the BCPs' work to normal supported the recovery in the bilateral trade. According to the Kyrgyz data, the 2021 trade turnover was

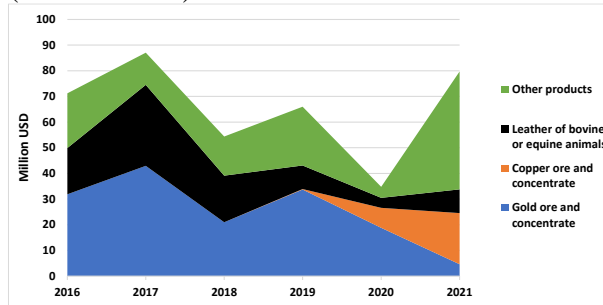
at 84% of its 2019 value; by Chinese data, the 2021 turnover exceeded 2019 value by 18% and was the second large in the entire history of the Chinese-Kyrgyz trade (next to the 2008 record value).

Figure 1. Trade between Kyrgyzstan and China

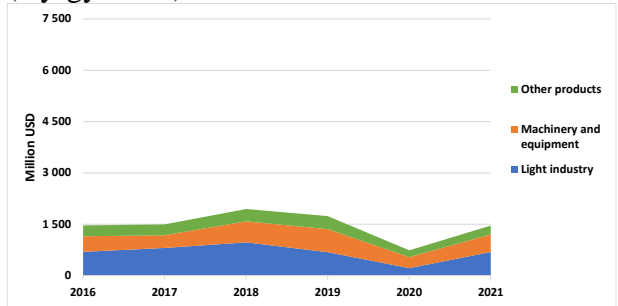
a) Exports from Kyrgyzstan to China (Kyrgyz data)



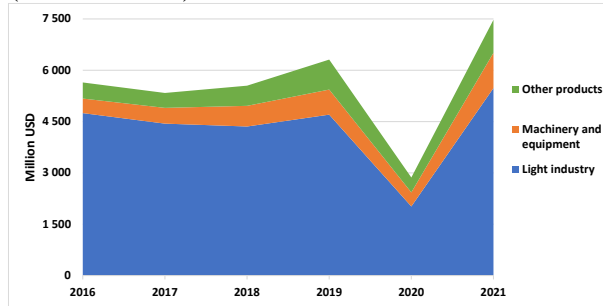
b) Exports from Kyrgyzstan to China (Chinese data)



c) Imports to Kyrgyzstan from China (Kyrgyz data)



d) Imports to Kyrgyzstan from China (Chinese data)

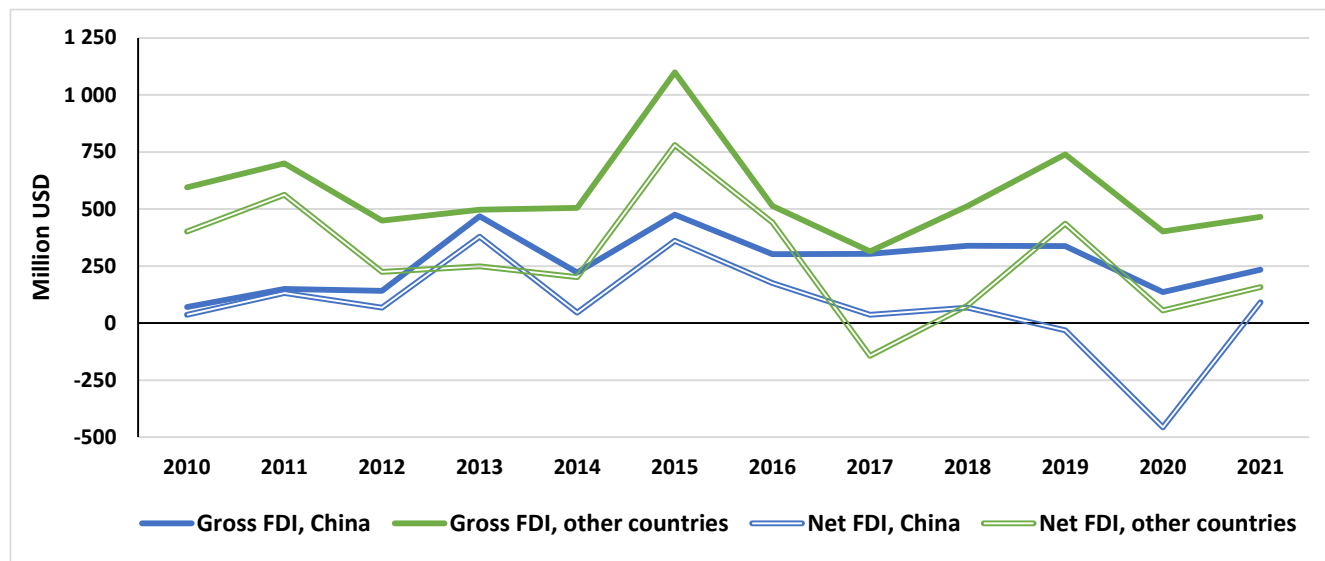


Source: UN Comtrade

#### 4. Chinese direct investments in Kyrgyzstan

In 2010-2017, the net foreign direct investments (FDI) from China to Kyrgyzstan were at USD1.2 billion or 31% of total net FDI to the country. This made China one of largest direct investors to the economy of Kyrgyzstan. These investments went mostly to the mining sector (including geological explorations) and oil processing. After reaching its peak in 2015, the Chinese net FDI started to decline and became negative (i.e., outflows exceeded inflows) in 2019-2020 (Figure 2). Of course, the COVID-19 pandemic was a major factor in the sharp reduction of FDI in 2020, as foreign managers, engineers and skilled workers had to leave Kyrgyzstan and without these personnel most works could not be performed on investment sites. However, the FDI decline was observable well before the pandemic and it was driven by other reasons.

Figure 2. FDI to Kyrgyzstan



Source: NSC

Many Chinese FDI projects faced serious issues in their relationships with local communities, but also with the government. A multifaceted review of the conflicts around Chinese mining sites in Kyrgyzstan can be found in Sternberg, Toktomushev and Ichinkhorloo (2021). Here, a few examples are provided to illustrate the recent issues with the Chinese FDI in Kyrgyzstan.

Possibly the largest FDI project of China in Kyrgyzstan is the Zhongda oil refinery. It is a USD300+ million investment. The refinery started its operations in 2014. Even the project’s design was questionable as the enterprise was built far away from any source of crude oil and had to compete on domestic market with cheap supplies of oil products from Russia (Mogilevskii, 2019). As one would expect, from the very start the enterprise experienced difficulties with finding affordable raw materials and selling its produce inside Kyrgyzstan. It also faced numerous protests of local people complaining about worsening of the environmental situation around the enterprise site as well as labor disputes with enterprise workers, multiple complaints of different government bodies blaming the enterprise for tax evasion, illegal atmospheric emissions, and violations of anti-monopoly legislation. As a result, the refinery never worked at full capacity and twice experienced a full stoppage of production. When the pandemic started in Kyrgyzstan in March 2020, the enterprise stopped again due to the evacuation of Chinese staff, and it was still closed as of summer 2022.

The gold mine Solton-Sary is another example of conflict between local community and the investor, the Chinese Zhong Ji Mining company. In August 2019, a long-lasting low-intensity dispute between local people and the company erupted into massive looting on the mining site and attacks on the Chinese personnel. The immediate reason for this conflict were alleged losses of local people’s livestock after explosions at the mine. According to media reports, 48 Chinese workers needed medical assistance after the conflict. Just a couple of weeks later the PRC Government closed its General Consulate in Osh (see above); the postponement of at least some Chinese government’s grant programs might also be related to this incident.

In February 2020, protests of local people concerned about a lack of benefits to them resulted in cancelling of a large project of Kyrgyz-Chinese industrial, trade and logistical center in At-Bashy not far away from the Kyrgyz-Chinese border. The project implied renting of 200 hectares of land for 49 years; the expected investments were estimated at USD280 million. The advance payment of KGS43 million (some USD0.6 million) had to be returned to the investor.

The sequence of such incidents<sup>12</sup> created a feeling of instability and insecurity for Chinese (and other) investors and led to a major outflow of Chinese FDI. It was obvious that the government of Kyrgyzstan was unable to provide effective protection and transparent conflict-resolution procedures to the investors. The situation started changing after the revolution in Kyrgyzstan in October 2020. In November 2020, soon after formation of the new Government, the Minister of Foreign Affairs of the Kyrgyz Republic met with a visiting delegation of Chinese entrepreneurs reassuring them of the government's support to investors' activities in Kyrgyzstan. No major incidents with Chinese companies have been reported since then, and in 2021 the Chinese FDI inflows exceeded outflows again.

These changes in FDI flows have adversely affected the contribution of Chinese FDI projects to the government budget revenue and exports. The (temporary) closure of the Zhongda oil refinery which used to be a major taxpayer and a noticeable exporter<sup>13</sup> led to the loss of its tax payments and exports. Other enterprises performed as usual; their exports of gold and copper concentrates remained in the range USD20-30 million (except 2020 when the lockdown and international mobility restrictions caused by COVID-19 resulted in lower output and exports).

## **5. Foreign debt**

The government debt of the Kyrgyz Republic to the Government of China through its Eximbank grew dramatically from almost zero at the end of the 2000s to USD1.7 billion (42% of total government external debt or 22% GDP) in 2017 (Figure 3). After that, however, the growth of the government's debt to China has slowed down significantly: by 2021 its total amount had increased by USD290 million over the 2017 level. For comparison, in the previous four years (2013-2017), the debt grew by USD950 million. At the end of 2021, the debt to China was at USD2.0 billion<sup>14</sup> or 46% of the total government external debt or 23% GDP.

Such slower dynamics is explained by the pandemic which delayed implementation of many debt-related projects (see Section 2.1) and, hence, slower-than-expected absorption of the borrowed resources. Another reason is the above-mentioned lack of large new debt-financed infrastructure projects. Some reduction of the debt in 2021 is a result of the debt service suspension provided by the Government of China to the Government of the Kyrgyz Republic in the framework of pandemic-related Debt Service Suspension Initiative by G20. The estimated amount of suspended payments is equivalent to USD51 million to be repaid over five years with one year of grace period with interest paid during the suspension

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<sup>12</sup> One should also consider conflict situations in 2018 around public investment projects involving Chinese companies TBEA (rehabilitation of the Bishkek Heat and Power Plant) and Huawei Technologies (road video-control project Smart City).

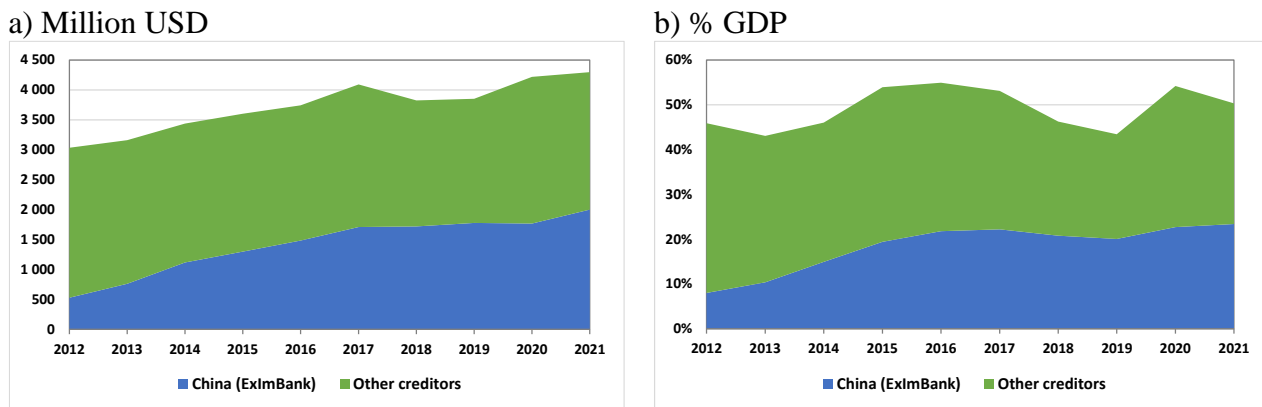
<sup>13</sup> In 2017, the enterprise paid KGS2.4 billion in taxes (USD35 million or 1.6% of the consolidated central and local government budget revenue). The same year, it exported oil products worth USD10.5 million (0.6% of the economy's total exports of goods) to Afghanistan and Tajikistan.

<sup>14</sup> This amount does not include the debt to the AIIB which was just USD3.1 million as of 31 December 2021.



period at the same rate as the main agreement’s interest rate.<sup>15</sup> The additional interest payments associated with this suspension operation are estimated at USD3.9 million.

Figure 3. Government foreign debt of Kyrgyzstan



Source: Ministry of Finance of the Kyrgyz Republic (MoF)

According to MoF data, as of end-2021 some USD130 million of the debt commitments have not been utilized yet and are expected to be drawn down in the coming years, thus increasing the government debt to China by the same amount. After that, no major new borrowing from China is foreseen – the Public Debt Management Strategy of the Kyrgyz Republic for 2020-2023 (approved by the Government’s Decree No. 409 dated 4 August 2020) imposes a quantitative limit on indebtedness to a single creditor at 50% of total government external debt. The current value of the debt to China is at 46% of total debt and thus does not allow much room for borrowing from China at a rate faster than general external borrowing of the government. This limit seems to prevent the government’s debt-financing option for the railway China-Kyrgyzstan-Uzbekistan which, if implemented, might more than triple the government debt to China. But, of course, nothing prevents a change in the Strategy and the debt limit, if a corresponding political decision is made by the government.

## 6. Sustainability of BRI projects in Kyrgyzstan

At the Second Belt and Road Forum for International Cooperation held in Beijing in 2019, the Government of China committed itself to ensure compliance of the BRI projects with the following principles: green, clean, debt sustainability, economic and financial viability of projects, multilateralization. In the context of Kyrgyzstan, the adoption of these principles seems very much relevant and welcome as the pre-2019 experience of the Chinese projects in the country had many issues with environmental, economic and financial sustainability. These issues include, but are not limited to, investments in non-green technologies, e.g., the modernization of Bishkek Heat and Power Plant (BHPP) to allow for using local low-quality coal, multiple reported cases of environmental damage produced by the FDI projects (construction of low-tech oil refineries, land, air and water pollution at mining sites), support to some economically and financially unviable projects (Zhongda refinery), very fast accumulation of the Kyrgyz government external debt approaching sustainability limits, concentration of almost all project portfolio financing at the hands of the national lender – China Eximbank.<sup>16</sup> It is

<sup>15</sup> Source: Disposition of the Government of the Kyrgyz Republic No. 247-p dated 21 October 2021.

<sup>16</sup> See more detailed discussion of these topics in (Mogilevskii, 2019).

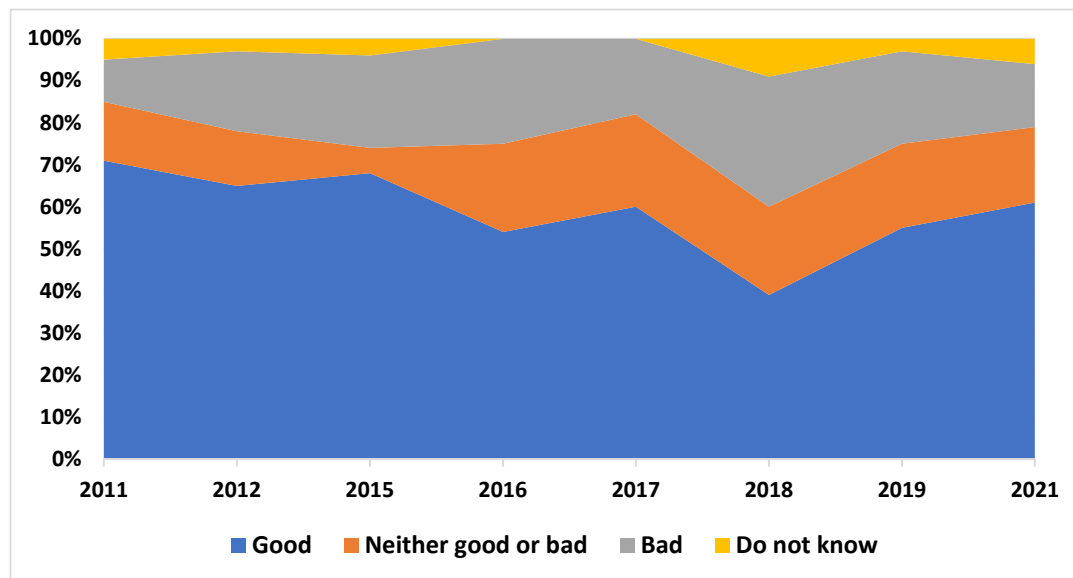
worth mentioning that at least some questionable features of these projects were proposed by the Government of Kyrgyzstan (e.g., use of coal for the BHPP).

As described above, the BRI-related activities have significantly shrunk in Kyrgyzstan after adoption of these principles mostly due to the COVID-19 pandemic, but also because of accumulated issues in relationships between Chinese companies and local communities in Kyrgyzstan. Therefore, there is not much empirical evidence to determine whether the sustainability principles are being implemented as planned. As a matter of fact, no new major projects have been launched after 2019. The road construction/rehabilitation projects which are still underway (e.g., the alternative road North-South or street rehabilitation in Bishkek) do not seem controversial from the environmental perspective. The North-South road has elements of the white-elephant-type project (too expensive, and its future ability to generate income for repayment the loan is not obvious), but it was launched quite some time ago and too much resources have been spent on construction already, so completion of the road construction seems necessary for political, economic and social reasons. The only new relatively large project mentioned in Section 2.1—the AIIB loan to support entrepreneurship in Kyrgyzstan, but not part of BRI—fully meets the criteria of multilateralization, economic, social and financial sustainability and lack of environmental implications.

Apparently, the unexpected aggravation of the situation with Chinese projects in 2018-2020 made the Government of China more selective and led to more scrupulous due diligence of the new project proposals in Kyrgyzstan. This is a major deviation from the previous pattern of very fast approval and implementation of major projects in the past. As such, it seems fully corresponding to the new BRI sustainability agenda. Both this agenda and the accumulated experience of project implementation in the country may, indeed, contribute to better conformity of the BRI activities in Kyrgyzstan to the environmental goals and targets of the UN Sustainable Development Goals in the future, at least, with respect to large infrastructure projects. On the other hand, there are no reports on change in mining practices of private mid-sized Chinese companies operating in Kyrgyzstan; these practices are still perceived as polluting and non-observing any environmental considerations. On infrastructure projects, their social or climate change aspects (e.g., the preference for railroads which might be producing less greenhouse emissions than trucks on the automobile roads) have never been publicly discussed in Kyrgyzstan, at least, at the project preparation/construction phase.

Data on the public attitude to the BRI in Kyrgyzstan are not available. As a proxy, one could use the data of the polls systematically conducted by the International Republican Institute's Center for Insights in Survey Research in 2011-2021. Among other questions, it contains a question on the respondents' perception of Kyrgyzstan's relationships with different countries including China. These polls results (Figure 4) indicate that the attitude towards China was very positive at early stages of Chinese projects implementation (2011) with 71% of respondents assessing the relations as 'good,' and only 10% considering them 'bad.' The relations' perceptions then gradually worsened reaching the most skeptical point in 2018 when only 39% of respondents considered the relations 'good,' while 31% saw them as 'bad.' Then, the perceptions improved again, and in September 2021 (the latest data available) the good/bad ratio was at 61%/15%. This dynamic is consistent with the hypothesis that the introduction of the sustainability principles into the BRI agenda should be positively perceived by the recipient countries. It is also clear, however, that the opinions on the Kyrgyz-Chinese relations might be driven by domestic developments and issues in the projects' implementation as much or more than the general change in the BRI policies of the Government of China.

Figure 4. Public opinion assessment of the current relations between Kyrgyzstan and China



Source: International Republican Institute (<https://www.iri.org/polls/>, last visited 19 June 2022)

It appears that the Government of China carefully monitors and analyzes the experience of BRI projects' implementation in different countries including Kyrgyzstan and, if needed, adjusts its policies as reflected in the adoption of the new BRI sustainability principles.

In sum, the recent experience with PRC-Kyrgyzstan cooperation strengthens the relevance of the recommendations provided in Mogilevskii (2019). The recommendations focused on the need to ensure the long-term financial, economic, environmental and social sustainability of foreign aid and of commercial Chinese projects realized under the BRI agenda.

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