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Master's Thesis of Public Administration

**Chinese Investment in the Kyrgyz Republic:
Within the Framework of One Belt One Road Initiative**

**키르기즈 공화국에 대한 중국의 투자:
일대일로 구상 안에서**

August 2019

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Chinese Investment in the Kyrgyz Republic: Within the Framework of One Belt One Road Initiative

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April 2019

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June 2019

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Abstract

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Since 2013, the People's Republic of China has provided large sums in the form of grants, loans and foreign direct investment in developing and developed countries of the world as part of the One Belt One Road Initiative. At the end of 2015, the international community noted the importance and role of international assistance for the eradication of poverty and any inequality. It has long been proven that foreign investment, loans or other development assistance are economic growth and economic stability in developing countries like Kyrgyzstan. Since foreign direct investment has long been used in developing countries and is considered one of the most important sources of economic growth for countries of the world that are part of developing countries.

The One Belt One Road has attracted a number of interests among economists, scholars and politicians. Since 2013 there have been some scientists, economists, and politicians who have focused on the usefulness of the Xi Jinping One Belt One Road Initiative. Many of the studies have different answers to the question of whether Chinese investment is beneficial in recipient countries.

The purpose of this study is to investigate whether Chinese investments are beneficial to Kyrgyzstan in the framework of the One Belt One Road Initiative. In particular, the study will verify the benefits of public investment and private investment by comparing their performance. This study uses comparative methods, covering all public investment and some private investment projects implemented in the Kyrgyz Republic from 2013 to 2018.

As a result of this study, it was found that at the moment Chinese investment in terms of public investment in Kyrgyzstan poses a threat to the sovereignty of Kyrgyzstan.

However, in private investment, foreign direct investment shows more profitable countries for economic growth.

Key Words: Initiative One Belt One Road, Foreign Direct Investment, Government Investment, Private Investment.

Student ID: 2017-29101

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Chapter 1. Introduction

After the collapse of the Soviet Union for independent Kyrgyzstan, it was very difficult to maintain economic stability. Because of the lack of financial sources of socio-economic status, it was deplorable. At that difficult time, developed countries contributed to the development of the economy. During the 27 years of Kyrgyzstan's independence, there were many foreign investments and grants from various developed countries of the world, like China, Russia, Turkey, Germany, Japan, etc.

In the last ten years, a lot of investment has come from the neighboring country of the People's Republic of China to Kyrgyzstan. The arrival of foreign investment in the state can be considered a great success for the further development of the economy.

However, to date, according to the Ministry of Finance of the Kyrgyz Republic, the external debt of the Kyrgyz Republic to the People's Republic of China has reached 1.7 billion US dollars. This means that the debt to the PRC is 44% of the total external debt of Kyrgyzstan. Proceeding from this, a lot of questions arose from officials and ordinary people.

Of the external debt at the moment, the most dangerous is the debt to the PRC. Over the past five years, our debt to the PRC has reached up to \$ 1.5 billion. Of the external debt of the Kyrgyz Republic, 44 percent is a debt to the People's Republic of China. In 2010, our debt to China was 2%, over the past 5 years it has grown by 44% (Zhaparov A.U., 2017).

Today in the Kyrgyz Republic, the majority of the population is concerned about Chinese investment. Even problematic issues are discussed in the parliament of Kyrgyzstan. You can say that the most pressing problem today is Chinese investment. What worries people is "profitable or not?"

As a citizen and a civil servant of the Kyrgyz Republic, I would like to study whether attracting Chinese investments to the Kyrgyz Republic is beneficial or not. This thesis provides important examples and discussion on Chinese investment projects in Kyrgyzstan.

1.1 The General Perception About Chinese Outer Investment

Today, two countries dominate the field of investment in financial technologies: China and the United States. China and the developed countries remain the first potential investors. In 2017, the Investment Promotion Agency (IPA) continues to refer to China as the most promising source of foreign direct investment, followed by the United States, Germany and the United Kingdom (UNCTAD, 2017).

We have a definite forecast regarding China's total foreign investment in the next five years. Beginning next year, the volume of foreign investment of China annually will reach 120-130 billion, that is, 600-800 billion dollars, "(deputy head of the State Committee for Reform and Development Ning Jizhe at the international forum (One Belt One Road, 2017). This deputy head of the State Committee on Reforms and Development of the People's Republic of China, Ning Jizhe, with his statement proved that China is the leading state in financing external investments.

According to the Ministry of Commerce of China in 2017, China's investors invested in direct foreign investments in 5796 foreign enterprises from 174 countries and regions in the amount of 120.1 billion dollars. At the same time, revenues from foreign contracting projects amounted to 134.4 billion dollars. The US, an increase of 1.6%. The number of workers sent abroad from China to carry out external cooperation, by the end of November, the total number of workers sent abroad was 973 thousand people.

China's role in the global economy is changing. As a major recipient of foreign direct investment (FDI), China is now investing in almost any part of the world. China's outer direct investment (ODI) has steadily increased over the past two decades.

“In Central Asia, a core region along the Silk Road Economic Belt, the implementation of the initiative is generating more FDI from China in industries other than natural resources and helping diversify the economies of various host countries. Chinese companies already own a large part of the FDI stock in extractive industries in central Asia” (UNCTAD, 2017). However, China's outer direct investment (ODI) has stirred mixed feelings and caused some concern. Especially in developing countries. On some international media, the Chinese ODI is viewed by many foreigners as a threat to fair market competition and even national security, fear that Chinese enterprises can replicate their domestic misconduct in host countries, damaging the local environment, labor practices and competition.

The Chinese investments are discussed in the media, clichéd predominate that portray China as the dominant, inexorable "dragon" that captures or sucks resources from the region where they are¹.

In Vietnam, Chinese investors often participate in an investment project in hydropower: the design, construction or provision of equipment. In July 2014, surveyed EVN estimated that Chinese investment companies provide up to 90 percent of hydropower equipment for all projects in Vietnam. According to the Vietnamese Ministry of Labor in 2012, approximately 33 percent of the more than 77,000 Chinese workers in Vietnam work without permits (TNN, 2013).

Chinese workers who violate the equilibrium in the central part of the Vietnamese commune. And also the article says: Illegal Chinese workers on the hydroelectric project in the central province of Vietnam, Quang Nam, violated the peace by attacking local residents (TNN, 2013).

This shows that, the impact of Chinese investment on the construction workforce and the composition of workers in Vietnam. In this case, there is a growing social expression of anxiety, often in the form of anti-Chinese narratives.

¹ See Canadian Journal of Development Studies (2017), Perceptions and practices of investment: China's hydropower investments in Vietnam and Myanmar

1.2 The Background

Modern life in the 21st century, foreign investment is the largest and fairly permanent external source of funding for developing countries. The Kyrgyz Republic is one of the potential for foreign investments of states on the territory of the former Soviet Union by its developed legislation and constant commitment to attracting foreign investment. It is known that foreign investment has a very important part of the economic development of the Kyrgyz Republic, the country's legislation that is associated with foreign investment is quite liberal and modern. In the country, the Constitution is the main and most important law, which should not be consistent with all other laws. As well as laws that directly or indirectly regulate foreign investment in the country, such as Laws: "On Licensing", "On Joint Stock Companies", "Mineral Extraction", "On Free Economic Zones in the Kyrgyz Republic" The country having the main importance on investments is the law "On Investments in the Kyrgyz Republic".

In its independence, the Kyrgyz Republic has concluded a number of bilateral agreements on mutual support, promotion and protection of investments, such as:

**<Table 1> Agreed states with the Kyrgyz Republic on mutual support,
promotion and protection of the investment agreement**

Data	East Asia	West Asia	South Asia	Middle Asia	CIS	Europe and America
1993					Ukraine	
1994						USA
1995	China Malaysia		Pakistan		Armenia	
1996		Turkey				
1997	Indonesia			Uzbekistan	Azerbaijan Georgia	France
1998						United Kingdom
1999	Mongolia					
2000			India			
2001				Tajikistan	Belarus	Denmark
2003						Swiss Sweden
2004					Moldova	Finland
2005		Iran		Kazakhstan		
2006						Germany
2008	South Korea					Latvia
2009						Lithuania
2014		UAE Qatar				
2015		Kuwait				

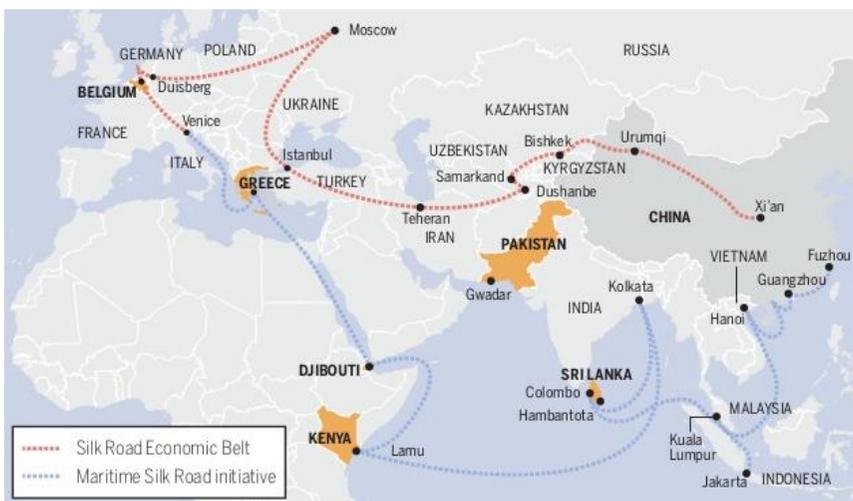
Chapter 2. Literature Review

2.1 Chinese Initiative One Belt One Road

If we talk about the investment policy of China, then, without a doubt, the initiative One Belt One Road², launched by China, is one of the important projects that have had a huge impact on the international arena in recent years, starting in 2013.

In September 2013, there was an official visit of the President of the People’s Republic of China, Xi Jinping, to the Republic of Kazakhstan. On this visit, the so-called initiative “One Belt, One Road” was first initiated and voiced, it was announced to students, professors and politicians at Nazarbayev University. The Chinese initiative is divided into two parts. In creating the economic belt and the sea route "One belt, one road" in the countries located along the New Silk Road.

<Figure 1> Map the China’s Initiative “One Belt One Road”



² See China Economic Review (2018), Explained more information about One Belt One Road strategy

This project, the Silk Road Economic Belt and the 21st Century Sea Silk Road, outlined many promising action plans to change the political and economic landscape of the world, uniting the entire Eurasian continent, connecting Asia, Europe and Africa, to integrate trade and investment in China. China

The Silk Road Economic Belt focuses on uniting China, Central Asia (Central Asia), Russia and Europe, establishing China's ties with the countries of the Persian Gulf and the Mediterranean through Central Asia and West Asia, and connecting China with Southeast Asia, South Asia and the Indian Ocean.

The Maritime Silk Road is intended to pass from the coast of China to Europe through the South China Sea and the Indian Ocean. And also across the South China Sea in the South Pacific. The Chinese initiative is planned for the long term, the initiative does not have a clear geographic framework, the global idea has an important role.

The implementation of this initiative indicates the beginning of a new stage in the development of the People's Republic of China and the emergence of opportunities for access to foreign markets with cheap labor; the economic development of the western Chinese provinces; the direction of a huge amount of Chinese foreign investment in foreign countries. With these initiatives, China is discovering the outside world. People's Republic of China in achieving long-term initiative, joint development and prosperity, depends on the Eurasian continent, the volume and potential of the market is unique, as the zone has

richest mineral, agricultural, cultural, energy, tourist, human and other resources.

For the implementation of the One Belt One Road project, China received tremendous support in many Eurasian and African countries that began to actively cooperate with China in building the New Silk Road, participating in the creation of international financial organizations - the China Silk Road Fund and the Asian Infrastructure Investment Bank³. China says it is ready to contribute to global economic development.

The authorities of the People's Republic of China are confident that this initiative will open up a new future for many countries and will become a guide in the process of the formation of a community with a common destiny, especially for Eurasia. In case of successful implementation of projects, initiatives can change the geopolitical and geo-economic situation in Eurasia on a fundamental path.

The initiative has Corridors China-Central Asia-West Asia and China-Indochina, China-Pakistan, China-Mongolia-Russia, the New Eurasian Continental Bridge, and the economic corridors of Bangladesh-China-India-Myanmar. And also has Belts - trade, transport, agricultural, scientific,

3 The Asian Infrastructure Investment Bank (AIIB) is a China-led international financial institution created to offer finance to infrastructure projects as part of China's Silk Road initiative, with a focus on bolstering links across Asia, the Middle East, Africa and Europe. Some government officials and analysts have said growing dissatisfaction among emerging economies at the failure to reform the International Monetary Fund's decision-making system encouraged China to set up the new international lender, with OBOR participating countries.

technical, energy, information and tourism. The initiative to unite dozens of countries with a total area of more than 50 million km² with a population of more than 3 billion.

<Table 2> One Belt One Road (OBOR) countries.

East Asia	West Asia	South Asia	Middle Asia	CIS	Mid-East Europe
Mongolia	Iran	India	Kazakhstan	Russia	Poland
Singapore	Iraq	Pakistan	Uzbekistan	Ukraine	Lithuania
Malaysia	Turkey	Bangladesh	Turkmenistan	Belarus	Estonia
Indonesia	Syria	Afghanistan	Tajikistan	Georgia	Latvia
Myanmar	Jordan	Sri Lanka	Kyrgyzstan	Azerbaijan	Czech Republic
Thailand	Lebanon	Maldives		Armenia	Slovakia
Laos	Israel	Nepal		Moldova	Hungary
Cambodia	Palestine	Bhutan			Slovenia
Vietnam	Saudi Arabia				Croatia
Brunei	Yemen				Bosnia & Herzegovina
Philippines	Oman				Montenegro
	UAE				Serbia
	Qatar				Albania
	Kuwait				Romania
	Bahrain				Bulgaria
	Greece				Macedonia
	Cyprus				
	Egypt				

Source: Bloomberg.

2.2 Initiative One Belt One Road in the Kyrgyzstan

Kyrgyzstan is located in Central Asia and is bordered by the north-western part of China. Since ancient times, we have maintained warm and good-neighborly relations. Everyone knows that in the Middle Century, Central Asia was one of the most economically developed and prosperous regions of the world, a center of science and education. This was mainly due to the fact that

trade routes passed through Central Asia, ensuring mutual access and communication of Central Asia with China, Asia and Europe.

The People's Republic of China and Kyrgyzstan, as a neighboring republic, continue to cooperate in the development of the economy. The initiative of the chairman of the PRC, Xi Jing Ping, One Belt One Road, gave Kyrgyzstan an incentive to attract Chinese foreign investment. If we look at the investment data in Kyrgyzstan for the last five years, a number of investment projects have been implemented in the framework of One Belt One Road. From 2013 to 2018, major Chinese investment projects were completed, as well as some investment projects in the process of implementation.

In the example we will show the top known Chinese investments implemented in the framework of the initiative One Belt One Road from 2013 to 2018.

<Table 3> Top known Chinese investments implemented projects

№	Investment projects
1.	Construction of a 500 kV Datka - Kemin OHL and a 500 kV Kemin PS. The project cost is \$ 389.8 million.
2.	Bozymchak (gold - 30 tons, copper - 203 thousand tons). Gold and copper production. The cost of the project is \$ 373.3 million.
3.	Modernization of power lines in the south of Kyrgyzstan. The cost of the project is \$ 208 million.
4.	Ishtamberdy (gold - 30 tons). The project cost is \$ 166.7 million.
5.	Construction and reconstruction of Bishkek roads (10 sites). The project cost is \$ 30 million.
6.	Rehabilitation of the Bishkek-Naryn-Torugart highRoad. Project cost - \$ 423.6 million
7.	Reconstruction of Bishkek CHP. The project cost is \$ 386 million.

These investment projects were the largest foreign investments in the history of Kyrgyzstan since the independence of the country. It can also be called that some of the projects from these projects were the most scandalous investment projects of the country.

At the moment, several ambitious investment projects are planned to be carried out within One Belt One Road between the People’s Republic of China and Kyrgyzstan. At the bottom of the top famous Chinese investment projects under the initiative, One Belt One Road that is currently in the process of implementation.

<Table 4> Ambitious investment projects for future

№	Investment projects
1	Construction of the rail Road China - Kyrgyzstan - Uzbekistan (initial stage). The project cost is \$ 1.5 billion.
2	Construction of an alternative North-South road. 183-195 km and 291-433 km. The project cost is \$ 865 million.

In the process of developing the country's economy, foreign direct investment also plays a huge role.

On the side of the People’s Republic of China has been a considerable foreign direct investment. If we look at government data on direct investment received from the People’s Republic of China, we see an increase. But also the decline of the last two years.

<Table 5> Gross Inflow of Foreign Direct Investment (in US\$, million)

	2013	2014	2015	2016	2017	2018 (Jan-Jun)
Total FDI in Kyrgyzstan	964.5	727.1	1,573.2	814.0	616.8	246.9
FDI from China	468.3	221.6	474.4	301.3	303.0	96.6
Percent of Chinese FDI inflows	49	30	30	37	49	39

Source: Ministry of Economy, National Statistics Committee.

<http://mineconom.gov.kg/ru/direct/7>

Of course, for small volumes of state budgets in Kyrgyzstan, these investment projects and foreign investment by the PRC side Roads were a good push for the growth of the country's economy.

However, we have the bad sides of these investment projects. Over the course of five years, the growth of Kyrgyzstan's external debt has increased dramatically due to Chinese investment projects.

<Table 6> China's Loans in the Kyrgyzstan (in US\$, million)

	2013	2014	2015	2016	2017	2018 (Jan-Jul)
Kyrgyzstan total debt	3,159	3,437	3,601	3,743	4,089	3,808
Loans from China	758,4	1,116	1,296	1,483	1,708	1,701
Loans from China (in percent, total)	24	32	36	40	42	44

Source: Ministry of Finance, National Statistical Committee.

<http://minfin.kg/novosti/mamlekettik-karyz/tyshky-karyz.html>

The growth of public debt to the PRC is worrying about the weight of the people, including politicians and some officials. Moreover, we know that in some states like Tajikistan, Shrilanka already has government losses and threats to sovereignty due to the large amounts of public debt to the PRC.

The emergence of large amounts of public debt to the PRC and in Kyrgyzstan is very important questions whether Chinese investment is needed or not.

Although this moment Kyrgyzstan is in great need for foreign investment.

One Belt One Road Initiative was favorably received by the governments of Kyrgyzstan since it was announced to the Presidents of the People's Republic of China Xi Jinping in Astana in 2013. This initiative promises significant investment in Central Asia including Kyrgyzstan. The Kyrgyz authorities are enthusiastic about the prospects for obtaining financing for large infrastructure projects from China. Future of the project One Belt One Road is to create thousands of new jobs and promote economic growth in the countries that are part of this initiative. And of course, this is the main priority for Kyrgyzstan, where there is a very high level of unemployment.

However, one of the problems for China is the negative perception of Chinese labor migrants among the local population of Kyrgyzstan. Within five years, the number of Chinese migrants in Kyrgyzstan grew rapidly due to an increase in Chinese investment projects. In Kyrgyzstan, anti-Chinese sentiment led to protests among the population. These anti-Chinese sentiments have led to some of the mining areas where Chinese workers work, as well as on sites of various infrastructure projects where local people work together with Chinese migrants. The people of Kyrgyzstan fear a massive influx of Chinese migrants.

And this issue has become an important topic of debate in the country over the past five years. The reasons for the negative attitude towards Chinese

migrants are mainly the general fear of the “demographic expansion of China” and the competition between local residents and Chinese labor migrants for a limited number of jobs in the country, as well as the bad reputation of Chinese firms.

In 2010, Kyrgyzstan established a migration quota of 13 000 units for new foreign workers⁴. Of these, 70 percent of these places were Chinese citizens. In 2015 and 2016, the quota for attracting new foreign workers also remained unchanged: 80 percent and 85 percent of the places occupied by Chinese citizens.

According to the migration service of the Kyrgyz Republic in 2014, about 28 000 migrants were officially registered as residing in the country, although officials admitted that the real number of migrants from China could be much higher. These problems have repeatedly manifested themselves in various protests related to securing jobs. Also, one of such scandalous cases was connected with the land, which were donated to China to solve the problems of border demarcation. The decision was from then-President Askar Akayev to transfer 87,000 hectares of land to China. This caused mass protests and clashes with the police, as a result of which six protesting citizens of Kyrgyzstan were killed.

One of the largest Chinese investment projects in Kyrgyzstan, the Zhunda Oil Refinery, previously promised to hire more than 2000 local workers. The

⁴ The State Migration Service of the Kyrgyz Republic annually determines quotas for labor migration and establish a quota for foreign specialists employed in the real sector of the economy.

company currently employs about 450 local and 550 Chinese workers, which means a lot less than the initial promise to provide 2000 local residents with jobs.

The negative public perception of the people of Kyrgyzstan on Chinese migrants remains one of the important problems that need to be resolved before implementing projects related to One Belt One Road.

2.3 Attracting Foreign Investment and Control: President Park Chung He South Korea

In the history of South Korea, Park Chung He became the third president of the country. This man was not only a strong-willed person but also a person possessing an extraordinary talent for a leader and a politician who had stabilized the political situation in the country and began to carry out economic reforms and industrialize the country.

The main contribution to the management of this person was the economic development of the country, the first five-year plan (1962–1966), the main objectives were the construction of an industrial infrastructure. The second five-year plan (1967–1971) envisaged a total modernization of the industrial base and infrastructure. The third five-year plan (1972–1976) was aimed at strengthening and developing the export-oriented industry and infrastructure.

In this state plan, there were three vectors of development:

- The first is the five-year plans for the economic development of the country.

-The second is the creation of base companies called CHAEBOL⁵.

-The third is a new investment policy. Creating Free Economic Zones as an engine of progress and modern technologies.

At that time, South Korea did not have the capacities of an industrial complex, modern technologies and highly qualified personnel. Park Chung Hee was well aware that a large amount of capital was needed for an economic breakthrough. And he knew that it was necessary to attract foreign capital and advanced technologies in the country's economy. It has been approved for export-driven industrial loans (Jaw, 2001). The President decided to create Free Economic Zones. This decision was of great importance for attracting foreign investment in the country.

The Korean CIA as an agency under the direct control of the President wielded power through the periodical reports to the President on economic and political trends (Kim, 2003).

At that time, accelerating economic growth was vital for the people and for the President. To this end, the Park government changed the focus of the economy from light industry to heavy chemical and began selectively subsidizing six heavy chemical facilities through state and commercial banks. This development strategy has formed the chaebol system in Korea (Lee, 2004).

⁵ CHAEBOL is the South Korean form of financial-industrial groups. A conglomerate, which is a group of formally independent firms owned by certain families and under single administrative and financial control.

An absolute poverty was nearly overcome in the 1970s, and labour productivity was also greatly increased. The economic growth strategy based on the heavy-chemical industry was also very successful (Holliday, 2005). Owing to the timely and far-sighted decision of the President of Park Chung Hee of modern life, Korea has the top leading economy in the 21st century.

When domestic capital was accumulating poorly, President Park Chung Hee attracted finance from abroad and processed the business sector by selectively distributing these foreign loans. The Government of the Park created the state system for guaranteeing foreign loans by adopting the “Law on the Payment of Foreign Credits” in 1962. The “Law on the Introduction of Foreign Loans and Investments” of August 1968 united the then foreign loan and investments related to the law. These laws abolished the minimum level of foreign investment and exempted foreign investment from taxation for 5 years. This decision also strengthened the role of commercial banks in ensuring the repayment of foreign loans. The government is shown by the guarantor of private commercial foreign loans (Zwa, 2001; Lee, 2004).

In many cases strong political leadership, particularly by the President, is indispensable in formulating and sustaining the ADS (Wade, 1990). President Park was a ‘grand master’ of Korean economic development. He formed the general frame of economic development and supervised the implementation. Park was an ‘imperial President’ (Kim, 2002).

One of the members of the government of that time recalled as follows.

I travelled abroad to borrow the money needed for the shipbuilding industry, but failed to achieve the goal. I should report the result to Park, but was very afraid of meeting him. Eventually I reported him, “Any of foreign investors would not meet me. They all said that would not be reasonable for Korea to establish the shipbuilding industry without any technological capability.”

Park was very angry at my report and scolded me, “Why do you give up so easily? I support you. Did you expect that this task would be easy? If you are resolute, you should do your best. I will fully support you. Go abroad again! Try again!” I replied, at lightning speed, “Yes, Your Excellency! I will do again.” In this Road, the shipbuilding industry of Korea was begun... (Economist. 15 Jan. 2007).

Chapter 3. Research Question and Methods

3.1 Data Types and Sources

The study will consider the impact of Chinese investments implemented in the framework of the initiative One Belt One Road into the economy of Kyrgyzstan and the determination of its profitability in the period 2013-2018 as an example. To carry out the process of evaluating investment projects, all sectors that have been implemented Chinese investment as a transport infrastructure, energy, mining and manufacturing have been considered.

A descriptive and analytical approach will be adopted for the study. “Using this approach, the description and interpretation of the facts will be provided based on the availability of data on the problem being studied during the study period, the approach will include a detailed explanation of the impact and profitability of Chinese investments in Crimea. In conclusion, the conclusions depending on the results of the study.

Both primary and secondary data such as books, reports, dissertations, articles, and statistics will be used to collect the data needed for this study. The Internet is another excellent source for information and very timely communication with other international organizations inside and outside Korea to collect the latest and updated data on this topic.

3.2 Research Questions

Based on the background previously mentioned, the research questions are:

Between the Chinese government and private investment projects which investment projects are beneficial for the economy of Kyrgyzstan in the framework of the project One Belt One Road?

Chapter 4. Analysis of Government Investment Projects

In the country, public investment projects are of great importance for the development of the economy. On the initiative of One Belt One Road, Kyrgyzstan implemented several investment projects. Below we show specific criteria for the similarities and differences between public investment projects.

4.1 Similarity Analysis

There are several similarities in the government investment project within the framework of One Belt One Road. Since these projects are implemented in one initiative. Below we show detailed data about the similarities between government projects.

One Belt One Road is the first similarity criterion. All Chinese state investment projects that have been implemented in Kyrgyzstan for five years are one belt and one road projects. That is, all government projects were obtained and implemented in the framework of the project initiative one belt one way. Project One Belt One Road includes infrastructure development in developing countries that are participants of the project One Belt One Road. It is from this that the Kyrgyz government used this initiative to develop its infrastructure. Under this initiative, the Government of Kyrgyzstan actively cooperates with the People's Republic of China. Kyrgyzstan is directly

connected with the territories of China⁶. This gives us a good opportunity to contact and implement investment projects. The main goal of our government is to go to sea through the territory of China with the development of its infrastructure under the initiative of One Belt One Road.

The public debt is a criterion very seriously disturbing us. Unfortunately, all government projects implemented under the initiative of One Belt One Road is the debts of Kyrgyzstan. Due to the active receipt of loans under the Chinese initiative, the last five years, Kyrgyzstan has had huge debts to the People's Republic of China <Table 6> China's Loans in the Kyrgyzstan. For weak economies, Kyrgyzstan is waiting for not very good news from these loans. Infrastructure development is important, but an increase in foreign debt is critically dangerous for any country in the world. With the use of large amounts of financial resources of the project, one belt, one Road, Kyrgyzstan has found a huge debt to China.

Chinese implementers. The performers of these all government projects are Chinese companies. By giving its money, China has all Roads put its demands. Although all this money is government debt of Kyrgyzstan. The People's Republic of China gives a debt to Kyrgyzstan without giving any money transfer on the accounts of the state banks of Kyrgyzstan. Formally, registration in Kyrgyzstan was actually used by Chinese companies. That is, how to use,

⁶ The area of the Kyrgyz Republic is 199,951 km². The distance from the eastern to the western part is about 900 km, and from the northern to the southernmost - about 410 km. The country borders with China in the east. The total length of the state border is 3051 km, of which 858 km is with China.

where to use and where to spend this money, the Chinese themselves decided. As well as the implementers of these projects are Chinese corporations as China Road and Bridge Corporation⁷ and Chinese TBEA⁸ Company. These two Chinese companies are the performers for all public investment projects. Kyrgyz companies or other companies other than Chinese companies could not participate in any government projects. The main reason for this phenomenon is the implementation of a project without a tender. The Kyrgyz government was not even able to create tenders for the implementation of these projects.

Chinese labor. One important criterion in the similarity of Chinese investment projects is the use of Chinese labor. First of all, these loans are "connected" with each other. That is, all government projects are given for strictly defined purposes. In addition, all these facilities were built and built only by Chinese workers - they do not accept local workers. Before the start of implementation of these projects, the Government of Kyrgyzstan announced for its people that these investment projects create thousands of jobs for us. Indeed, these projects created thousands of jobs. But not for the people of Kyrgyzstan, but for the people of the People's Republic of China. Although in Kyrgyzstan the unemployment rate is at the highest level. Because of this, discontent with the government often appears among the peoples of Kyrgyzstan.

⁷ China Road and Bridge Corporation focuses on global civil engineering and construction projects such as highways, railways, bridges, ports, and tunnels. Growing out of the Foreign Aid Office of the Ministry of Communications of China, CRBC and its predecessors have been executing projects since 1958.

⁸ TBEA Co., Ltd., previously known as Tebian Electric Apparatus is a Chinese manufacturer of power transformers and other electrical equipment, and a developer of transmission projects.

The repayment term. One of the very important criteria for obtaining a loan is the repayment period. The obtained investment loans under initiatives One Belt One Road has the same redemption rules. Since the investor is the People's Republic of China. The investor has put the same requirement on all these projects. That is, the loan repayment period is 20 years. This means that for twenty years, Kyrgyzstan must repay all loans. Many economists of Kyrgyzstan speak their opinion on these criteria that, twenty years is a short period for repayment of loans. The more these loans are obtained lonely time. Although it was possible to agree with the governments of China on a long maturity at least some investment loans. That would not repay at one time. Because the budget of Kyrgyzstan does not allow to repay these amounts at one time. Since the budget of Kyrgyzstan is made up with large deficits.

Percentage on investment loans. One of the similarities between government projects is the interest rates on loans. All loans under the project One Belt One Road obtained under 2%. To issue loans at low interest rates, the natural desire of many developing countries. Many Chinese experts view low-interest Chinese loans. But our example of two percent on all investment loans is not a good indicator. One could get lower than two percent at least half the amount of loans from these government projects. Moreover, in the experience of Kyrgyzstan, there are indicators that have less than two percent of the lending rate. It is also suspected of corruption by our government.

During the presidency of Almazbek Atambayev. Realized investment loans were received in the period of presidential administration of Almazbek Atambayev in 2011-2017. It was during this period that Almazbek Atambayev

became president of the Kyrgyz Republic. We mention the names of this president because after the presidency of Almazbek Atambayev, Kyrgyzstan has not yet received foreign debt from China. And also did not receive a debt from other foreign countries. Although the new president Sooronbay Zheenbekov has been working for more than a year. In the administration of Atambaev, he visited China several times on official working visits, and there he resolved many issues related to the implementation of investment projects. Also, the Chairman of the People's Republic of China Xi Jinping, arrived in Kyrgyzstan on an official visit at the time of the administration of Atambayev. That is, Atambayev actively collaborated with the People's Republic of China. And the result was that Kyrgyzstan found itself in huge government debts to China. His decision was good or bad, time will tell us.

Source of financing. Since 2013, Kyrgyzstan has only eight implemented ambitious investment projects. These all projects are included in the government investment projects in our thesis. Naturally funding for these projects were from China. More specifically, the Eximbank of China has allocated money for all projects that are called government investment projects initiated by the "One Belt One Road" of Kyrgyzstan. And of course Eximbank belongs to the People's Republic of China. As well as the money that Eximbank gives to the Kyrgyz Republic - this is Chinese money. That is, all these financing is governmental between China and Kyrgyzstan. That is, Eximbank is a financial agent for China. As well as from the outside of Kyrgyzstan, a financial agent is the Ministry of Finance. In a word, the Ministry of Finance of the Kyrgyz Republic is in debt to China Eximbank.

The number of employees from China in the projects. Official data on labor from China in specific government investment projects have never been written and never communicated to the people of the Kyrgyz Republic. However, according to the State Migration Service of the Kyrgyz Republic, 14 768 foreigners received work permits for 2017, of which 11 593 are citizens of the People's Republic of China. And these numbers are only for one year. According to the former Minister of Labor, Migration and Youth Aigul Ryskulova, the real number of Chinese workers is much higher - about 50 thousand. Hundreds of thousands of Kyrgyz citizens annually go to Russia and Kazakhstan in search of work. When there are not enough jobs in the homeland, many citizens are forced to seek employment abroad. But why, then, do so many Chinese work in Kyrgyzstan? This question is asked by many workers and activists in Kyrgyzstan, who require the government to reserve available jobs for Kyrgyz citizens.

However, the Chinese investment policy does not allow us to resolve this issue. Since only Chinese citizens work on all government investment projects.

4.2 Difference Analysis

Of these eight government projects, several differences were found.

The Sectors. Government investment projects are implemented in different sectors. More specifically, carried out in two sectors of transport and energy. Five of the eight investment projects implemented in the transport sector. The remaining three investment projects were implemented in the energy sector. Although Kyrgyzstan has many shortcomings in other sectors that need to attract foreign investment. At the time President Atambayev ruled the country,

he made an intention on the energy and transport sector. Therefore, in terms of government investment, Chinese investment has been implemented precisely in these sectors. By focusing on energy and transport, Kyrgyzstan has made energy independence from other neighboring countries. And also the road systems of the country are developing. Since in the initiative of One Belt One Road this sector is an important part.

Implementers by the Kyrgyz Republic. As a curator who is in charge of the transport issue, the Ministry of Transport and Communications of the Kyrgyz Republic fully controlled investment projects in the transport sector. As well as those related to energy, he supervised the Ministry of Energy of the Kyrgyz Republic, which implemented investment projects in the energy sector. That is, these ministries are executors in the implementation of government investment projects of the Kyrgyz Republic. It should be noted here that, this time, two former ministers of energy of Kyrgyzstan were detained imprisoned in prison on suspicion of receiving a bribe from the Chinese. But all these incidents were only after the arrival of the new president, Sooronbay Zheenbekov. From this situation, people suspect the former president Atambayev is also receiving bribes from the Chinese. Because he became a multimillionaire during the presidency of Kyrgyzstan and the people saw this weight. Maybe for this information I am emotionally, but it is a fact.

Investment money amounts for projects. Eight government projects implemented in different amounts. More specifically: Project the Development of road networks in Bishkek Phase 1 – 70 423 643 \$, Preferential Credit Agreement for the alternative North-South road project, Aral - Kazarman

section (km 195 - km 291) – 185 254 119 \$, Government Concession Agreement on the alternative North-South road project, Aral - Kazarman section (km 195 - km 291) – 112 640 000 \$, Rehabilitation of the alternative North-South road – 400 000 000 \$, and the project of rehabilitation of two road sections in the Kyrgyz Republic – 129 825 916 \$.

Getting investment loans. The so-called state investment loans obtained at different times. But all these projects are being implemented under the initiative “One Belt One Road”. More specifically: Project the Development of road networks in Bishkek Phase 1 in the 2016 year, Preferential Credit Agreement for the alternative North-South road project, Aral - Kazarman section (km 195 - km 291) in the 2015 year, Government Concession Agreement on the alternative North-South road project, Aral - Kazarman section (km 195 - km 291) in the 2015 year, Rehabilitation of the alternative North-South road in the 2013 year, and the project of rehabilitation of two road sections in the Kyrgyz Republic in the 2012 year.

<Table 7> Similarities and Differences of Government investments projects

Government investments projects	
Similarities	Differences
One Belt One Road Investment Projects	The Sectors
State debt	Implementers by the Kyrgyz Republic
Implementers	Investment money amounts for projects
Chinese labor	Getting investment loans
Repayment term	
Percentage on investment loans	
During the presidency of Almazbek Atambayev	
Source of financing	
The number of employees from China in the projects.	

Chapter 5. Analysis of Private Investment Projects

The Chinese initiative One Belt One Road led Kyrgyzstan not only investment loans. At the same time, under the initiative of One Belt One Road in Kyrgyzstan, private investment projects in various sectors were implemented. That is, foreign direct investment from China has grown over the past five years. We can see at the “<Table 5> Gross Inflow of Foreign Direct Investment (in US\$, million)”. It is important to note that foreign direct investment is a category of international investment that occurs when the resources of a resident of one country are attracted to the territory of another state, as a rule, without additional special state guarantees. This type of investment accelerates the formation of authorized capital, contributes to the normalization of the balance of payments, creates new jobs as a result of the transfer of technology and skills, increasing productivity, increasing export opportunities and ensuring economic stability. Below, we analyze the similarities and differences in foreign direct investment, which are implemented in Kyrgyzstan as part of the One Belt One Road Initiative.

5.1 Similarity Analysis

As in table <Table 8>, it can be seen that there are some similarities between private investment projects. Below we show the detailed meaning the similarities of investment projects:

Type of investment. In terms of private investment projects that have already been implemented, they are included in the national statistics of Kyrgyzstan as

Foreign Direct Investment (FDI). FDI plays a huge role in the development of the country's economy. This type of investment differs from government investment by its certain criteria such as the lack of state guarantees and the inability of return. Currently, FDI from China is developing quite well in Kyrgyzstan. For my research, I chose only seven-part projects. But every year these private investment projects from China are increasing.

Chinese money. In the Chinese economy there is a huge amount of money, and since it is a planned state with market mechanisms, there are huge state resources. They have a policy of encouraging investment abroad. Because they constantly need resources to feed their people, and to ensure further development. At the expense of labor, at the expense of management, at the expense of new technologies, they are ahead and working all over the world. The goals of the initiative One Belt One Road is especially in this sense. You need to know that Chinese investors often go with state capital. Because, first of all, they are provided with soft loans and they have certain insurance from the government. In addition, there is a lot of competition inside China as they have a very large population. There is a surplus of labor. This is associated with a lot of activity. As for Kyrgyzstan, we have very liberal laws. China is just beginning to master our country. America and Europe, he has long mastered. In this regard, China has a very thoughtful ideology. That is, all the projects that are implemented in Kyrgyzstan, they are all Chinese money in the hands of Chinese citizens.

Implementers. As in the government investment and in the private investment project, all projects are implemented with Chinese performers. In

addition, the companies that manage these seven projects are different, but they are all Chinese companies. Chinese investors who are Chinese citizens come to Kyrgyzstan and participate in tenders or negotiate with private entrepreneurs in Kyrgyzstan and implement their business projects. These seven private investment projects are implemented with such investors in China.

Taxpayer of the Kyrgyz Republic. All companies that manage these seven projects and other projects are all taxpayers of the Kyrgyz Republic. This means that these companies work with the legislation of Kyrgyzstan. They also observe and support the norms of the regulatory legal acts of Kyrgyzstan. It is important to note here that, from a part of government investment projects, tax revenue does not come in the revenue part of the state budget of Kyrgyzstan. This factor has an important role in the investment policy of the country. Therefore, the Government of Kyrgyzstan is very interested in attracting foreign direct investment from China and from other countries. Since more than 60 percent of the revenue part of the state budget of Kyrgyzstan depends on tax revenue.

5.2 Difference Analysis

As shown in the table <Table 8>, that between private investment projects there is some difference as a similar part. Below we show the detailed meaning of the difference of investment projects:

Investment projects. All projects in terms of private investment projects differ from each other in their plans and actions. In Kyrgyzstan, mainly Chinese investors are engaged in small and medium enterprises. These seven projects

are a larger private investment project. Since Kyrgyzstan has a large stock of gold and other precious metals in the world. Therefore, mainly private Chinese investors are interested in the mining sector. But this factor did not bring good results to Kyrgyzstan. On the contrary, this time in Kyrgyzstan has big problems. Not only in the Chinese investment also in other investment projects in the country as Kumtor.

Investment amounts. As shown in the tables <Table 12> and <Table 13> the amount of investment in different projects is different amounts. Gold deposit "Kuru Tegerek" in Jalal-Abad region – 7 800 000\$, Gold deposit "Taldy-Bulak" – 24 600 000\$, "Ishtamberdy" gold deposit in the Jalal-Abad region – 166 700 000\$, Construction of a plant for the production of civilian explosives – 10 000 000\$, Construction of a plant for the production of aluminum bimetallic radiators – 40 000 000\$, Construction of the plant for the production of fittings and cables on the basis of the "Kayindinsky cable plant." – 50 000 000\$ and Tile Plant "Tien Shan Ceramics" – 30 000 000\$

Sectors. In our study and in Kyrgyzstan, private investment projects are mainly implemented in two different sectors. More specifically, it is implemented in the mining and manufacturing sector. As shown in the tables <Table 12> and <Table 13>, three out of seven private investment projects are implemented in the mining sector. The remaining four private investment projects implemented in the manufacturing sector. Of course, any investors are interested in making a profit on their investment. Therefore, they invest their money on any projects. But the question will arise why Chinese investors are interested in these two sectors in Kyrgyzstan? In fact, in Kyrgyzstan there is no

competition among investors in these two and other sectors. Because the Government of Kyrgyzstan is just starting to advertise its opportunities for foreign investors. That is, private investment is still underdeveloped in the country. Although the legislation of the Kyrgyz Republic on investment is more liberal in comparison with neighboring countries like Kazakhstan, Tajikistan and Uzbekistan. Unfortunately, despite this, private foreign investment remains underdeveloped in Kyrgyzstan.

Number of Chinese workers. In the all private investment projects work Chinese workers from China. But their number is different in different investment projects. This shows us in the tables <Table 12> and <Table 13>. Today this issue is relevant among the population of the Kyrgyz Republic. The appearance of Chinese workers in Kyrgyzstan also appeared discontent of the people. Causes of dissatisfaction is a large amount of unemployment. All investors who worked in Kyrgyzstan require the government of Kyrgyzstan to provide an opportunity to bring their professional staff to successfully implement their investment projects. This factor is practiced in many countries. That is, it is a natural phenomenon on investment policies. But in our practice, Chinese investors violate these rules. They bring both professional and non-professional labor from the People's Republic of China. And this is a very important number. Therefore, many unemployed local residents of Kyrgyzstan often demonstrate against Chinese investors. According to official data of the Migration Service of the Kyrgyz Republic, 17 thousand quotas are given annually for permission to immigrate. Of these, more than 70 percent get exactly the Chinese. However, illegal migration from China is much more than

a fact. The Kyrgyz government's government is not inconsistent with this factor. On the contrary, government officials give the Chinese Kyrgyz passports. In the near future, these factors will be the main problem of the Government. Since the recent times of the people is growing every day.

Local workers. As shown in <Table 12> and <Table 13>, local residents work in all private investment projects. But naturally, their numbers are in different investment projects at different amounts, and this is normal. Each implemented investment projects creates jobs for the people. This is an important factor for the government also for local peoples. The emergence of Chinese investors in Kyrgyzstan created tens of thousands of jobs. But other negative factors appeared. For example, there are some facts that Kyrgyz girls married Chinese. The reasons for this factor are mainly due to financial shortcomings. Such a phenomenon very seriously affects the discontent of the people of Kyrgyzstan. Since the people of Kyrgyzstan are more than 95 percent Muslim. Such negative factors are growing every year.

Date of implementation of investment projects. Between private investment projects this criterion has different data and it shows us in the tables <Table 12> and <Table 13>. But all these projects were implemented in 2013-2018 in the framework of One Belt One Road. That is, these projects are part of the One Belt One Road Initiative. Chinese investors are exploring the possibility of Kyrgyzstan to develop the investment climate and therefore realizes its projects at different times.

**<Table 8> Similarities and Differences of Private investment projects
(FDI)**

Foreign direct investment	
Similarities	Differences
Type of investment	Investment projects
Chinese money	Investment amounts
Implementers	Sectors
Taxpayer of the Kyrgyz Republic	Number of Chinese workers
	Number of Local Workers
	Date of implementation of the investment projects

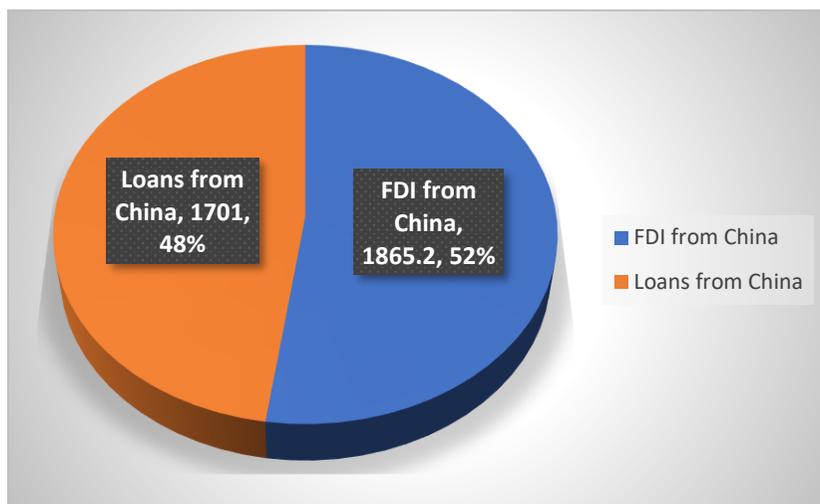
5.3 Comparison between Government Investment and Private Investment Projects

Based on the foregoing, we analyze the similarities and differences between public and private investment projects. Based on the data in Table <Table 9>, we see several similarities and differences between public and private investments. Below we will focus on each specific indicator. In terms of similarities between public and private investment projects, we found only three criteria for the indicator Chinese money, Chinese workers and One Belt One Road Investment Projects.

Chinese money. One of the similarities of government and private investment projects in Kyrgyzstan is Chinese money. All these projects were implemented after the announcement of the One Belt One Road Initiative in

Astana in front of the professors and students of the Nazarbayev University with the Chairmen of the People’s Republic of China Xi Jing Ping. Since 2013, Kyrgyzstan has begun to actively cooperate with the neighboring country, the so-called People's Republic of China. At the same time, the People’s Republic of China was interested in working with Kyrgyzstan. The result of this cooperation is shown in the following graph.

<Figure 2> Chinese money in Kyrgyzstan during 2013-2018 (Jan-Jul)



<Figure 2> shows that within five years Chinese money amounted to \$ 3 566.2 million. Including foreign direct investment of 1 865.2 million dollars, and the debt that gave the People's Republic of China is 1 701 million dollars. That is, <Table 5> shows that the FDI inflow from China is 37.7% of the total FDI inflow to Kyrgyzstan during 2017-2018. Also <Table 6> shows that by 2018, Kyrgyzstan’s foreign debt to China is 44% of the total number of foreign debt.

However, it is necessary to indicate important examples of how China managed its requirements on which it received and used their money:

In 2011, China agreed to write off an unknown amount of Tajikistan's debt in exchange for 1,158 square kilometers of the disputed territory. At that time, the Tajik authorities stated that they agreed to provide 5.5 percent of the land due to non-payment of large amounts of debt to China. And also in 2011, when Cuba was in a desperate economic crisis and was seeking debt relief, then China, as the largest creditor, agreed to restructure a debt of six billion dollars. The information about the deal has not been disclosed, but it is reported that it includes China's agreement on the extension of additional trade credits and the financing of port rehabilitation. At the same time, some information and various reports indicate that part of the debt was written off.

Also, as China's negative action is that, due to the non-repayment of Sri Lanka's debt of eight billion US dollars with a share of 6 percent, which they used to finance the construction of the port of Hambantot, in 2017 China agreed to exchange the debt for a stake, and a 99-year lease to manage the Hambantot port in Sri Lanka.

Among the citizens of the Kyrgyz Republic there are many negative opinions regarding Chinese investments. One famous economist of Kyrgyzstan said very important words. I want to add an opinion on my investigation: "We took loans worth about \$ 2 billion under state guarantees. The agreements are concluded in Hong Kong in Chinese and payments will be made according to the rules of the PRC. If disputes arise, their court has the right to consider them. In other words, we received loans under strict conditions". Deputy of Parliament Akylbek Zhaparov. Source: Azattyk 22 October 2018

Chinese workers. According to the State Migration Service, in the past 2017, 11,593 citizens of China received a work permit. Above noted that the illegal Chinese arrived much more than official figures. At the same time, it should be noted that only Chinese citizens worked on government investment projects. Since the government investment project was not allowed to work locals. In addition, the Chinese labor force also worked in a private investment project. But local residents are also involved in the private sector. We can see this data in the tables <Table 10>, <Table 11>, <Table 12> and <Table 13>.

One Belt One Road is one of the criteria that has similarities between the government and private investment projects of the country. All government and private investment projects were received and implemented within the framework of "One Belt One Road". The Government of the Kyrgyz Republic has all roads had a positive reaction to China investment. Here are some examples:

“In this sense, it is difficult to overestimate the importance of the idea proposed by the PRC Chairman Xi Jinping. “One belt - one Road” opens up new opportunities and great prospects. And for Central Asia and in particular for Kyrgyzstan, this is an opportunity to access the sea. But besides solving logistical and transportation tasks, I would like to especially support the ideas proposed by Xi Jinping to build a digital Silk Road and fight corruption. These two ideas are especially close for our country, because Kyrgyzstan is preparing a long-term development strategy and the key program will be the national program "Taza Koom", which means a clean, transparent, transparent society "

said President Atambayev. Source: The Forum in the framework of "Belts and Road" was held in Beijing on May 14-15, 2017.

Also, "Over the past 26 years of independence of Kyrgyzstan, China has become one of the largest partners of the country. The principles of strategic partnership between the Kyrgyz Republic and the PRC are actively implemented in the field of economic cooperation. By the end of 2017, China became our main trade and economic partner and its investor. For In 2017, the trade turnover of the Kyrgyz Republic with China increased by 8.6%, including exports - 2.5 times and imports - by 4.7%. In 2017, it amounted to 1,597 thousand 5 million dollars. And in January February 2018 - \$ 344 million". Source: Kabar June 12, 2018: Deputy Minister of Economy Almaz Sazbakov.

"The government of Kyrgyzstan will take active steps to protect Chinese investment. China is our main donor, and besides, our positions on regional policy coincide, "- Prime Minister of Kyrgyzstan Jantoro Satybaldiev. It is important to note here that this former Prime Minister Jantoro Satybaldiev and another former Prime Minister Sapar Isakov were detained and imprisoned on suspicion of taking bribes from investors. This time is under investigation.

On the project One Belt One Road there are different opinions. I want to include foreign opinion also. In August 2018, the following article was published: "Another Belt and Road project in Sri Lanka, a deepwater port, is now in the hands of a state-owned Chinese company on a 99-year lease after it failed to attract enough business to make its loan payments. This could swell into a bigger problem: A study released by the Center for Global Development

in March suggested that Djibouti, Kyrgyzstan, Laos, Maldives, Mongolia, Montenegro, Pakistan and Tajikistan would also struggle to repay Chinese Belt and Road loans.

To critics, this is a feature of China's plan, not a bug. China, they say, is planning to bully smaller countries with "debt diplomacy" — and some even go further, suggesting that perhaps the plan is for China's military to make use of all these belts and roads one day in the future". Source: The Washington Post: By Adam Taylor 2018 August 22

There are several differences between government and private investment projects. That is a lot more difference than similarities. Below, we will provide detailed information about these differences, as shown in the <Table 9> table.

Type of investment. In our study showed that in a government investment project virtually all projects are included in the types of loans. That is, having implemented state investments, Kyrgyzstan has found a huge debt. And when the time comes, these huge debts should be returned by Kyrgyzstan to China with interest. In a private investment project, all investments are included in the types of foreign direct investment. Kyrgyzstan receives significant revenues from these projects and this is a long-term one. Difference from the government project in the private sector of the Government of Kyrgyzstan has no obligations to China.

Investment projects. Comparing between public and private investment projects, we learned their differences. Each investment project is different from each other in the government and private sector. But in the government part its

financial volumes differ more from private projects. The reason for this factor is the interests of China. Since in the government part of the investment, China has more interests and factors coinciding on the initiative of One Belt One Road. In private investment, too, differs from government projects with its own financially small amounts. Since the reason is China has few interests from these private investment projects.

Sectors. Comparing between the two investments parts, we learned that the government part investments mainly focused on the energy and transport sectors. The rest of the sectors are practically unheeded and forgotten. At the same time, all other sectors are in great need for change and development. These implemented projects in the energy and transport sectors were important, but they do not provide massive returns to Kyrgyzstan in the future. Although the same money could be used in a more profitable sector, it was thoroughly conceived and considered for other examples like South Korea. Private investment focuses on manufacturing and mining. According to these plans of the Government of Kyrgyzstan, there are no specific ambitious plans. The Chinese will come and makes investment projects only on their own interests. It is on this part that Kyrgyzstan can use the experience of South Korea. Since Kyrgyzstan has more opportunities than South Korea.

Number of Chinese workers. Naturally, the number of Chinese workers in each investment project is different. We learned this by comparing the data of all investment projects as shown in the tables <Table 10>, <Table 11>, <Table 12> and <Table 13>. In a government investment project that is implemented in Kyrgyzstan, it is obvious that the Chinese government won in all the criteria.

Especially using Chinese labor. It can be said that China used our weak-willed and undiplomatic president and prime ministers.

The number of local workers in different projects of different numbers and this is natural. But in the government part there is absolutely no local labor force. Although in the private sector small amounts of local labor. The reasons for this is the lack of grandiose with large volumes of investment projects. Although labor is cheap compared to some neighboring countries. Because of these indicators, foreign investment does not benefit the Kyrgyz government.

Implementers. It is important to note here that comparing the two parts of the investment, we learned that in the state investment project there was only one executor in all projects, specifically in the energy sector, Chinese company TBEA. The same situation in the transport sector was implemented in all projects by only one developer, China Road and Bridge Corporation. In private investment in each project involved various implementers.

Taxpayer of the Kyrgyz Republic. One of the important differences between private investment and public investment are long-term taxpayers. That is, all investment projects that are funded by private companies, all of them are taxpayers of the Kyrgyz Republic. This means that private investment supports the revenue side of the state budget of the Kyrgyz Republic. And comparing the two parts of the investment, we learned that the so-called public investment are not taxpayers of the Kyrgyz Republic.

<Table 9> Similarities and Differences of Government and Private investment projects.

Government and Private investment projects	
Similarities	Differences
Chinese money	Type of investment
Chinese workers	Investment projects
One Belt One Road Investment Projects	Investment amounts
	The Sectors
	Number of Chinese workers
	Number of Local Workers
	Implementers
	Taxpayer of the Kyrgyz Republic

Chapter 6. Conclusion

The purpose of this document was to study the impact of Chinese investments made in One Belt One Road. In this regard, these investment projects are divided into two parts.

Realized Chinese investments in Kyrgyzstan as state and private investment projects. As well as the similarities and differences of these investments. And so in this document several different sectors were chosen. Since the analysis showed that from the point of view of public investment, all investment loans obtained from China are realized in the transport and energy sector in the implementation of each project, China took into account, first of all, its own interests, our analysis shows.

However, Kyrgyzstan, as a neighboring country to China, should make the most of this project One Belt One Road. We should not be afraid of taking loans and other investments, but we must learn how to use them correctly in the interests of our citizens and our state.

I prefer that we carefully study the experience of foreign investment made by President Park Chun Hyun in South Korea in 1962-1979. This experience would be very useful in our situations now in Kyrgyzstan.

In the document, I showed several foreign investment examples that negatively affected their sovereignty.

In the end, I can say that the Chinese initiative One Belt One Road is a good chance for the government of Kyrgyzstan to raise the level of the country's

economy. But in this case, the implemented Chinese state investment projects were not very profitable for the interests of our country compared to private investment projects.

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APPENDICES

One Belt One Road Investments projects in Kyrgyzstan.

The Kyrgyz government in its use of Chinese investment has focused mainly on the transport and energy sector. In five years, the total share of Chinese investment in the economy has grown tenfold. In the past five years, China has received the opportunity to participate in various sectors to implement its investment projects. Implemented investment projects mainly in the energy, transport and mining sectors.

<Table 10> Investments projects in the transport and communications sector

№	Project name	Date	Amount of the investment project	Types of investments	Implementer or company	Number of Chinese workers	Number of local workers	loan repayment period	Rate %
1	Development of road networks in Bishkek Phase I.	2016	70 423 643	Investment grant	China Road and Bridge Corporation				
2	Preferential Credit Agreement for the alternative North-South road project, Aral - Kazarman section (km 195 - km 291)	2015	185 254 119	Investment loan	China Road and Bridge Corporation	100%		For 20 years	2% for year
3	Government Concession Agreement on the alternative North-South road project, Aral - Kazarman section (km 195 - km 291)	2015	112 640 000	Investment loan	China Road and Bridge Corporation	100%		For 25 years	2% for year
4	Rehabilitation of the alternative North-South road.	2013	400 000 000	Investment loan	China Road and Bridge Corporation	100%		For 20 years	2% for year
5	The project of rehabilitation of two road sections in the Kyrgyz Republic	2012	129 825 916	Investment loan	China Road and Bridge Corporation	100%		For 20 years	2% for year

Source: Ministry of Finance. <http://www.minfin.kg/novosti/byudzhet-razvitiya/mip.html>

<Table 11> Investments projects in the energy sector

№	Project name	Date	Amount of the investment project	Types of investments	Implementer or company	Number of Chinese workers	Number of local workers	loan repayment period	Rate%
1	The modernization of the Bishkek thermal power plant	2013	386000000	Investment loan	Chinese TBEA Company	354 (100%)		For 20 years	2% for year
2	Construction of 500kV “Datka-Kemin” Power Line and 500kV “Kemin” Substation	2012	389795000	Investment loan	Chinese TBEA Company	1000	200	For 20 years	2% for year
3	Modernization of power lines in the south of Kyrgyzstan	2011	208000000	Investment loan	Chinese TBEA Company	100%		For 20 years	2% for year

Source: Ministry of Finance.

<http://www.minfin.kg/novosti/byudzhet/byudzhet-razvitiya/mip.html>

Direct foreign investments of Kyrgyzstan from China.

China's direct investment is mainly invested in the manufacturing and mining sectors. The inflow of direct investment has grown over five years. This means that this was influenced by the initiative One Belt One Road.

<Table 12> Foreign Direct investments projects in the mining sector

№	Project name	Date	Amount of the investment project	Types of investments	Implementer or company	Number of Chinese workers	Number of local workers
1	Gold deposit "Kuru Tegerek" in Jalal-Abad region	2018	7800000	Foreign direct investment	Chines Company "Kichi-Chaarat"	591	209
2	Gold deposit "Taldy-Bulak"	2014	246000000	Foreign direct investment	Chines Company "Altyn-ken"	350	224
3	"Ishtamberdy" gold deposit in the Jalal-Abad region	2016	166700000	Foreign direct investment	Chines Company "Full Gold Mining"	231	370

Source: Ministries of Economy, Agency for Promotion and Protection of investments under the Government of the Kyrgyz Republic.

<http://www.invest.gov.kg/en/>, <http://mineconom.gov.kg/ru/direct/7>

<Table 13> Foreign Direct Investments projects in the manufacturing sector

№	Project name	Date	Amount of the investment project	Types of investments	Implementer company	Number of Chinese workers	Number of local workers
1	Construction of a plant for the production of civilian explosives.	2014	10000000	Foreign investment	"Salute Company" of China.	20	80
2	Construction of a plant for the production of aluminum bimetallic radiators.	2017	40000000	Foreign investment	Chines "TMAI Investment Holding" company	100	400
3	Construction of the plant for the production of fittings and cables on the basis of the "Kayindinsky cable plant."	2018	50000000	Foreign investment	Chines company "Metal Ken"		
4	Tile Plant "Tien Shan Ceramics"	2016	30000000	Foreign investment	Chines company "Tien Shan Ceramics"	200	200

Source: Ministries of Economy, Agency for Promotion and Protection of investments under the Government of the Kyrgyz Republic.

<http://www.invest.gov.kg/en/>, <http://mineconom.gov.kg/ru/direct/7>

국문초록

키르기스 공화국에 대한 중국의 투자:

일대일로 구상 안에서

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2013년부터, 중화 인민 공화국은 일대일로 구상의 일환으로 세계 개발도상국과 선진국에 대한 보조금, 차관 및 외국인 직접 투자의 형태로 많은 금액을 제공했다. 2015년 말, 국제 사회는 빈곤과 불평등 퇴치를 위한 국제 원조의 중요성과 역할에 주목했다. 외국인 투자, 차관 또는 기타 개발 원조는 키르기스스탄과 같은 개발 도상국의 경제 성장과 경제적 안정과 관계 있다는 것은 오랫동안 입증되어 왔다. 외국인 직접투자는 오랫동안 개발도상국에서 사용되어 왔고 개발도상국의 일부인 세계 국가의 경제성장에 가장 중요한 원천 중 하나로 간주되고 있다.

일대일로는 경제학자, 학자, 정치인 사이에서 많은 관심을 끌었다. 2013년부터 시진핑의 일대일로 구상의 유용성에 초점을 맞춘 과학자, 경제학자, 정치가들이 있었다. 많은 연구들은 중국 투자가 수혜국들에게 이로운지에 대한 질문에 각각 다른 대답을 가지고 있다.

본 연구의 목적은 일대일로 구상 안에서 중국의 투자가 키르기스스탄에 이익이 되는지 살펴보는 것이다. 특히, 공공투자와 민간투자의 성과를 비교하여 이익을 검증할 계획이다. 본 연구는

2013년부터 2018년까지 키르기즈 공화국에서 시행된 모든 공공 투자와 일부 민간 투자 프로젝트를 비교 연구할 것이다.

연구 결과, 공공 투자 측면에서 키르기스스탄에 대한 중국의 투자는 키르기스스탄의 주권을 위협하고 있는 것으로 나타났다. 그러나 민간투자 관점에서는 외국인직접투자로 인해 경제성장에 보다 더 이익이 되는 국가들을 보여준다.

주제어: 일대일로 구상, 외국인 직접 투자, 정부 투자, 민간 투자

학번: 2017-29101

ACKNOWLEDGEMENT

First of all, I want to thank Professor Koo, Min Gyo for his support and powerful motivation during the writing period. He supported me with his patience, shared his experience and gave the right direction. Without the help of a professor, the thesis would not have been completed or written. This thesis is attributed with his support and great effort.

Also, I would like to point out Professor Kwon, Huck-Ju and Professor Kim, Bong Hwan, as members of the supervisory committee, for their keen remarks.

Here I would like to separately mention Professor Kwon, Huck-Ju for his support and invaluable motivation which he gave me during the whole educational process.

Our GMPA office has alRoads provided us with the high support and assistance we needed. It is worth noting our beautiful Madame. Yougmi Lee, for her warm attitude towards each student.

I thank the company POSCO and Seoul National University for giving me such a great opportunity to come to this wonderful country and gave me an invaluable chance to study this master's program.

I also note my gratitude to all professors for enlightening us with invaluable knowledge, many years of experience, values and patient relationships.

I thank the most significant for me in my life journey: my family, relatives and friends who supported me morally and financially, which I needed in the period of study. And who expect great expectations from me.