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China's role and interests in Central Asia

CHINA



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1

Introduction

FOLLOWING THE COLLAPSE OF THE SOVIET UNION, China has endeavoured to build and strengthen its relations with the five Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. While originally the main focus of its political and diplomatic activities was to settle the Soviet legacy of disputed borders, its ties with Central Asia later started to reflect a growing desire to protect broader economic and security interests in the region.

Today, a substantial network of roads, railways, air flights, communication, and oil and gas pipelines connects China to Central Asia.¹ In 2012, carrying out almost \$46 billion of trade with the region's five states, China was the most prominent economic actor and main source of foreign investment in the region. Since China forged diplomatic relations with the five Central Asian states in 1992, its overall trade with the region has increased 100-fold.² Huge financing and foreign direct investment in energy, natural resource extraction, and commodities, such as the Central Asia gas pipeline from Turkmenistan to China, the Atyrau-Alashankou oil pipeline from Kazakhstan to China, significant investments in energy transport and communication in Uzbekistan, the construction of new roads and tunnels in Tajikistan, and the expansion of road connections between Kyrgyzstan and China have generated many headlines. The supply of low-interest loans to credit-deficient central Asian countries such as Tajikistan has also been a very noticeable feature. In June 2012, former President Hu Jintao announced that Beijing would offer \$10bn in loans to the member states of the Shanghai Cooperation Organisation (SCO).³ Central Asia also represents a growing market for China's goods.

In addition to a much deeper economic engagement, the region has also experienced an increase in political, diplomatic, and cultural ties with China. All five countries in the region have signed strategic agreements with China. High-level visits by Chinese officials have intensified. Confucius Institutes, which offer language courses and cultural programmes, are now present in Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan.⁴ The SCO Network University was launched in 2010 as a new platform for cooperation in education and people-to-people exchanges.⁵

Security and stability in Central Asia matter a lot to China not only for the safety and protection of its own investments in the region but also because of the almost

¹ *Towards New Glory of the Silk Road*, Speech by H.E. Wen Jiabao, Premier of the State Council of the People's Republic of China at the Opening Session of the Second China-Eurasia Expo at the China-Eurasia Economic Development Forum, Urumqi, 2 September 2012.

² Xinhua, *Xi proposes a 'new Silk Road' with Central Asia*, 8 September 2013, www.chinadaily.com.cn/sunday/2013-09/08/content_16952160.htm

³ Reuters, *Chinese President Hu Jintao said on Thursday that Beijing will offer USD 10bn in loans to the member states of the Shanghai Cooperation Organisation*, 6 June 2012, www.reuters.com/article/2012/06/07/us-china-sco-loans-idUSBRE85602920120607

⁴ University of Nebraska-Lincoln, *Confucius Institutes Around the Globe*, <http://confuciusinstitute.unl.edu/institutes.shtml>

⁵ The Central Web Portal of the Shanghai Cooperation Organization, *SCO University project: definitely successful*, 8 June 2011, <http://infoshos.ru/en/?idn=8338>

inevitable spillover effects that insecurity and instability might have within China's north-western region of Xinjiang. Furthermore, China has started to become a player, although until now only tentatively, in Central Asia's security landscape.

For the five Central Asian nations, China's increased engagement presents many opportunities, but also challenges, at a critical juncture in the region's history. While China's presence is received with varying degrees of acceptance, tolerance, or mistrust among civil society, its engagement has been welcomed by the political elites of the region for the opportunities it creates to fuel economic growth and for putting the local governments in a better negotiation position vis-à-vis the old dominant power, Russia, as well as Western states.

While China's economic footprint in the region continues to expand, key questions remain concerning China's main interests here and the future of its engagement. What lies at the forefront of China-Central Asia relations? Is there a grand strategy for Central Asia on the part of China? Is China really intent on reorienting Central Asia towards Beijing and away from the world's other major powers? Is China's increasing energy appetite, in particular its access to raw materials to fuel its economic development, the key factor motivating its massive investments in the region? Or is China primarily motivated by the security concerns about Xinjiang, where the native population agitates for greater autonomy? Are China's interests in the region 'safe'? Or may its economic interests, energy security, economic investments, even the lives of its citizens, come under threat from insecurity and conflicts that periodically flare up in the region? What are the implications of Chinese increased engagement for conflict management in Central Asia? This paper uses very broad brushstrokes to try to answer these questions and paint a basic overview of the economic, political, security, and energy dimensions of China-Central Asia relations. After briefly describing relevant foreign policy principles that inform China's engagement in Central Asia, the paper explores the reasons behind China's engagement in the region. Policy statements and rhetoric are then examined, as are significant Chinese economic and security interventions. The paper ends with some tentative conclusions and an assessment of some of the challenges that the China-Central Asia relationship will face in the future.

2

Central Asia in China's foreign policy

2.1 Foreign policy principles

TO COMPREHEND CHINA'S ENGAGEMENT IN CENTRAL ASIA, it is important to first analyse the main principles that underpin its foreign policy. Chinese foreign policy is still informed, at least in the official discourse, by the 1954 Five Principles of Peaceful Coexistence: respect for territorial integrity and sovereignty, non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.⁶

Chinese officials emphasise that foreign policy questions in Central Asia, as well as in other regions around the world, derive from the Five Principles. They portray China as a developing country which is not part of any power bloc such as that around the United States, and which through the Five Principles pursues the road of peaceful development. Emphasis is placed on China never seeking hegemony, or wanting to impose its will on other countries.⁷ By solemnly declaring to the world never to seek hegemony, China tells its smaller Central Asian neighbours and the world at large that its rapid economic development and the strengthening of its military capability not only will not be a threat but also offer opportunities to its neighbours and partners in what could be described as a 'win-win situation'.⁸

The Chinese policy discourse often stresses the distinctiveness of China's approach as a responsible great power (*fu zeren de daguo*) that respects other countries' sovereignty, in contrast to what are perceived as Western powers' efforts to interfere in other countries' social systems, development paths, and internal and external policies. China's alternative world model emphasises instead multipolarity and equal treatment of all countries "no matter they are big or small, strong or weak, rich or poor".⁹ Each national government alone, acting on the basis of its own national conditions, has the right and ability to properly handle matters related to domestic, political, economic, or social affairs, including internal conflict. Such a view on the conduct of international relations is clearly informed by China's own history and its sensitivity on issues such as Taiwan, Tibet, and Xinjiang.

⁶ The Five Principles were originally codified in treaty form between China and India in the preamble to the *Agreement on trade and intercourse between Tibet Region of China and India*, which was signed in 1954. They were incorporated a year later in a statement issued at the historic Asian-African Conference in Bandung, Indonesia.

⁷ *Carrying Forward Good-neighbourly Friendship and Achieving Common Development*, Keynote speech of Wu Bangguo, Chairman of the Standing Committee of China's National People's Congress at the Supreme Assembly of Uzbekistan, 23 September 2011, www.fmprc.gov.cn/eng/wjdt/zjyh/t864104.shtml

⁸ *Continuing to Promote the Noble Cause of Peace and Development of Mankind*, in Report of Hu Jintao to the 18th CPC National Congress, 16 November 2012, www.china.org.cn/china/18th_cpc_congress/2012-11/16/content_27137540_11.htm

⁹ *Ibid*

China's position on most disputes around the world is that they should be solved by mutual understanding, sincere dialogue, and peaceful negotiation, and it opposes interference from the outside. This has been China's view and approach on resolving its border issues with Central Asian countries, as well as on major international crises and hotspot regions, including the war between Iran and Iraq, the struggle between Israel and the Arabs, the rivalry between North and South Korea, the conflicts in the former Yugoslavia, and the most recent upheavals in the Middle East, including the current Syrian conflict. Therefore the core idea behind the Five Principles as interpreted by China today is sovereignty – that one state has no right to interfere in the internal affairs of another state.

However, as one Chinese scholar put it, “principles must be understood in the context of reality.”¹⁰ The reality is that the balance of protecting China's interests overseas while maintaining a steadfast commitment to the principles of state sovereignty and non-interference will become ever more precarious.¹¹ As Chinese officials and scholars are becoming more aware of the tensions between the principle of non-interference and China's responsibilities as a global power and have started to realise that “attempts to separate politics and business do not generally succeed”,¹² China has become more flexible in its interpretation of non-interference and has been willing to take a more active diplomatic role in the resolution of conflicts, for example the role that it has played in Sudan and South Sudan over the past two years. When voting at the UN on sanctions or interventions aimed at resolving or dealing with major international crises, instead of using its veto power, China often abstains because “As a permanent Security Council member China's negative vote would constitute a veto, angering countries who favor intervention. By not voting or casting an abstention, China has allowed several interventions to go ahead without reversing its commitment to non-intervention.”¹³

While security and development are the main issues confronting Central Asia, it is interesting to see how security and development are interpreted by China. On the one hand, in order to develop properly a country needs a peaceful and stable internal and external environment because “nothing could be achieved without a peaceful and stable environment”.¹⁴ On the other hand, security is often seen from the prism of development: underdevelopment generates insecurity and instability and is a root cause of conflict, or in other words, investing in development offers the best guarantee for promoting security. The security-development nexus was initially based on China's national experience and later translated into foreign policy, in particular through the promulgation by former President Hu of ‘the harmonious society’ concept where development and security are closely linked. The implications and conclusions to be drawn for dealing with political and ethnic tensions in the Xinjiang Uyghur Autonomous Region, or indeed other conflicts across the broader Central Asia region, are quite clear: economic development has the power to attenuate, or even eliminate, political and ethnic tensions.

2.2 Foreign policy actors

Previous analyses have already warned against the assumption of a unitary, “monolithic Chinese dragon”,¹⁵ producing a single and neatly-bound Chinese position on all matters related to foreign policy. Instead, the formulation and implementation of China's foreign policy stance involves multiple institutions, factions, and ideologies.¹⁶

¹⁰ Lu G, *Troubles in Kyrgyzstan: what action should the Shanghai Cooperation Organization take?*, Lianhe Zaobao Wang, June 2010, quoted in European Council on Foreign Relations, *op cit* p 11

¹¹ Campbell I, Wheeler T, Attree L, Butler DM and Mariani B, *China and Conflict-Affected States – Between Principle and Pragmatism*, Saferworld, 2012, pp 8–12

¹² Taylor I, *China's new role in Africa*, (Lynne Rienner, 2009), p. 111

¹³ Nathan A, *Principles of China's Foreign Policy*, Asia for Educators, Columbia University 2009, http://afe.easia.columbia.edu/special/china_1950_forpol_principles.htm

¹⁴ Wen J, *op cit*

¹⁵ Large D, *Beyond "Dragon in the Bush": The Study of China-Africa Relations*, African Affairs (2008), vol 107 no 426, p 46

¹⁶ Jakobsen L and Knox D, *New Foreign Policy Actors in China*, SIPRI Policy Paper 26, Stockholm International Peace Research Institute (SIPRI), 2010

This also applies to relations with Central Asia where a range of key actors are involved in the formation and implementation of Beijing's relations with the five countries of the region. The State Council has overall responsibility for China's Central Asia policy. The International Department of the Central Committee of the Communist Party and the Politburo's Leading Group of Foreign Affairs are also crucial in policy formation. The Ministry of Foreign Affairs has official responsibility for the implementation of China's diplomatic relations with Central Asian republics. However, the Ministry of Commerce appears to have more influence as it manages economic relations and development assistance. The National Energy Administration that operates under the National Development and Reform Commission plays a key role in matters related to the top-priority area of energy cooperation. It takes the lead in, among others, launching international energy cooperation, participating in the formulation of policies related to energy resources, finance, taxation, and environment protection, and making recommendations on energy price adjustments.¹⁷ The Ministry of Finance, the state-owned China Development Bank, the China Export-Import Bank, and the China Investment Corporation also play important roles in the economic relationship. The People's Liberation Army and the Department of Public Security also play crucial roles in counter-terrorism cooperation, especially within the framework of SCO. State-owned enterprises also have influence in the process of policy creation, formalisation, and implementation. Among the most prominent in Central Asia are the state-owned energy corporations: Sinopec, the China National Petroleum Corporation (CNPC), and the China National Offshore Oil Company. Although operating within the policy framework set out by the Chinese party-state, such companies, with their huge business portfolios and their own domestic and international interests – which do not necessarily coincide with those of the party-state – can be powerful policy shapers.

3

China's main interests in Central Asia

DESPITE ITS DEEPENED ENGAGEMENT IN THE REGION OVER THE PAST DECADE, China's interest in Central Asia has to be put into perspective. Central Asia does not lie at the forefront of China's main international, economic, and security concerns. Traditionally, and even more so in recent years, China's assertive proclamations and actions have focused on more fundamental zones of interests, in particular the relationship with the United States, Sino-Japanese relations, cross-strait relations with Taiwan, tensions in the Korean peninsula, and relations with India.

Claims that China has hidden motives in Central Asia and is pursuing a grand geopolitical strategy aimed at ultimate control and dominance of the region are excessive and exaggerated. China has neither the capacity nor the intention to be Central Asia's hegemon. As it has been argued, "there is no grand strategy for Central Asia on the part of Beijing... What there is, however, is a confluence of all the activities of these multifarious actors, which, regardless of what Beijing wants or doesn't want, means that China is nonetheless the most consequential actor in the region".¹⁸ Others have argued that China's strategy towards Central Asia "may be a reflection of China's larger strategy toward the external world, which involves a lot of natural resources coming in and a lot of trade going out."¹⁹

However, the lack of a grand design does not mean that Chinese foreign policy in Central Asia is not realistic or strategic or that it lacks any geopolitical connotation. There is a range of pragmatic issues and interests involved in China-Central Asia relations. Scholars and analysts studying China's engagement in Central Asia do not always concur on what is the main driver, in particular whether economic issues, especially natural resource extraction, or internal security issues, that is, the Xinjiang question, are the main priority. What is clear is that both sets of interests have a direct relationship to China's domestic issues and that they are interconnected.

After three decades of very high growth rates, urbanisation, and a breathtaking social transformation – and with only one per cent of the world's oil reserves for the second-largest consumption – China needs to secure sustainable energy supply sources from elsewhere. Countries in Central Asia, especially those with large hydrocarbon reserves and mineral deposits, have become for China premier investment destinations, given their geographic proximity and the opportunity they also offer to secure continental energy supplies, thus reducing Beijing's dependence on maritime routes.

¹⁸ Petersen A, quoted by Kucera J in *What is China's Policy Driver in Central Asia?* EurasiaNet, 2 January 2013

¹⁹ *Ibid*

However, China-Central Asia policy transcends a mere quest for resources. As stated in the 2011 White Paper on China's Peaceful Development, the "central goal of China's diplomacy is to create a peaceful and stable international environment for its development."²⁰ At the same time, through promoting economic development, China also aims to stabilise the Central Asian states, which are important for the security of the region, including the Chinese region of Xinjiang that borders former Soviet Central Asia. There is an intrinsic link connecting China's engagement in Central Asia to the Uyghur question.²¹ China wants the region to develop and stabilise as underdevelopment, instability, and possible conflict may spill over and undermine its efforts to develop, 'pacify', and more strongly bind Xinjiang to the rest of China. It also wants its Central Asian neighbours, which have the largest Uyghur populations of any countries except for China, to take a more active part in the fight against Uyghur separatism.²² Unrest in Kyrgyzstan, that shares a 1,000-km border with China, and in the Ferghana valley, that spreads across Kyrgyzstan, Tajikistan, and Uzbekistan, runs the risk of disrupting trade, energy supplies, and, ultimately, to threaten its own internal stability, especially in Xinjiang. This was clearly demonstrated by the 2010 riots in Kyrgyzstan between ethnic Kyrgyz and Uzbeks, which "directly affected Xinjiang's exports there, as well as to Uzbekistan and Kazakhstan."²³

²⁰ Government of the People's Republic of China, *White Paper on China's Peaceful Development* (2011), p 3

²¹ Laruelle, M and Peyrouse S, *China as a Neighbour: Central Asian Perspectives and Strategies*, Central Asia-Caucasus Institute & Silk Road Studies Program, a Joint Center affiliated with Johns Hopkins University's School of Advanced International Studies and the Institute for Security and Development Policy, p. 14

²² Doyon J, *Strengthening the SCO in The New Great Game in Central Asia*, European Council on Foreign Relations, September 2011, p 3

²³ *China's Central Asia Problem*, Asia Report No 244, International Crisis Group, 27 February 2013, p 11

4

Policy statements and rhetoric

CHINESE AND CENTRAL ASIA LEADERS VISIT EACH OTHER VERY FREQUENTLY, both bilaterally and on multilateral occasions, signing agreements and exchanging opinions on bilateral relations and regional issues of common concern. Declarations and policy statements issued in the course of such visits often feature good neighbourly friendship, mutual trust, mutual benefit, equality, consultation, and the pursuit of common development goals as the basic principles for cooperation.

Topics related to common development, economic, and trade cooperation often take precedence in the policy statements by Chinese leaders who have emphasised common development as the fundamental purpose of good neighbourly relations.²⁴ In a speech at the Supreme Assembly of Uzbekistan in 2011, Wu Bangguo, former Chairman of the Standing Committee of China's National People's Congress, announced China would continue this pattern of "good-neighbourly friendship and common development" as a means "to write a new chapter of peace, cooperation and harmony."²⁵

In September 2012, former Premier Wen Jiabao declared the Eurasian continent to be "one of the most promising regions in the world in terms of consumption and investment" calling on further "opening markets to each other";²⁶ as well as advancing "cooperation in cross-border infrastructure to accelerate the connectivity process" and deepening "culture and people-to-people exchanges".²⁷

In a joint written interview by the media of SCO member states published in June 2012, former President Hu emphasised that "Through the signing of the Program of Multilateral Trade and Economic Cooperation, member states have gained significant progress in the cooperation projects of transportation, energy and communications."²⁸ He praised the new SCO concept of development which consists in adapting "to the general trend of economic globalization",²⁹ taking "into account the features of regional economic development";³⁰ achieving "mutual benefit through complementing each other with advantages of member states based on their own strategic planning";³¹

²⁴ Wu B, *op cit*

²⁵ *Ibid*

²⁶ Wen J, *op cit*

²⁷ *Ibid*

²⁸ *President Hu Jintao Receives the Joint Written Interview by Media of the SCO Member States*, 6 June 2012, www.fmprc.gov.cn/eng/wjdt/zjyh/t942719.shtml

²⁹ *Ibid*

³⁰ *Ibid*

³¹ *Ibid*

creating “favorable conditions for member states’ development”, and finally helping “them grow the economy and improve people’s livelihood.”³²

During visits to Kyrgyzstan, Uzbekistan, and Turkmenistan in July 2013, Chinese Foreign Minister Wang Yi stressed Beijing’s support of development in Central Asia, its “endorsement of measures taken by them to maintain stability” and its “aim of injecting a new vitality into the region”. He also stated that the leaders of the three countries consider China “a trustworthy friend and partner”, and “highly value Beijing’s huge influence in regional and international affairs as a responsible world power.”³³ These visits served as preparation for a state visit of Chinese President Xi Jinping to Turkmenistan, Kazakhstan, Uzbekistan, and Kyrgyzstan in September 2013.

A typical feature in Chinese official statements is that China does not seek political concessions in return for its financial support. Unlike other major financial and economic actors that often place conditions on loans and other financial instruments, Chinese financial assistance is provided without any “additional conditions” and “on the basis of equal partnership.”³⁴

Enhancing political trust to safeguard regional peace and stability also features prominently in official statements by Chinese leaders.³⁵ At the SCO summit held in Beijing in June 2012, the Chinese Deputy Minister of Foreign Affairs, Cheng Guoping, stated that “the peace and stability of Central Asia relates to the core interests of China, as well as the members of the SCO. Our determination to maintain the peace and stability of Central Asia is steadfast. We will absolutely not allow the unrest that happened in West Asia and North Africa to happen in Central Asia.”³⁶

At the regional level, Chinese policy statements lavish compliments on what are often described as the “remarkable achievements” and “immense prospects” of the SCO, which paved “the way for people in the region to overcome Cold War legacy and conduct friendly cooperation,”³⁷ and “played an important role in maintaining regional peace and stability.”³⁸ In a joint interview by media of the SCO Member States, Hu Jintao also pointed out the contribution made by SCO in “accelerating the peaceful reconstruction of Afghanistan” and becoming “an indispensable force to deal with the security issue in the region.”³⁹ In the interview, he also set out China’s new security concept in Central Asia, focusing on “comprehensive security, common security and cooperative security” and enhancing “capability against real threats and risks”. He added: “We will stick to the principle that regional affairs should be decided by countries in the region, keep a close watch on the impact of turmoil outside the region and play a bigger role in the peaceful reconstruction process of Afghanistan. We will target the core issues and key factors of regional security, establish a more comprehensive security cooperation system and enhance the capacity and efficiency of preventing and addressing risks. We will reinforce communication, coordination and collaboration on major international and regional issues and maintain the common security and development interests of member states.”⁴⁰

³² *Ibid*

³³ CNTV, *China vows to deepen friendship with Central Asian countries*, 19 July 2013, <http://english.cntv.cn/20130719/105257.shtml>

³⁴ Turkish Weekly, *China pledges support for Kyrgyz infrastructure projects*, 15 July 2013

³⁵ *Wen J op cit*

³⁶ China National Radio, *Ministry of Foreign Affairs: Unrest in West Asia and North Africa not allowed in Central Asia*, 8 June 2012, <http://news.sohu.com/20120608/n345027562.shtml>

³⁷ *Immense Prospects for the Shanghai Cooperation Organization*, Keynote speech by Cheng Guoping, Assistant Minister of Foreign Affairs at the Third Lanting Forum, 8 June 2011, www.fmprc.gov.cn/eng/wjdt/zjyh/t828793.shtml

³⁸ Hu J, *op cit*

³⁹ *Ibid*

⁴⁰ *Ibid*

5

Significant interventions and engagement

5.1 Economic engagement

THE ECONOMIC IMPORTANCE OF CHINA'S ROLE and impact in Central Asia is apparent in each of the five Central Asian republics for whom China has become a major, if not the leading, economic partner through natural resource extraction projects, investments in infrastructure, and low interest loans. Over ten per cent of China's oil and gas imports now come from Central Asia. The speed at which trade relations have deepened is staggering. This has brought many benefits to Central Asian countries: their foreign currency reserves have increased; governments' finances have become more secure; and there has been a rise in investment and development.

China's trade data with Central Asia in 2012⁴¹

Country	Trade Value (US\$1,000)	Export Value (China as the exporter) (US\$1,000)	Import Value (China as the importer) (US\$1,000)	Year on year of 2011 %		
				Trade Value	Export Value	Import Value
Kazakhstan	25,676,790	11,001,670	14,675,120	2.9	15.0	-4.7
Kyrgyzstan	5,162,470	5,073,510	88,960	3.7	4.0	-9.4
Tajikistan	1,856,700	1,747,870	10,883	-10.3	-12.5	50.7
Turkmenistan	10,372,710	1,699,330	8,673,380	89.4	116.7	84.8
Uzbekistan	2,874,680	1,783,050	1,091,630	32.7	31.2	35.2

The bilateral relations between Kazakhstan and China have assumed an important strategic role with expanding commercial and strategic cooperation between the two countries, which was formalised through the establishment of an all-round strategic partnership in June 2011.⁴² An Intergovernmental Cooperation Commission was created in May 2004. China has sought to obtain a leading role in cultivating and developing energy industries in Kazakhstan, harnessing Kazakhstan's oil, natural gas, minerals, including uranium, and other major energy resources. The Atyrau-Alashankou pipeline that was developed by the CNPC and the Kazakh company KazMunaiGaz is an important source of oil for the Dushanzi refinery in Xinjiang.⁴³ In the largest foreign purchase ever by a Chinese company, in 2005, CNPC bought

⁴¹ Ministry of Commerce of the People's Republic of China, Department of European Affairs, <http://ozs.mofcom.gov.cn/article/date/201302/20130200025487.shtml>

⁴² *Joint Statement between China and Kazakhstan on developing all-round strategic partnership*, 14 June 2011, www.fmprc.gov.cn/mfa_chn/ziliao_611306/1179_611310/t830280.shtml

⁴³ Zasztowt K, *China's Policy Towards Central Asian SCO States*, The Polish Institute of International Affairs, 20 July 2012, www.pism.pl/files/?id_plik=11163

PetroKazakhstan⁴⁴ for \$4.2bn.⁴⁵ In 2009, CNPC announced that it would lend \$5bn to KazMunaiGaz and gained a stake in MangistauMunaiGas, a significant oil developer in Kazakhstan.⁴⁶ Crude oil imported from Kazakhstan in 2011 accounted for 4.39 per cent of China's total crude oil imports.⁴⁷ Kazakhstan's President Nursultan Nazarbayev has made to date 19 official visits to China,⁴⁸ while Chinese leaders have also frequently visited Kazakhstan. During President Xi's visit in September 2013, a series of contracts worth about \$30bn were signed, including deals in the oil and gas sector.⁴⁹ A China-Kazakhstan Entrepreneurs Committee, the first of its kind in Central Asia, was also founded.⁵⁰

In Turkmenistan, its second-biggest trade partner in the region with rich deposits of natural gas, China has intensified its engagement, especially over the past decade. An agreement on Expansion of Natural Gas Supply was signed in November 2011. It was preceded by the signing on 29 August 2008 of an agreement establishing an Inter-governmental Cooperation Committee with four sub-commissions on economy and trade, energy, humanities, and security. This resulted in the construction of a 1,830-km gas pipeline, which was completed in December 2009, starting in Turkmenistan's eastern fields and crossing Uzbekistan and Kazakhstan before connecting to the Chinese grid. By end of February 2013, a total 46.77 billion cubic metres (bcm) of natural gas had been transported by the Central Asia–China pipeline with a total value of \$15.72bn.⁵¹ During President Xi's state visit to Turkmenistan in September 2013, bilateral relations between China and Turkmenistan were lifted to a strategic partnership level.⁵² The two sides agreed to further expand the gas pipeline in order to boost annual gas exports to China to 65 bcm per year by 2016.⁵³

In Kyrgyzstan, strategically located at the intersection of geopolitical interests in Central Asia and a crucial port of entry for oil from Turkmenistan and Uzbekistan, Chinese companies are developing infrastructure, including important road networks and power lines. A major railway connection linking China with Kyrgyzstan's southern provinces and Uzbekistan⁵⁴ is also under discussion. In July 2013, Chinese Foreign Minister Wang Yi was reported as saying that China would continue to provide Kyrgyzstan with "all kinds of support" for Kyrgyz infrastructure projects.⁵⁵ In September 2013, China–Kyrgyzstan relations were upgraded to a strategic partnership level.⁵⁶ In the last two decades, trade with China has grown enormously and China has become Kyrgyzstan's second-largest trade partner, behind Russia.⁵⁷ In the words of a former Kyrgyz cabinet minister, "every small business in Kyrgyzstan is reliant on trade with China."⁵⁸ Particularly important is the re-export of Chinese consumer goods to neighbouring Uzbekistan and to Kazakhstan and Russia.

44 *CNPC Announces PetroKazakhstan Acquisition*, Xinhua News Agency, 27 October 2005

45 *CNPC secures PetroKazakhstan bid*, BBC News, 26 October 2005

46 Melvin C, *Chinese Foreign Policy: a Chronology April–June 2009*, Defence Academy of the United Kingdom, Research & Assessment Branch, February 2010, p 15

47 *China's crude oil imports by source*, US Energy Information Administration, 4 September 2012, revised on 22 April 2013, p 9

48 CCTV, Xi Jinping holds welcoming ceremony for Kazak president's state visit, 6 April 2013 <http://news.cntv.cn/2013/04/06/VIDE1365246481732905.shtml>

49 The Economist, *Rising China*, sinking Russia, 14 September 2013; CCTV, China, Kazakhstan sign contracts worth \$30 bn, 7 Sept 2013, <http://english.cntv.cn/program/china24/20130907/103431.shtml>

50 CCTV, *Xi Jinping attends China-Kazakhstan Entrepreneurs Committee founding ceremony*, 8 Sept 2013 <http://english.cntv.cn/program/newsupdate/20130908/100547.shtml>

51 International Finance News, *Gazprom Delays Construction of China Pipeline*, 4 September 2013, http://paper.people.com.cn/gjrb/html/2013-09/05/content_1293947.htm

52 Xinhua, China, *Turkmenistan lift bilateral ties to strategic partnership*, 3 September 2013, http://news.xinhuanet.com/english/china/2013-09/03/c_132688667.htm

53 International Finance News, op. cit.; Makhmudov R, *Global Times*, *Xi tour demonstrates a microcosm of Central Asian cooperation*, 18 September 2013, www.globaltimes.cn/content/812262.shtml

54 Smith G M, *China-Kyrgyzstan-Uzbekistan railway project brings political risks*, Central Asia-Caucasus Institute, 3 July 2012, <http://old.cacianalyst.org/?q=node/5731>

55 *Turkish Weekly*, op cit

56 Xinhua, China, *Kyrgyzstan lift ties to strategic partnership*, 11 Sept 2013, http://news.xinhuanet.com/english/china/2013-09/11/c_132711657.htm

57 Nichol J, *Kyrgyzstan: Recent Developments and U.S. Interests*, Congressional Research Service, 26 October 2012, www.fas.org/sgp/crs/row/97-690.pdf

58 Pantucci R, Li L, *Decision Time for Central Asia: Russia or China?* Posted in Open Democracy, 28 January 2013, <http://raffaellopantucci.com/tag/china-kyrgyzstan/>

In Uzbekistan, China has made important investments in the strategic sectors of energy, transport, and telecommunications and has become the second-biggest trading partner and its biggest investor. A Memorandum of Understanding on the Expansion of Trade and Investment and Financial Cooperation was signed on 16 June 2004, while an agreement on establishing an Intergovernmental Cooperation Commission was signed in October 2011. Bilateral trade volume reached \$2.87bn in 2012, growing almost 50 times since the two countries established diplomatic relations in 1992.⁵⁹ In the same year, China had 35 direct investment projects in Uzbekistan with a total investment of nearly \$4bn.⁶⁰ According to the data of State Statistics Committee of the Republic of Uzbekistan, 347 companies with Chinese investors, including 57 with 100 per cent Chinese capital, operate in Uzbekistan.⁶¹ In 2012, Uzbekistan's first deputy prime minister confirmed that Chinese banks had supplied more than \$5bn in favourable loans for industrial projects.⁶² Former Chinese President Hu and Uzbek President Islam Karimov signed a joint announcement to establish a strategic partnership on 6 June 2012.⁶³ During President Xi's state visit in September 2013, the two sides agreed to further strengthen their cooperation in the energy sector by ensuring long-term, safe and stable operation of the China–Uzbekistan gas pipeline, promoting joint exploration and development of oil, gas, and natural uranium, and tapping the cooperation potential in renewable energies.⁶⁴ 31 agreements to implement projects worth a total of \$15bn were reportedly signed.⁶⁵

In Tajikistan, the poorest of the five Central Asian countries, but strategically important given the long border with the Xinjiang region, China has developed roads, for example the Dushanbe–Chanak highway, power lines, and hydropower plants. China is also a vital source of credit. In 2004, Tajikistan received from China over \$600m of a \$900m development loans package that had been offered to SCO member states.⁶⁶ In June 2012, it was announced that ten new deals signed by the Tajik president in Beijing “would bring Tajikistan about USD 1bn in new Chinese investment, loans and aid”.⁶⁷ As a sign of the growing importance that China attaches to its relations with Tajikistan, on 20 May 2013, President Xi and Tajik President Emomali Rakhmon signed a joint announcement to establish a strategic partnership aimed at boosting bilateral cooperation between the two countries.⁶⁸

5.2 Security engagement

There is a long list of security threats in Central Asia, from domestic grievances undermining stability to regional ethnic tensions and negative spillover effects from Afghanistan. Currently, the biggest long-term security concern is related to the planned withdrawal in 2014 of NATO troops from Afghanistan. The key question for China is whether the region will become more unstable after NATO's withdrawal. The specific concern in this regard is whether separatist organisations operating in Xinjiang may find a sanctuary, as well as financial, technical, and training support in post-2014 Afghanistan, as well as in Pakistan. The prospect of an increase in Islamic insurgencies in the region, possibly coupled with terrorist activities within China's borders, is a very daunting prospect for Chinese leaders.

59 China.org.cn, *Ambassador talks China-Uzbekistan milestone*, 21 January 2012, www.china.org.cn/opinion/2012-01/21/content_24437462.htm

60 *Ibid*

61 Ministry of Foreign Affairs of the Republic of Uzbekistan, *Cooperation of the Republic of Uzbekistan with the countries of the Asia and the Pacific, Uzbek – Chinese Relations* http://mfa.uz/eng/inter_cooper/uzbekistan_countries/uzb_asia_pacific/

62 Dzyubenko O, *China to expand C. Asian presence with USD 10bn in loans*, Reuters, 5 December 2012, www.reuters.com/article/2012/12/05/china-centralasia-idUSL5E8N59DS20121205

63 Uzbekistan National News Agency, *Uzbekistan, China Sign Joint Declaration on Strategic Partnership*, 6 June 2012, <http://uza.uz/en/politics/2769/>

64 Xinhua, *China, Uzbekistan vow to deepen strategic partnership*, 9 September 2013, http://news.xinhuanet.com/politics/2013-09/09/c_125354570.htm

65 Uzbekistan National News Agency: *Uzbekistan, China Aim for New Horizons of Strategic Partnership*, 10 September 2013, <http://uza.uz/en/politics/3758/>; The Economist, *op cit*

66 Pomfret R, *Development Decisions – A critical examination of the Rakhmon government's infrastructure development policy in Tajikistan*, Spring 2011

67 Tajikistan Monitor, *Tajikistan secures new Chinese loans and investment*, 18 June 2012, <http://tjmonitor.wordpress.com/2012/06/18/tajikistan-secures-new-chinese-loans-and-investment/>

68 http://news.xinhuanet.com/english/china/2013-05/20/c_132395743.htm

More immediate threats deriving from domestic grievances, pervasive corruption, transnational crime, socioeconomic problems, coupled with rising nationalism, suspicion, and antipathy among the general public of China's role in the national economies, also make China's investments vulnerable.⁶⁹ One of the problems for Chinese engagement in Central Asia is that despite efforts to develop 'people-to-people relations' China's engagement is predominantly the purview of official state-to-state relations, meaning that the official discourse inevitably focuses on issues related to national, rather than human, security. Without channels through which to engage Chinese policy makers, alternative voices, especially from civil society, often go unheard. In the extreme, it could lead to support on the part of China that essentially only secures regime stability. Without any effective form of dialogue to connect with host communities and operating in environments often characterised by "rising nationalism, ingrained suspicions about Chinese expansionism and few tangible grassroots benefits",⁷⁰ Chinese investments run the risk of having a political, but not social, licence to operate, thus "becoming targets for local residents voicing a variety of complaints."⁷¹

Despite its massive economic footprint and its security concerns, China's direct engagement in the region's security problems has been limited, deferring "for now to Russia on Central Asian security and military issues"⁷² and showing no "immediate interest in increasing its role outside a multilateral framework".⁷³ China has stated "its determination not to deploy its military in Central Asia, regardless of the threat to Chinese citizens or investment."⁷⁴ What type of event would foreseeably trigger a rethink of such policy and raise the possibility for China to deploy its military in the region? Certainly, this did not happen during the 2010 unrest in Kyrgyzstan, which nevertheless appeared to be of great concern to China,⁷⁵ nor during the so-called 2005 'Tulip Revolution'. But one may wonder whether a direct threat to a flagship energy project in the region may be such an event.⁷⁶

The SCO is the only intergovernmental body addressing security issues that involves China. It helps China strengthen its political ties with Central Asian states and stabilise the neighbourhood of Xinjiang and to establish a collective discourse on the common non-traditional security threats they face, including terrorism, transnational crime, and natural disasters. At the first SCO summit in 2001, SCO member states signed the Shanghai Convention on Combating Terrorism, Separatism and Extremism,⁷⁷ which identifies the fight against the "three evil forces" as the major task of the organisation. Since then, SCO member states have signed various security cooperation documents, such as the SCO Convention Against Terrorism, the Anti-drugs Cooperation Agreement, and the Agreement on Joint Fight Against Crimes. The security portfolio of the organisation has gradually expanded in broader areas including strategic security, defence, law enforcement, information security, and the fight against transnational organised crime. The SCO has two permanent agencies: the Secretariat located in Beijing and the Regional Anti-Terrorist Structure headquartered in Tashkent, Uzbekistan.

China's military cooperation with other SCO countries focuses mainly on bilateral and multilateral counter-terrorism exercises, which are conducted on a regular basis. The first took place in 2002 with Kyrgyzstan and was followed by more than 20 bilateral

69 International Crisis Group, *op cit* p. 14

70 *Ibid*

71 *Ibid*

72 International Crisis Group, *op cit* p 22

73 *Ibid*

74 International Crisis Group, *op cit* p. 6

75 In 2010 a spokesperson for the Chinese Foreign Ministry stated: "We are deeply concerned over the developments of situation in Kyrgyzstan and hope to see early restoration of order and stability in the country and that relevant issues can be settled through the legal means. The Chinese Foreign Ministry and Embassy in Kyrgyzstan have launched the emergency mechanism and follow the developments closely." Foreign Ministry Spokesperson Jiang Yu's Regular Press Conference, 9 April 2010 www.fmprc.gov.cn/eng/xwfw/s2510/t678446.htm

76 International Crisis Group, *op cit* p 6

77 Refworld, www.refworld.org/docid/49f5d9f92.html

and multilateral exercises with other SCO members.⁷⁸ For example, in the autumn of 2010, a joint anti-terror exercise involving 1,000 Chinese army and air force officers and soldiers took place at the Matybulak base, near Gvardeisky in Kazakhstan, as part of the SCO's 'Peace Mission 2010'.⁷⁹ More recently, on 11 August 2013, China and Kyrgyzstan held a joint anti-terror drill, under the auspices of the SCO. The exercises took place along the border between the two countries. Around 460 armed police from both countries took part, practising new weapons and manoeuvres. The drill aimed to improve both countries' abilities to cooperate in their response to terrorist threats.⁸⁰

Officially, China seems content with what SCO has agreed and its future prospects. A more attentive analysis however reveals that Chinese leaders are also aware of the fact that the multilateral security dimension within the SCO remains underdeveloped. This has, in part at least, been recognised by some top Chinese officials who, for example, have pointed out that SCO needs to "put in place a full-fledged system for security cooperation"⁸¹ and "coordinate and formulate common positions on major international political, security, economic and financial issues, and become more capable and efficient in preventing and managing crises."⁸² Other Chinese leaders have pointed out the importance of strengthening security cooperation by enhancing the SCO's "capacity of resisting real threats", in particular the "three forces" that "are getting active again",⁸³ as well as drug trafficking and transnational organised crime at a time when "the security situation in the region is more complex as regional and international hotspot issues keep emerging."⁸⁴ On a more practical level, there have been recommendations from the Chinese side to

"establish a more comprehensive security cooperation system, actively implement the Shanghai convention on fighting against the 'three forces', earnestly implement the bilateral security cooperation agreements, deepen security dialogue and consultation and information exchange, continue to hold regular joint anti-terrorism exercises, enhance security cooperation on large events, strive to increase the organizational capacity for action and rapid response capability, fiercely combat the 'three forces' and effectively curb drug trafficking, arms smuggling and other transnational organized crimes to ensure lasting peace and stability in the region".⁸⁵

At the 2012 annual SCO summit held in Beijing, a rule was adopted providing for a collective response to events "threatening the peace, stability and security of a member state of the SCO or the entire region."⁸⁶ Theoretically, such a rule gives SCO member states the right to intervene politically and diplomatically, although not militarily, in each other's internal affairs in the event of an outbreak of internal conflict. It was a not insignificant development whose practical impact, however, remains to be seen.

Western analysts and commentators have been much less upbeat, if not utterly pessimistic, about the achievements and future prospects of the SCO. They have pointed out that there is a significant gap between the organisation's declaratory statements and the cooperative actions that need to be put in place to implement them. In particular, SCO has failed to coordinate joint activities against drug trafficking, or to become a forum to discuss water disputes. It has never managed to react to large-scale crises in any one of its member states. Its silence during the Kyrgyz unrest of 2010 "underscored the institutional weaknesses that limit its effectiveness as a security body."⁸⁷

⁷⁸ International Crisis Group, *op cit* p 20

⁷⁹ Chinese Ministry of Defence, official web portal of Peace Mission 2010, SCO Joint Anti-terrorism Exercise, <http://eng.mod.gov.cn/SpecialReports/SCO%20Joint%20Military%20Exercises.htm>

⁸⁰ People's Daily, *China, Kyrgyzstan hold joint anti-terror exercises*, 13 August 2013, <http://english.peopledaily.com.cn/90786/8362119.html>

⁸¹ Cheng G, *op cit*

⁸² *Ibid*

⁸³ Wu B, *op cit*

⁸⁴ *Ibid*

⁸⁵ *Ibid*

⁸⁶ Chinese Government's Official Web Portal, *Regional affairs should be solved through regional consultations: SCO*, 7 June 2012, www.gov.cn/misc/2012-06/07/content_2155909.htm

⁸⁷ International Crisis Group, *op cit* p 5

It is difficult to predict how the SCO will evolve, given Russia's integration projects with the Central Asian republics. It appears unlikely that SCO, beyond declaratory statements, will become any time soon an active international alliance, able to carry out its own security interventions. Its future prospects hinge mainly on Sino-Russian relations in the region. While in the last two decades China and Russia have made great strides in energy, investment, high technology, and military technology cooperation,⁸⁸ and share similar security concerns, and both wish to cooperate to counter US influence in the region, the reality is that Russia also has a clear geopolitical objective of reasserting control over Central Asia, especially through plans for a Eurasian Union, which, in the long term at least, will run contrary to a deepening of the SCO and will hardly fit with China's expanding economic, political, and diplomatic presence. Although Russia is a founding member of the SCO, it also uses another organisation in the region, the Collective Security Treaty Organisation (CSTO) to further its political, security, and military objectives. It remains unclear what practical cooperative engagement the two organisations will be able to pursue in the future.

Any muscular military intervention in Central Asia, even attempts to have a military footprint through setting up military bases, such as those that Russia and the US have, would run contrary to China's principle of non-interference and has been categorically rejected by China. However, as its economic engagement in the region deepens, and given the challenges posed by an insecure and unstable environment, it is hard to see how China will be able to protect its interest without a more proactive engagement in the stability and security of the region.

⁸⁸ *Open up a New Chapter for China-Russia Strategic Partnership of Coordination*, Remarks by Hu Jintao, President of the People's Republic of China at the Concert Marking the 10th Anniversary of the signing of the Treaty on Good-Neighborliness, Friendship and Cooperation Between China and Russia, Moscow, 16 June 2011, www.fmprc.gov.cn/eng/wjdt/zjyh/t833497.shtml

6

Conclusions

DRIVEN BY ECONOMIC INTERESTS, especially the pursuit of resource security and the desire to preserve stability and security in its Xinjiang region, China's substantial engagement with Central Asia has triggered what has been dubbed 'The New Great Game'⁸⁹ in a region where the influence and interests of Russia, Europe, and the US often collide. As China's economic engagement in Central Asia continues to expand, its relative influence in the region with respect to Russia and Western countries has grown alongside it. There is no doubt that China's economic dynamism and expansion has the potential to be a 'win-win' arrangement that benefits China, as well as Central Asian states for whom increasing Chinese trade and investments are a catalyst for growth.

Through its diplomatic relations and growing economic engagement, China does have an impact on the internal affairs of Central Asia. But China's involvement and influence on security issues has been very modest compared to its wider economic engagements, mainly revolving around the SCO, China's main multilateral tool in the region, which has proved unable to act in times of crisis such as the 2010 ethnic conflict in Kyrgyzstan. Although there is a concern shared by many in China that a worsening security situation in the region resulting, for example, in mass emigration, Islamic fundamentalism, drug trafficking and internal and regional conflicts, would endanger economic and trade cooperation and ultimately threaten China's own internal stability, China has shown no willingness to intervene or mediate in major crises, while the effectiveness of the SCO, very ambitious on paper, is limited by rivalry between China and Russia.

Russia and China have different strategies, different interests, and different priorities in Central Asia that at times appear irreconcilable with China's emerging role. While cooperation between them in energy, investment, high technology, and military equipment has significantly increased over the past two decades, given Russia's strategic *rapprochement* to Central Asia it is too early to say whether the phenomenon of collaboration/competition between Russia and China will lead to reaching an agreement on jointly controlling the region, or whether the region will serve as a field of confrontation between them. As Chinese and Western experts have pointed out, China is not in a "position to outflank Russia and become the leader in the region in the medium term".⁹⁰ What is certain, however, is that with more dependence on Central Asian energy supplies, it will become increasingly important for China to maintain influence in the region and to protect its interests, especially energy supplies and billions of dollars of investments. Although China cannot solve alone any future crises arising in Central Asia, in order to protect its own interests and in line with the

⁸⁹ *The New Great Game in Central Asia*, European Council on Foreign Relations, Asia Centre, China Analysis, September 2011

⁹⁰ Doyon J, *op cit* p 4

slow evolution of the principles of sovereignty and non-interference, it will inevitably have to become more involved in Central Asia's peace and security and move beyond crisis reaction to a more proactive strategy for peace, security, and stability in the region.

Saferworld is an independent international organisation working to prevent violent conflict and build safer lives. We work with local people affected by conflict to improve their safety and sense of security, and conduct wider research and analysis. We use this evidence and learning to improve local, national and international policies and practices that can help build lasting peace. Our priority is people – we believe that everyone should be able to lead peaceful, fulfilling lives, free from insecurity and violent conflict.

COVER PHOTO: Chinese trucks and petrol tankers are prevalent throughout Kyrgyzstan, with large Chinese lorries from across the Irkeshtam and Torugurt passes occasionally replacing the traditional Kamaz traffic. © KAREN WYKURZ



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