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Editor-in-Chief

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Institute for Security and Development Policy, Sweden



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Dear Colleagues and Friends,

Summer vacation is hopefully approaching for many of us and for some it has already arrived. We hope that this issue will add positively to your summer and hopefully stimulate you for the coming period of work. The Central Asian region has changed immensely since independence but what is extraordinary about this region is how pronounced these changes are even on a year-to-year basis. To grasp the current state of affairs we have brought together some of the foremost scholars in the field to give you a detailed account of this.

This issue includes both assessments on the regional powers influence, the changing domestic politics in the individual states and how these processes, in turn, have impacted their foreign policy. Many changes have been seen in the last year and the coming years seem to offer even more interesting developments, both politically and economically. China's rapid emergence in the Central Asian countries and Afghanistan is certain to entail both opportunities and problems for these states. At the same time, however, it is becoming evident that many of the Central Asian states gradually are becoming strong independent actors – partly as a result of skilful diplomacy.

Stephen Blank's article for this issue is intended to provide a contemporary framework through which these changing security relations in the Central Asian region could be seen. The interaction between internal threats and external assistance identified in his article also gives interesting food for thought about contemporary power relations in Central Asia. His article succinctly describes the process by which the Central Asian states are playing the regional powers against each other as a way to maximize their contributions to each state's internal security. Thus, while the Central Asian states may seem weak, they have turned this weakness into bargaining strength which also gives interesting clues to the interplay between domestic and external policies.

Turkmenistan is using a similar strategy but in the energy sector. By opening up other alternatives than Russia-bound pipelines it has managed to increase export prices and put pressure on Moscow's previous colonial-type arrangements. When the Turkmenistan-China gas pipeline is completed in the next few years it will unavoidably be an additional bargaining chip for Ashkhabad. Jan Šír and Slavomír

Horák details China's engagement with Turkmenistan since 1991 in this issue and how the succession in Turkmenistan in 2006, and the "appointment" of Berdimukhammedov as President, has altered the direction of Ashgabat. Their article provides convincing evidence of a very active and assertive China which constructs pipelines and acquires equity stakes in a pace which the Europeans only could dream about. No wonder then that Turkmenistan looks positively on China's role as not only a large investor but as an "instant hedge" against other interested powers and their engagement. It seems that China has emerged as one of the foremost power players in the region and nothing today indicates that this interest will slow down. This increasingly strong and assertive China combined with a waning American interest in the region has led Matthew Oresman to argue, in the introductory commentary to this issue, that the US needs China in order to realize its regional goals. Still he maintains that such cooperation was unlikely even in the first years after 9/11 and is looking increasingly more so today.

Yitzhak Schicor and Michael Clarke have both taken up the role of Xinjiang in the Chinese strategy to integrate it with Central Asia. It has become increasingly evident that Xinjiang is both a gateway to improved Sino-Central Asian relations as well as a stumbling block if managed poorly. These two authors have, however, reached different conclusions on the successes of China's engagement. While Schicor concludes that China only has been partly successful in tying Central Asia into its orbit, Clarke offers a more optimistic view on Central Asia's role as a stepping stone to China's great power ambitions.

Erica Marat has looked at the domestic situation in Kyrgyzstan before and after the Tulip Revolution, and specifically the current criminalization of the state apparatus. She argues that the state weakness observable in Kyrgyzstan, does not only have national but also regional implications. The hopes that were placed on Bakiyev's government in 2005 to eradicate corruption in the security structures and the economy have effectively been shattered. Corruption has exacerbated while Bakiyev simultaneously has weakened parliamentary powers.

Finally, Martha Olcott has looked in detail on Kazakhstan's positive trend and recent foreign policy achievements. While credit is given to the leadership's skills in maneuvering both on the domestic political arena as well as among the great powers, she still flags for potential future problems if President Nazarbaev fails to open up the political system.

Both positive and negative trajectories could thus be observed in contemporary Central Asia. Although events change rapidly in the region, the longer term evolutionary trend seems to confirm the increasing confidence of the Central Asian states in maneuvering their external relations. Kazakhstan, Turkmenistan, and Uzbekistan are becoming particularly skilled in this game and Astana has acted as something of a regional role model in pursuing this “multi-vector” diplomacy. Although it would be an exaggeration to say that power-relations are being reversed, it is nevertheless interesting to see how the relative powers of the Central Asian states are strengthened in pace with a consolidation of their sovereignties.

We believe that the authors to this issue give one of the most up-to-date assessments on these developments and how they interact with the domestic arenas in each country.

The CEF team hope you will enjoy your read.

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Reassessing the Fleeting Potential for U.S.- China Cooperation in Central Asia

Matthew Oresman^{*}

Introduction

Four years ago, I wrote in the pages of this Journal how the United States and China share vital interests in Central Asia and should cooperate in achieving those interests. While that analysis remains unchanged, I also had warned that the window for cooperation was shrinking and that China's incentives for cooperating with the United States would diminish over time. Unfortunately, the United States failed to seize the opportunity to engage China, instead choosing to take a "wait and see" approach to China's re-emergence in Central Asia and the development of the Shanghai Cooperation Organization (SCO), China's main multilateral vehicle for Central Asian engagement. In so doing, the United States squandered a unique opportunity to achieve vital goals in Central Asia and engage China in a new relationship. By delaying action, the possibility for Sino-U.S. cooperation in Central Asia has greatly decreased. Moreover, the United States' ability to influence developments in Central Asia over the long term has also diminished, while China's influence has increased.

When the SCO officially launched in 2001, China's influence in Central Asia was minimal, but steadily increasing. When the United States invaded Afghanistan following the September 11, 2001 attacks, America began a robust and multifaceted engagement with Central Asia that appeared to set the foundation for long-term cooperation and an enduring regional presence. It also appeared that the United States could engage China in Central Asia by helping China achieve its vital goals in the region; goals shared with the United States.

Today, the picture is much different. The United States' influence in Central Asia is waning as the missions in Afghanistan and Iraq continue to drain resources, attention, and political capital. Conversely, China's

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influence in the region has dramatically increased as its ties to the Central Asian states have deepened. Looking forward, it appears now that the United States may need China's help to achieve its goals in Central Asia over the long-term more than China needs the United States' assistance.

Still, the United States and China share the same fundamental practical interests in Central Asia: security, stability, economic growth, and energy resources. Unfortunately the non-practical, strategic/political interests are now less aligned than they were before and as a result, cooperation is less likely. However, there is still some hope for cooperation, particularly as China begins to chart its own course in the region, separate from that of Russia, its current strategic partner.

The United States should act quickly to seize this fleeting opportunity, as it will increasingly need China's cooperation to achieve its regional objectives. China, for its part, may still welcome cooperation as Beijing comes to understand that its vision of Central Asia is different from that of Russia's closed vision of the region and is more like the open vision promoted by the United States.

Convergence of Interest

America's primary interest in Central Asia and the wider region, in the short-term, is to stabilize and rebuild Afghanistan and to hunt down the remnants of Al Qaeda and the Taliban. The United States sees Central Asia as an integral staging ground from which to fulfill these goals. Recently, this goal has also expanded to include combating the drug trade as a source of terrorist financing.

In the long term, the U.S. goal is to maintain access to a stable and secure Central Asian region. The United States is not seeking permanent bases in the region. Rather, the United States is merely assuring that the infrastructure of existing bases will be able to accept future emergency deployments that may occur after U.S. forces have departed following a settlement of the Afghan situation. Additionally, this assured ability to return depends on the U.S. maintaining strong political links with the region's leaders and preventing outside forces from negatively influencing these decisions.

The U.S. is committed to stability and development in the region. This has led to a dual policy of encouraging economic development and fostering the growth of democracy and civil society. As part of this policy, the U.S. recognizes that, in the short-term, natural resources will be the main engine for economic growth. Subsequently, the United States is determined to secure access to these resources. However, it seems that the United States is content to let free-market forces dictate

the destination of exports of natural resources as long as the market is not unduly influenced by coercive power politics.

Chinese interests in Central Asia can be divided into four categories. At the most basic level, China seeks to stabilize and secure its borders with Central Asia and Russia. China currently enjoys a state of peace along its borders, which has been largely achieved through the “Shanghai Process.”

Second and most prominently, China seeks to cut off external sources of instability. This refers directly to crushing outside support for rebellious Uyghurs within China’s Xinjiang province. Additionally, China has come to recognize that threats to the internal stability of the individual Central Asian state also pose a threat to the stability China currently enjoys on its periphery and its own national security. Most recently, China too has expanded its view of these threats to include narco-trafficking. This is made evident by the fact that much of the work of the Shanghai Cooperation Organization (SCO) and its new counter-terrorism center is geared towards cutting off the sources of external threats to China and suppressing internal threats within Central Asia.

Third, China has certain economic and trade imperatives driving its engagement with Central Asia. Cross-border trade is significant and growing rapidly. More significant, however, is the import of oil and gas resources from the region. Chinese energy demand is growing at an exponential rate and Central Asia, particularly Kazakhstan, presents a relatively close supply source.

Lastly, China’s foray into Central Asia and its development of the SCO are part of its wider diplomatic and political agenda. China has used Central Asia to advance its worldwide status as a rising power, and as a testing ground for its new brand of foreign policy. Additionally, China’s ties to Central Asia and the SCO are key factors in its bilateral relationship with Russia.

It is evident that China and the United States share the same vital interests of security and stability in Central Asia, particularly in the areas of counter- (narco-) terrorism, counter-proliferation, and the suppression of militant and radical forces. Moreover, China and the U.S. both seek to further natural resource and economic development (the resources have to be available before they can compete for access). Lastly, there is also a common agreement on the importance of “good governance” in the region. To both countries, this means stability and the development of a government that the people will not seek to overthrow. There is debate, though, as to the role democratization should play in “good governance” reforms. The similarities of the U.S. regional engagement agenda and the SCO agenda underline this commonality of interest.

However there are still certain areas where the United States and China's interests are not aligned. First, there is a debate over the pace of political reform in the region. It is doubtful that China would encourage the same risks as the United States in promoting its "Freedom Agenda," which may result in short-term *instability* in exchange for a more stable long-term situation. Secondly, there will most likely be some conflict over the direction of energy export from Kazakhstan. Once Caspian resources come on-line, Chinese and western clients will both demand access. This conflict may become more acute if there are not enough resources to satisfy demand at the ends of both the China-Kazakhstan pipeline and whatever westward export routes become available.

Lastly, and most significantly, there is on-going tension related to the long-term strategic positions in the region and China's overall foreign policy objectives. China's stated policy of "peaceful rise" means that China is looking to be a more self-confident and capable power that will deal with other powers on its terms. Moreover, given the continued presence of U.S. forces along China's periphery, China remains suspicious of U.S. activities and intentions in Central Asia. The United States, similarly, views Chinese intentions with suspicion, particularly given its partnership with Russia, which is openly hostile to the U.S. presence in Central Asia, and the behavior of the SCO, which at times, has been little more than a propaganda tool for unsavory governments trying to promote their agenda or version of events.

Possibility for Cooperation

U.S.-China cooperation in Central Asia is eminently possible, but will become less likely as time passes. Looking back, it seems now that best opportunity for Sino-U.S. cooperation in Central Asia existed immediately after September 11, 2001, when the U.S. dramatically increased its engagement with Central Asia and brought new resources to the table that could have been used to bring stability to the region and fight terrorist forces. China, though suspicious of U.S. interests, seemed interested in the U.S. agenda for Central Asia. More importantly, the United States was bringing resources to the region that would have benefited China.

There is no guarantee that China necessarily would have accepted a U.S. offer of cooperation in the region, but the factors were right: in material terms, China needed the United States much more than the United States needed China. The biggest obstacles at the time were Chinese suspicions and the U.S. government's unwillingness to engage China on these issues or even recognize China's relevance to Central Asia. Unfortunately, the U.S. may have missed its window of

opportunity to overcome these suspicions, engage, and, as a result, deepen overall Sino-U.S. relations.

Today, the situation has been reversed to some degree. Since the end of the Cold War and with increasing earnest since 2001, China has steadily built influence and ties with the Central Asian states; deep, lasting, and natural linkages that the United States cannot match. While the United States is still engaged in Central Asia, its influence has waned, as has its connections. Its military connections have weakened – only one official base remains in Kyrgyzstan; it has made most Central Asian leaders wary of U.S. intentions with the promotion of the “Freedom Agenda;” and its direct aid to and investment in the region has decreased. This last point is particularly noteworthy as China now surpassed the United States in every measure of economic relationship with Central Asia: aid, foreign direct investment, and trade. This is of course to be expected given China’s proximity, but it further underscores the point that China’s relationship with Central Asia is organic and naturally occurring, while the United States’ is artificial and subject to constant modification based on the ever-changing policy priorities of leaders in Washington. As a result, China now possesses resources and influence in Central Asia that rival those of the United States.

Given the United States’ waning presence in Central Asia – some have argued that it is only the energy sector which receives strong U.S. government attention now – and the fact that China will be engaged in the region for the foreseeable future, the United States might well look to China to help it achieve its long-term goal of seeing a Central Asia stable, developed, and independent of foreign influence.³⁸ Furthermore, as Russia

³⁸ I note the irony of arguing that two outside powers, the United States and China, must cooperate to make Central Asia more independent, but the truth of the situation is that Russia exerts an inordinate amount of influence over Central Asia and Central Asian “independence” is directly tied to the Central Asian states’ ability to have ties with other non-regional powers and develop multi-vector policies. In this vein, I want to also make clear that while I do not believe in zero-sum balance of power arrangement nor that the “Great Game” has returned to Central Asia, we cannot be blind to the fact that various outside powers, including China and, in particular, Russia, see developments in Central Asia as zero-sum. As is being discussed in this commentary, while Russia’s policy goal towards Central Asia is to keep the region closed off to others and exert maximum control over the region’s development, China and the United States want to see a more open region. As a result, influence and ties become increasingly important. For Russia’s grip on the region to be broken, China, the United States, and others have to develop their own ties to Central Asia. In many instances, these ties and the influence they engender come at the expense of Russia’s goal of controlling the region to the extent possible. Therefore, a balance of power or influence does exist in some aspects, as does certain types of zero-sum competition, but it is essential that any analysis also understand that the Central Asian states are independent countries and their evolution will be guided much more by internal developments than by external pressures. The fact is that Central Asian independence cannot flourish, nor can the cycle of great power competition be broken, without the engagement of multiple outside powers with the goal of keeping the region open by

does not share these goals and no other outside power appears likely to develop the relationships and levels of influence enjoyed by China, Russia, and the United States, only China remains as a potential U.S. ally.

Given China's increase in influence, the argument can be made that now the United States needs China more than China needs the United States. Therefore, the United States must find a way to cooperate with China to achieve these economic, security, stability, and even civil society goals. The trick is convincing China.

In general, the Chinese foreign policy establishment has two camps when it comes to cooperating with the United States in Central Asia. The diplomatic and "liberal" think tank community generally favors cooperation. They recognize that there are still plenty of resources the United States can bring to bear in Central Asia that could help China achieve its vital interest and that cooperation, in general, is important to lasting peaceful U.S.-China relations. This group has advocated cooperation across a whole range of areas, with many initiatives focused on cooperation on non-traditional security threats such as counterterrorism and counter-narcotics.

However, the military and security-focused wing of the Chinese foreign policy establishment is still wary of cooperation and of the United States' long-term goals in Central Asia. This group is patiently waiting for the U.S. presence in the region to further reduce and looking towards how China will act once the influence of the United States (including U.S. military forces) is removed from the region. Put bluntly, this group wants the United States out of Central Asia, regardless of the impact on other Chinese interests. They see the United States' military presence in Central Asia as a direct threat and its ties to the region as an impediment to China's overall agenda in the region. While a sound analysis shows that the United States' presence in Central Asia poses no threat to China, the calculation of this group of policy makers is more ideological in nature and directly related to China's rise to global importance. They do not want to see any constraint to China's freedom of international movement and action and fear that the U.S. presence in Central Asia might limit its options in the region.

Therefore, the United States has to convince Chinese leaders to heed those in the engagement camp arguing that cooperation is in China's best long-term interest and will further strengthen China's role in the region, not undermine it, and be beneficial to overall U.S.-China relations. The best argument in support of this notion is that, in fact, China and Russia

building last ties between those outside powers and the individual Central Asian states; ties that give these states the ability to chart their own course and make their own choices.

do not share the same vision for Central Asia and that only with the help of the United States can China achieve its goals in Central Asia.

It has become clear that Russia's goal in Central Asia is to see a "closed" region; a region where Russia exerts pre-eminent influence and has a significant voice in the action of individual states and the overall development of the region. In Russia's vision of the Central Asia of the future, Moscow will not only be consulted, but have a voice in all major decisions of the Central Asian states, from the direction and route of energy exports to the development of national militaries.

On the other hand, China and the United States want to see a Central Asia that is open and independent of foreign control. While some part of the Chinese leadership would likely want to have the influence and control Russia seeks for itself, most recognize that that is unlikely to happen, especially given Russia's own goals. The only hope then for China to achieve its goals in Central Asia, particularly those related to the export of oil and gas to China, is for the Central Asian states to develop independent foreign policies and shake off the yoke of Russian control. This has been the vector of development in the region since the birth of the SCO and the post-September 11th U.S. engagement in the region, but without the United States' presence, China and Russia are left with contrasting views of the region.

This contrasting view is evident in the development of the SCO. While China has used the SCO as a vehicle for engaging the Central Asian states, Russia has used it as a means of constraining both the actions of the Central Asian states and China's engagement with the region. Unless China engages the United States, Russia will likely have its way.

Currently, one of the leading causes of positive Sino-Russian cooperation in Central Asia is the presence of the United States. It gives both nations a common source of aggravation to direct their frustration and hostility. If the United States were to depart Central Asia, China and Russia's relationship would likely sour to a noticeable degree. It would not necessarily undermine the global relationship, but tensions in Central Asia would grow as they both tried to compete with one another. Over the long term, the best thing China can do to achieve its goals in Central Asia is to find a compromise with the United States and jointly approach problems and shared interests in Central Asia. Given two possible futures for Beijing – a Russia-Chinese Central Asian development plan and a Chinese-U.S. development plan, Chinese leaders will find after a sober analysis that the later more effectively addresses their goals and, importantly, does not forestall cooperation with Russia as well.³⁹

³⁹ It is important to note that the various Central Asian states may not seek to encourage cooperation, as they materially benefit from great power cooperation in the region. These leaders currently have a situation where Russia, China, and the United States compete to

Conclusion

China should cooperate with the United States, as the U.S. vision for Central Asia is much closer to China's vision than that of Russia. The United States should cooperate with Central Asia because U.S. influence is waning and China can help the United States achieve its goals in Central Asia. However, despite this reality, cooperation is increasingly unlikely.

As time passes, U.S. bureaucratic inertia and suspicion of China and the SCO increase. Additionally, those in China's foreign policy establishment whose sole goal is the removal of U.S. impediments to Chinese action likely will increasingly have their way as China's foreign policy becomes more assertive given the rise in China's global position. Furthermore, Russia will likely seek to undermine any cooperation, precisely because it runs counter to its long-term goals in the region. For cooperation to occur, Chinese and U.S. leaders must be courageous and seize the initiative – and this is unlikely given past history.

There are some basic first steps that would be useful if Chinese and U.S. leaders ultimately decide to engage. First, the role of Central Asia in U.S.-China diplomacy should be made more prominent, perhaps to be included in the U.S.-China Strategic Dialogue between the U.S. Deputy Secretary of State and the Chinese Vice Minister of Foreign Affairs. The United States and China could also cooperate in non-traditional security areas, such as countering narcotics trafficking in Central Asia. Cooperation on other collaborative projects in Central Asia would also increase confidence. These projects could include building and equipping border outposts; conducting de-mining operations in border areas; and funding and building HIV/AIDS education, prevention, treatment, and care centers. Lastly, NATO-SCO engagement could provide a useful vehicle for eventual U.S.-China cooperation in Central Asia.

By cooperating now, both the United States and China can achieve their visions for the future of Central Asia and meet their vital interests. However, the window for cooperation is closing fast and such engagement is increasingly unlikely. Bold leadership is needed in both

some degree for influence and, in so doing, provide competing material benefits to the various regimes to help develop their relationships. In light of this, the Central Asia governments may not want China and the United States to coordinate their policies and aid packages, which could lead to a decrease on overall aid. However, to the extent the Central Asian leadership want to break the yoke of Russian control and/or influence, they would like China and the United States to remain in the region as a viable alternative to a Russia-centric foreign policy. And if the United States and China are pushing for regional openness, that could work in theses leaders favor. Thus, overall, the Central Asian leadership will not likely vocally object to Chinese-U.S. collaboration, as it will most probably result in a net gain, though they may not actively encourage it either; unless Russia becomes too domineering and U.S.-China collaborations becomes the only viable alternative to Russian dominion.

Beijing and Washington; leadership that recognizes that vital interests can be achieved without sacrificing strategic political goals and that cooperation today will prevent conflict tomorrow.

Criminalization of the Kyrgyz State before and after the Tulip Revolution

Erica Marat^{*}

Introduction

Kyrgyzstan, a country hosting U.S. and Russian military bases, is increasingly becoming a criminal state with high-ranking political leaders staging major financial and criminal machinations. Since gaining independence in 1991, Kyrgyzstan's criminal groups and their leaders exercised different degrees of political control in the country. During the reign of former president Askar Akayev, criminal leaders had the relative freedom to maneuver, cooperating or conflicting with state actors whenever their interests matched or diverged. Likewise, political leaders were oftentimes interested in maintaining friendly relations with criminal groups to secure leverage over competing forces in the political and business spheres. Over 20 organized criminal groups with influential leaders and active membership reaching 100 people existed.¹

Throughout the 1990s and during the early 2000s, powerful criminal leaders played an increasingly important role in the political domain. They provided personal security and leverage over competitors to political officials. At least two criminal leaders, the slain Rysbek Akmatbayev and imprisoned Aziz Batukayev, were known to intimidate and support individual political leaders in the 1990s and 2000s. Kyrgyzstan law-enforcement structures were always notorious for corruption and cooperation with influential criminal leaders. On a scale of 10 (highly clean) to 0 (highly corrupt), Kyrgyzstan had an average rating of 2.2 on Transparency International's Corruption Perception Index between 1991 since the country gained independence until 2007.

In 1995, a number of wealthy politicians were able to win seats in the parliamentary elections and assume their places in government. By participating in the political process, most candidates sought to secure continuity of their business activities. As the number of influential businessmen with criminal ties increased both in the government and the

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¹ Author's interview with Kyrgyz law-enforcement representative, Bishkek, June 2007.

parliament, Akayev was no longer able to eliminate unwanted political figures.

The popular dissatisfaction with corruption of Akayev's regime reached its peak in spring 2005 following rigged parliamentary elections. Mass popular protests took place throughout the country organized by opposition leaders to Akayev's regime. Some protests were supported by wealthy businessmen with possible ties in the criminal world. On March 24, 2005, when mass protests reach capital Bishkek, Akayev fled Kyrgyzstan and his government collapsed.

The opposition movement led by Kurmanbek Bakiyev declared the change of political regime as being necessary to reduce corruption and the criminals' leverage over national politics. However, shortly after Bakiyev was elected president in July 2005, it became clear that the new government was submerged into a ruthless redistribution of wealth among new and old regime members. Most of Akayev's political supporters reoriented their loyalty to Bakiyev in a matter of days. State structures were quickly infiltrated by the most influential businessmen whose interests in various lucrative sectors of economy interconnected.

Amid the fight for state offices and control of economic resources, a dozen of political assassinations were executed within the first year of Bakiyev's leadership. These included killing of three MPs and several sportsmen associated with different political officials. At that time most politicians and businessmen heavily relied upon physical protection provided by teams of former martial arts sportsmen. Bakiyev and his rival Felix Kulov who then held Prime Minister office were supported by competing criminal groups as well.²

The incumbent president himself did not deny his ties with influential criminal leaders. Under Bakiyev, the country's longtime nation-wide criminal kingpin Akmatbayev was officially acquitted of charges of triple homicide and multiple cases of racketeering. In April 2006 Rysbek organized a protest in central Bishkek demanding that the government prosecute his younger brother Tynychbek's killers. Also notorious for criminal activities, Tynychbek died in a prison riot in October 2005, propelling Rysbek to seek revenge. One of Rysbek's demands was to hold a face-to-face meeting with Bakiyev at the central square in Bishkek to which the latter agreed to come. Bakiyev met with Rysbek in front of the public and journalists promising him to fulfill the criminal's demands.³ Bakiyev explained his actions as his wish to meet the citizen's democratic requests, however it was clear that the president was dependent upon criminal leaders in the country.

² Author's interview with Kyrgyz political experts, Bishkek, June 2007.

³ Author's interview with Kyrgyz law-enforcement representative, June 2007.

A month after Bakiyev's public meeting with Rysbek, the criminal was shot dead by unknown killers. With Rysbek's death, the position of a leading criminal was vacated and there were concerns that rivalry among criminal groups could unravel as other steps in to become successor. However, contrary to predictions of local observers, no one was able to succeed Rysbek as a nation-wide criminal leader. According to the former Interior Minister Omurbek Suvanaliyev, Kyrgyz security structures were mobilized to prevent the emergence of any criminal that would threaten political circles to the extent Rysbek once did. Suvanaliyev recounted that as Rysbek was acquitted of charges and demonstrated his ties with the president, he was able to intimidate even the highest-ranking security officials. Moreover, Rysbek's team comprised of over 100 men who constantly threatened the lives of regular policemen.

Rysbek's death set a different state-crime dynamics in Kyrgyzstan. Without pressure from the criminal world, government leaders moved to divide state property even more fiercely. President Bakiyev was able to form new government from his close subordinates, promoting the most loyal political and business actors into key government positions. The new Kyrgyz government has rapidly attained a mafia-like structure with business actors brokering dirty political intrigues. Under Bakiyev, the state gradually became the single dominating structure both in politics and in criminal circles.

Today, even emerging criminal leaders cooperate with high-ranking officials, often executing their directives in controlling political and business competitors. One such notorious criminal authority is Kamchybek Kolbayev who is known for his ambitions to acquire Rysbek's place. According to Kyrgyz experts, Kolbayev represents the ruling regime's informal instrument in controlling law-enforcement agencies and unwanted political forces.

The Politicians' Informal Control of the Major Economic Sectors

Kyrgyzstan's most important sectors of economy include customs control, markets located close to inter-state borders, the drug economy, and the energy sector. These sectors are also a source of illegal profits directly or indirectly controlled by high-ranking state officials whose business interests overlap. Kyrgyzstan's banking system is gaining importance in this interplay as well.

At least two sectors of the economy show an informal link between political actors' interests. The banking system is now mostly dominated by Bishkek mayor Daniyar Usenov who formerly owned Inexim bank that processed a bulk of government transactions, including those of the lucrative hydropower sector. Today, several private banks have a stronger leverage over the control of the state's funds other than the

National Bank. As a result, the National Bank often informally complies with private banks' decisions in the financial sector.

In one such recent incident, Kyrgyzstan's National Bank announced conservation of Kyrgyzpromstroibank where public Social Fund is one of major clients holding total 1.3 billion soms (US\$32.5million). According to the Chair of Kyrgyzpromstroibank's Council Nurbek Elebayev, the National Bank tried to lead the Kyrgyzpromstroibank into bankruptcy to appropriate its reserves.⁴ This political move against Kyrgyzpromstroibank represents one of the state's illicit extortion of private capital, instigating a risk of Social Fund's savings being embezzled by politicians.

Kyrgyzstan's two largest markets – Dordoi located in Bishkek suburbs and Kara-Suu at the Kyrgyz-Uzbek border – are important regional transit zones for a wide variety of goods imported from China, Turkey and United Arab Emirates. Located in the heart of the populous Ferghana Valley, Kara-Suu market is an important destination for Kyrgyz, Uzbek and Tajik merchants. It is also known as a distribution hub of Afghan drugs. Both markets were the primary objects for contest over re-privatization in the post-March 24 period. Kara-Suu's main owner and former MP Bayaman Erkinbayev was shot dead in September 2005 amid competition over the market. Rivalry over the market continues.

The county's energy sector is another source of large-scale corruption. Heads of energy sites have recently acquired higher positions in the government. Bakiyev appointed businessman and former Minister of Energy, Igor Chudinov, as Prime Minister in December 2007. Saparbek Balkibekov, former chair of Elektricheskiye stansii, Kyrgyzstan's major producer and retailer of hydropower, became a Minister of Energy Resources. Under Chudinov and Balkibekov, Elektricheskiye stansii was infamous for annual losses of up to US\$40 million, a large portion of which was allegedly embezzled by officials.⁵

In summer 2007, the parliament voted for the privatization of the 1,900 MW Kambarata-1 and 240 MW Kambarata-2 hydropower plants on the Naryn River, and the country's largest Thermal Power Plant-1 (TPP-1) in Bishkek. Kambarata-1 and 2 have annual generation capacities of 5,100 million kWh and 1,100 million kWh, respectively, and containing a vast potential to export hydropower to neighboring states. With the energy sector having high stakes among government officials, tender for privatization of the three main hydropower sites scheduled at the end of 2008 will likely lack transparency. There is a great risk that investors will seek short-term benefits from the energy sector and leave it in even greater despair.

⁴ *Akipress.kg*, January 18 2008.

⁵ *Eurasia Daily Monitor*, June 22 2007.

In January 2008, Bakiyev announced his intention to privatize the last remaining state enterprises, including major hydropower facilities, Kyrgyzgaz, and Kyrgyz Telecom. All of these enterprises serve nationwide needs and contain considerable economic potential. In January 2008, Chudinov announced that Kyrgyzgaz will be sold within few months. Although no tender has been held yet, it is clear that Russia's Gazprom will take partial or full ownership of Kyrgyzgaz. That move would make Russia's potential presence in the Kyrgyz economy significantly greater, as Russian President Vladimir Putin has already announced plans to invest up to US\$2 billion into the Kyrgyz economy.

Corruption in Security Structures

The president's strong familial connections in security and law-enforcement structures provided him with support of intelligence agencies. Kyrgyz mass media outlets often point at the president's older brother Janysh Bakiyev who previously served in various security structures as being the main figure behind the scenes, masterminding several intrigues surrounding the president's political opponents. One such intrigue unfolded in February 2006 when former Parliament Speaker Omurbek Tekebayev was captured in an international drug scandal. Tekebayev was traveling to Warsaw for a business trip when Polish customs control found heroin in his luggage. The Polish authorities quickly released Tekebayev concluding that heroin was placed in the political leader's luggage without his knowledge.

The Ministry of Interior was also reportedly involved in organizing a scandal in January 2008 when one high-ranking government official received a gift package containing a human finger and an ear (taken from a dead homeless person) as a warning to his cadre politics. Following this incident, Interior Minister Bolotbek Nogoibayev was sacked and replaced by Moldomusa Kongontiyev, whose older brother Kamabarly is the president's special representative in the parliament. Both Kongontiyev brothers returned on political arena after being removed in November 2006 for allegations of corruption after a week-long protest by the opposition.

Bakiyev's strong connections in security structures allow him to suppress non-state actors as well. Since December 2007, Bakiyev has arrested several young democracy activists and members of the opposition on various charges. Among them was Edil Baisalov, the former director of NGO Coalition for Democracy and Civil Society, who after joining opposition Social Democratic Party of Kyrgyzstan was arrested for revealing the ballot sample paper on his personal blog. Baisalov had to flee Kyrgyzstan in order to escape persecution. Another young activist Maxim Kuleshov was arrested and beaten up by the police

for organizing a pro-democracy meeting in Bishkek without notifying the Mayor. Kyrgyzstan's civil society groups represent a strong political force at times more skillful in framing its agenda compared to state institutions. Local NGOs and their leaders often enjoy greater approval rating than state actors. Several former NGO activists joined the ranks of opposition in the past few years creating a formidable challenge to the ruling regime.

By appointing Usenov a Bishkek mayor in November 2007, Bakiyev was able to secure a firm control over the capital city where most mass protests take place. During his first days of office, Usenov banned public demonstrations in Bishkek except for special places in remote parts of the city. Citizens now must give a prior ten-day notice before organizing demonstrations. Usenov has also been able to impose stronger control on major businesses concentrated in Bishkek adding greater leverage to the regime to prevent opposition businessmen from financing unwanted political forces.

Weak Parliament

With the government comprised of wealthy businessmen, the current Kyrgyz parliament is populated by people with comparatively weak economic backgrounds. As one political observer in Bishkek comments, despite a better representation of women, ethnic minorities, and young politicians, "The parliament is full of 'dead souls' willing to follow the regime." Unlike Akayev, Bakiyev allowed only weak candidates from his political party Ak Jol to be elected in the parliament in December 2007. The new Parliament Speaker Adakhan Madumarov is known for his populist politics during Akayev and Bakiyev's presidency. He is often seen as a mere figurehead in the parliament, as Kambaraly Kongantiyev represents the president in the parliament thus informally overtaking the speaker's functions.

The government introduced further limitations to the parliament. Starting from January 2008 parliamentarians are allowed to speak up only if they initiate a question, represent a parliamentary committee or a fraction. This new reglement curbs the ability of a majority of parliamentarians to take an active part in parliamentary debates.

To neutralize his powerful opponents in the government Bakiyev resorted to strategies previously used by Akayev. Bakiyev appointed Suvanaliyev who previously represented the opposition as an oblast governor, allowing him to occupy a political position detached from law-enforcement agencies. The president also increased in ranks some opposition members serving in the foreign service of the Ministry of Foreign Affairs.

Regional and International Implications

Kyrgyzstan's criminal state has regional and international implications. A recent incident with illegal transportation of radioactive cesium-137 particle on a train traveling from Kyrgyzstan to Iran pointed at the involvement of government structures in alleged smuggling. On December 31, 2007, Uzbek border guards detected the deadly train cargo that was uploaded in Kyrgyzstan and crossed three state borders – the Kazakh-Kyrgyz border twice and the Kyrgyz-Uzbek border once – before being caught in Uzbekistan. Kyrgyz security officials have remained largely silent about the incident, as the train compartment with the deadly cargo belongs to a government agency.

The cesium-137 particle reportedly caused 15 percent of the damage to people after nuclear accident in Chernobyl in 1986. The particle can be used in manufacturing dirty bombs. Deals such as this are brokered at top political levels while the security agencies are at times are unaware of them.

An arms transfer scandal in 1998 had a similar background with security structures being unaware of transborder smuggling of large stocks of weapons on railroad. A stock of nearly 700 tons of weapons and armament was intercepted in Osh city traveling from Iran through Uzbekistan and Tajikistan to Kyrgyzstan to be then transported to the Pamir region in Tajikistan. The illicit train cargo was revealed by Suvanaliyev, who was then chief of Interior Ministry department in Osh. Suvanaliyev was later sacked and a large number of Interior Ministry personnel were reshuffled to other positions.

Furthermore, corruption in Kyrgyzstan's energy sector undermines regional economic integration. The region's future market capacity is uncertain, and it is unclear whether other Central Asian states will agree to negotiate new terms of cooperation in the energy sector. While Kyrgyzstan's energy sector requires long-term foreign investments and administrative reform, the sector is marred by corrupt deals that eventually threaten to bankrupt it. The poor use of water resources and failure to coordinate energy trade issues in the region will lead to shortages of both water and energy supplies. As a result the most populated areas in the Ferghana Valley will suffer from impoverishment.

Finally, as corruption surges at the top political level in Kyrgyzstan, the state is becoming more detached from the needs of society. The poor management of the hydropower production has led to interrupted provision of electricity throughout the country. Both the Ministry of Economy and Ministry of Agriculture are not able to coordinate policies to soften the impact of inflation for food products. More and more people will be forced to work in Russia and Kazakhstan.

Importantly, the president's small circle of loyal supporters will diminish Bakiyev's ability to transfer power peacefully and in a stable

manner in the 2010 or 2015 elections. Similar to spring 2005, the Kyrgyz opposition might be able to mobilize impoverished and discontent masses against the corrupt regime. However, it is likely that only elections, either parliamentary or presidential, will offer the next possible window of opportunity for the opposition to regroup against the current regime.

Rethinking Central Asian Security

*Stephen Blank**

ABSTRACT

Since becoming independent in 1991 Central Asian states have posed a challenge for contemporary security analysis. Security remains a contested term but more and more analysts, especially those studying this region, have come to define it in response to broad and often interlinked domestic and foreign threats or challenges to these states. Indeed, the linkages between state failure and domestic pathologies and foreign intervention or diminution of sovereignty are palpable and visible in the policies of local governments and among the rival great powers. Yet despite widespread condemnation of the supposedly pathological or weak and ineffective domestic structures, only one of these regimes has been toppled by revolution (Kyrgyzstan) and even that did not lead to a major restructuring. This article explains this paradox that supposedly dysfunctional regimes have survived by pointing to their ability to leverage the so called new great game for their benefit.

Keywords • Central Asia • Security Studies • Interplay of Domestic and Foreign Policy

Introduction

In the last generation scholars and policymakers alike have come to accept a definition of security that repudiates earlier understandings that security pertains mainly to defense against outside attack. Current definitions include whole areas of domestic politics and even environmental policies as security policies. Thus formerly neglected issues have been “securitized.”¹ As one account of this debate summarized it,

In the early 1970s, the idea of economic security became a subject of academic attention and policy interest. Subsequently, in the 1980s, environmental issues were gradually securitized. These changes in the perception of security spurred a debate on the wisdom of defining the

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¹ See the discussion in Barry Buzan, Ole Waever and Jaap de Wilde, *Security: A New Framework for Analysis* (Boulder, Colorado: Lynne Rienner Publishers, 1998) and the works cited there for a full examination of this point.

definition of security. Traditionalists tried to sustain a focus on military security and on the security of the individual state, but often integrated politics and political economy into the definition. The diversification of state interests and the processes of globalization nevertheless gradually raised the importance of non-military security issues, especially those of an environmental and economic nature. Increasing the interdependence also brought a need to account for threats directed not only at individual states but also at groups of states or the entire community of nations. Such threats have arguably been prevalent for a long time, but the end of the cold war and the demise of the bipolar security paradigm made it both possible and necessary to develop a more diversified view of security. Traditional approaches based on the military-political sector were no longer sufficient to explain and develop solutions to newly emerging challenges and threats.²

Even so the precise definition of security remains contested with multiple definitions contending with each other for analytical, if not actual, primacy.³ Indeed, many observers warn that this securitization process could engender an undesirable threat inflation even as this process place ever greater pressures on governments to do more even when they cannot meet existing threats.⁴

The advent of new Central Asian and Transcaucasian states after 1991, none of whom had any real tradition of independent statehood since antiquity, intensified this debate particularly as it applied to all these states. Their subsequent development, in its turn, has fostered a clash of academic paradigms that has then influenced policymakers. On the one hand we find the traditional viewpoint that focuses on interstate and foreign relations or defense, mainly against terrorists or insurgents, and foreign economic issues, particularly as they involve the multi-state rivalry over access to Caspian energy sources, as constituting the real issues of regional security. In this context “security” is employed in its more traditional sense of defense against foreign attacks or violent internal upheaval.⁵

Much of this scholarly writing revolves primarily around this “new great game” and the struggle for access to and influence over energy sources. Given Central Asian states’ economic and political structures,

² Svante E. Cornell and Niklas L.P. Swanstrom, “The Eurasian Drug Trade: A Challenge to Regional Security,” *Problems of Post-Communism*, LIII, 4 (July-August, 2006), p. 11.

³ Stephen Blank, “Security: An Unending Debate,” Forthcoming in R. Craig Nation, Ed., [no tentative title].

⁴ Buzan, Waever and De Wilde, *Security: A New Framework for Analysis*.

⁵ Roy Allison and Lena Jonson, *Central Asian Security: The New International Context*, (London and Washington, D.C.: Royal Institute of International Affairs and Brookings Institution Press, 2001) is an exception in this regard; see also S. Frederick Starr, *The Security Environment of Central Asia*, The Emirates Center for Strategic Studies and Research, Emirates Lecture Series, Abu Dhabi, UAE, 1999, p. 4.

apparently the only way they can modernize their economies is by exploring, refining, transporting, and selling oil and gas abroad. Hence, the struggle for control over their energy resources could determine the future economic and political structures of Central Asian governments as well as their primary foreign policy orientation. The competition among Russia, Iran, Turkey, India, Pakistan, China, and America for this leverage is generally envisioned as a classic geopolitical rivalry like the Anglo-Russian rivalry over Central Asia – hence the term, “new great game.”

On the other hand this perspective on Central Asian security or the second alternative of seeing it in the context of local governments’ internal stability is arguably incomplete. Anyone studying security issues in Central Asia quickly recognizes that environmental factors – the use and control of land, water, energy, and other raw materials, and the reclamation of polluted lands – play an extremely important role in that region’s security and political agendas.⁶

Since 2001 analysis has moved on to emphasize not the great game alone or foreign powers’ designs upon the region as constituting the real threat to security, but rather the danger arising out of internal deformations that could generate the all too visible terrorist threat. State failure, combined with external pressures, could lead to state collapse and the rise of ungoverned space, terrorism, narco-states, etc. Therefore the emphasis must be on building a legitimate and functioning state in at risk areas like Afghanistan, a task that as policymakers outside Central Asia e.g. Secretary of Defense Robert Gates, recognize, lies far beyond simple military capability and the resolution of so called hard security questions.⁷ Indeed, Western analysts and policymakers have come to understand that security in Central Asia must be conceived of holistically even if the military, as in Afghanistan must be the main instrument for stabilizing the country so that security and the state may be built. Consequently the struggles to define new uses for hydropower and electricity in and around Central Asia have been or are being caught up in this geopolitical rivalry among the great powers.⁸

⁶ *Ibid.*

⁷ Landon Lecture (Kansas State University), Remarks as Delivered by Secretary of Defense Robert M. Gates, Manhattan, Kansas, Monday, November 26, 2007, <<http://www.defenselink.mil/speeches/speech.aspx?speechid=1199>> (May 27 2008).

⁸ Federal Document Clearing House, Statement of Richard Boucher, Assistant Secretary Bureau of South and Central Asian Affairs U.S. Department of State Committee on House International Relations Subcommittee on Asia and the Pacific, May 17, 2006; Assistant Secretary of State Richard A. Boucher, “The U.S.-India Friendship; Where We Were and Where we’re Going,” Remarks at the Confederation of Indian Industries, New Delhi, April 7, 2006, <www.state.gov/p/sca/rls/rm/2006/4320.htm>; Assistant Secretary of State Richard A. Boucher; “Remarks at Electricity Beyond Borders: A Central Asia Power Sector Forum,” Istanbul, Turkey, June 13, 2006,

Yet even as it became clear that the issue of access to energy is as critical as is geopolitical proximity to Afghanistan and other states, key international actors or geographical regions, high-ranking American analysts and officials grasped that the non-military issues of security were very important here.⁹ And as this debate over the meaning of security continues, a new paradigm of the region has arisen out of that debate to shape our understanding of Central Asia. This paradigm broadly asserts that all of the region's states, to varying degrees, suffer from authoritarian misrule that is ultimately bound to lead to a heightened risk situation that has the very real potential of exploding during a major challenge to the system, e.g. a succession struggle, onto a full-blown crisis and even the appearance of insurgency and terrorism.¹⁰ Yet despite seventeen years of such misrule there is no sign of this happening anytime soon. Even in the two successions that have occurred, the Tulip revolution of 2005 in Kyrgyzstan and the succession in Turkmenistan after its dictator, Saparmurad Niyazov, died in late 2006, no upheaval has occurred although Kyrgyzstan seems to be perpetually on the edge of one. Obviously the facts seem to have played a trick on the paradigm makers.

Moreover, they have also played a trick on many of the policymakers too for they too explicitly shared the fear that this paradigm may be true. When Niyazov died, published accounts from the Caspian region reflected a balance between hopes for of improved conditions and fears of

<<http://www.state.gov/p/sca/rls/rm/2006/67838.htm>>; "Electricity Relights Washington's Central Asian Policy," *Jane's Foreign Report*, June 29 2006, <http://www4.janes.com/subscribe/frp/doc_view.jsp?K2DocKey=/content1/janesdata/mags/frp/history/frp2006/frp70038.htm@current&Prod_Name=FREP&QueryText=>; Joshua Kuchera, "USAID Official Outlines Plan to Build Central-South Asian Electricity Links," *Eurasia Insight*, May 4 2006, <www.eurasianet.org>; Joanna Lillis, "Central Asian Leaders Seek To Improve Regional Cooperation," *Eurasia Insight*, September 7, 2006; M.K.. Bhadrakumar, "Moscow Making Central Asia Its Own," *Asia Times Online*, August 24 2006.

⁹ Michele Alliot-Marie, "Security Could Be Europe's Great Rallying Point," *Financial Times*, December 5 2005, p. 15; Max G. Manwaring, "The New Global Security Landscape: the Road Ahead," *Low Intensity Conflict & Law Enforcement* XI, 2-3 (Winter, 2002), p. 205; Starr, *The Security Environment of Central Asia*, p. 9; General Anthony R. Zinni (USMC), Keynote Address National Intelligence Council Central Asia and the South Caucasus: Reorientations, Internal Transitions, and Strategic Dynamics, Conference Report, (Washington, D. C.: National Intelligence Council, 2000), p. 10 (Henceforth NIC Report); Statement of General Tommy R. Franks Commander-in-Chief US Central Command, March 28, 2001 to the House Armed Services Committee, 107th Congress, March 28, 2001, <www.house.gov/hasc/openingstatementsandpressreleases/107thcongress/01-03-28>

¹⁰ Anna Matveeva, *EU Stakes in Central Asia*, Chaillot Paper No. 91 (Paris: Institute of Security Studies of the European Union, 2006), pp. 7-33; Martha Brill Olcott, *Central Asia's Second Chance* (Washington, DC: Carnegie Endowment for International Peace 2005); Stephen Blank, *Uzbekistan: A Strategic Challenge to American Policy*, Open Society Institute, 2005 <www.eurasianet.org>.

potential risks due to internal instability and the possibility of intensified external rivalry for influence over Turkmenistan's future course.¹¹ Indeed, one Russian observer, Senior Research Associate of International and World Economies Institute of the Russian Academy of Sciences, Academician Vladimir Yevseyev, argued that to prevent internal instability in both Turkmenistan and the region Russia and Kazakhstan should play a key role in the post-Niyazov Turkmenistan.¹² This observation captures the fact that instability in one Central Asian state is widely perceived as being likely to spread to neighboring states. It also openly points to the linkages between Russia's concern for stability throughout Central Asia and its efforts to dominate the region. Another way to state this point is that the prospect of state failure leads interested external actors to prepare policies of neo-colonial subordination of Central Asia to their interests and ambitions. Failure to master internal security dynamics opens the way to classically conceived hard security threats.

Russia, in particular, seems to be so anxious about the possibility of unrest in Central Asia spreading from a domestically triggered insurgency in other states like Kyrgyzstan, that here too it has suggested joint intervention with Kazakhstan. Thus in a 2006 assessment Ilyas Sarsembaev writes that:

Some Russian military analysts consider that if Kyrgyzstan were overtaken by a complete political collapse, Russia and Kazakhstan could impose some kind of protectorate until stability could be reestablished and new elections held. In this scenario, the United States would allow Moscow to take action in Kyrgyzstan, because most of its own resources would already be mobilized in Iraq and Afghanistan – and probably in Iran and Syria. Russian help would then be welcomed and much preferred to that of China. Indeed, if Russia did not dare to put itself forward as a stabilizing force, China might use Uyghur separatism.¹³

Obviously this assessment links the prospect of state collapse in Kyrgyzstan to international rivalries (the so called new great game) and to the possibilities of separatism among China's Uyghurs. Thus it implicitly postulates the paradigm outlined above, i.e. a link from state failure to foreign invasion or intervention and even the threat of state dismemberment. Yet Russia has responded by strongly supporting the

¹¹ "Azeri Experts Hope for Progress in Relations with Turkmenistan," *Turan News Agency* (Baku), in Russian, December 21 2006, Retrieved from Lexis-Nexis.

¹² "Kazakhstan Should Influence Stabilization of Situation in Turkmenistan, Russian Expert," *The Times of Central Asia*, December 22 2006, Retrieved from Lexis-Nexis.

¹³ Ilyas Sarsembaev, "Russia: No Strategic Partnership with China in view," *China Perspective, Perspectives Chinoises*, No. 645 (May-June 2006), p. 33.

current status quo in all of these countries, clearly believing that the only alternative to it is worse. Thus logically, if not pragmatically, its policy is ultimately contradictory. The same may be said as well for China and America.

Yet the reaction to Niyazov's death confirms the ubiquity of this contradictory outlook that expects crisis due to misrule but then cannot conceive of any politics outside of the framework of attempted authoritarian modernization. In the Niyazov succession we saw a simultaneous belief in the fundamental uncertainty of the Turkmen and even regional security equation coupled with the belief that major change might be even worse. While many argued that a succession struggle, could, if done in a peaceful fashion, deescalate tensions, a violent struggle would further inflame inherent deep-seated tensions. Shokirjon Hakimov, the leader of Tajikistan's opposition Social Democratic Party of Tajikistan, stated that, "Undoubtedly, if the forthcoming political activities in Turkmenistan concerning the designation of the country's leader take place in a civilized manner, then they will certainly have a positive influence on the development of pluralism in the region."¹⁴ At the same time, Kazakhstan's Foreign Minister Kasymzhomart Tokayev revealed both his government's hopes and its apprehensions by saying that his government has an interest in Turkmenistan's stability. Therefore "Kazakhstan is not going to get involved in any wars for Turkmenistan."¹⁵

The risks of instability were clear even before Niyazov's death. Indeed, immediately after it, many Central Asian politicians and some, though not the majority, of analysts in Central Asia and Russia expressed genuine fears about an eruption of instability in Turkmenistan.¹⁶ These were not isolated fears. Many analysts, including this author, have been warning for some years before Niyazov's demise that the succession in Turkmenistan or in other Central Asian states could well lead to violence and/or that other Central Asian states also face the threat of violence when they will experience successions.¹⁷ There is also good reason to suspect that the ruling oligarchy that took over Turkmenistan in the wake of Niyazov's death also feared domestic unrest and therefore has

¹⁴ "Tajik Opposition Leader Mulls Impact of Turkmen Developments," *Asia-Plus News Agency* (Dushanbe), in Russian, December 22 2006, Retrieved from Lexis-Nexis.

¹⁵ "Kazakhstan Not to 'Get Involved in Any Wars for Turkmenistan,'" *Russia & CIS General Newslines* (Astana), December 29 2006, Retrieved from Lexis-Nexis.

¹⁶ "Central Asia- Russia: Officials, Media Cite Concerns Over Stability Following Turkmen President's Death," *OSC Report*, December 21 2006, Foreign Broadcast Information Service Central Eurasia (Henceforth *FBIS SOV*), December 22 2006; Anatoly Medetsky and Simon Saradzhyan, "Niyazov Dies, Leaving no Heir," *Moscow Times*, December 22 2006, p. 1.

¹⁷ Daniel Kimmage, "Turkmenistan: Presidential Campaign Reflects Latent Social Tensions," *Radio Free Europe Radio Liberty Features*, January 19, 2007.

moved to alleviate domestic conditions by promises of some social and economic reforms.¹⁸ But they have refused until now to contemplate political reforms.

Their apprehensions about both domestic security and defense appear to have been well grounded and certainly are visible through their immediate actions. Reports of prison riots upon the announcement of Niyazov's death and of a crisis in agriculture due to a poor fall harvest suggest the possibilities for internal violence absent domestic reforms.¹⁹ Likewise, the usual level of surveillance was upgraded and the border with Uzbekistan was closed when Niyazov died.²⁰ Likewise, the authorities in other Central Asian states have similar reasons for concern if the internal situation in Turkmenistan were to become unstable. Due to the absolute nature of Niyazov's rule and the confluence of internal and external pressures upon Turkmenistan, this succession can serve as a "precedent-setting experience" that will illuminate key elements of Central Asian politics and political structures and set the table for the work of the successor generation. So, if the successions to Niyazov and his Central Asian colleagues had turned out to aggravate past misrule, "the stage will be set in Central Asia for more radical changes that could reverberate far beyond remote regional boundaries."²¹

The surviving members of Niyazov's regime who quickly banded together to arrange a succession process and successor also shared these fears about instability. Their actions testify to their fears concerning who might succeed Niyazov, what those actors might do, or the forces they might utilize to attain the succession.²² They were, in fact, so insecure about their position and methods of securing it once Niyazov died that they publicly complained about Russian media reports that accurately portrayed their machinations as a coup.²³ Similarly, given Turkmenistan's poor relations with Uzbekistan, whose government helped conspire against Niyazov in a 2002 coup, the border with Uzbekistan was closed, and according to reports from local human rights

¹⁸ *Ibid.*

¹⁹ Isabel Gorst, "Turkmenistan Doubts Dentist and His Democratic Pledges," *Financial Times*, February 7 2007; "Prison Riot in Ovadan-Depe near Ashkhabad Brutally Suppressed," <www.ferghana.ru>, February 13 2007 from *Kommersant*.

²⁰ "Turkmenistan: What Chance for a Thaw," *Institute for War & Peace Reporting*, February 6 2007, p. 5.

²¹ Eugene B. Rumer, "Central Asian Leadership Succession: When, Not If," *Strategic Forum*, Institute for National Security Studies, National Defense University, Washington, D.C., 2003, p. 1.

²² Kimmage, "Turkmenistan: Presidential Campaign Reflects Latent Social Tensions".

²³ "Turkmen Officials Insist Power Transfer Was 'Within the Law'," *Russia and CIS Presidential Bulletin*, December 29 2006, Retrieved from Lexis-Nexis; "Turkmen Foreign Ministry Denounces Reports on "Illegitimate" Transfer of Power," *Turkmen Foreign Ministry Press Release* (Ashgabat), in Russian, December 28 2006, Retrieved from Lexis-Nexis.

activists, “defense ministry forces, particularly motorized forces, are on a state of alert in border areas.”²⁴ These deployments were apparently part of a broader crackdown across Turkmenistan using all elements of the country’s military and police forces.²⁵ It was also then reported by the opposition that Niyazov’s Defense Minister and 100 other officials had been arrested – obviously to ensure control and loyalty of the army – and that Niyazov’s personal treasurer, a man who clearly knew too many secrets, had fled.²⁶

Such statements and actions underscore the widespread belief in Central Asia about the precariousness of the domestic situation in most if not all of these states and the connections between that precariousness and foreign intervention and competition for influence among the great powers. They also underscore the link between domestic crisis and the possibility of terrorism, insurgency, separatism, as well as the risk to states from the immense corruption of the elites in these governments. This is because the losers in Turkmenistan were quickly arrested on the grounds of that charge, something their jailers knew would resonate among the population. Yet while there have been reforms they have left Turkmenistan’s political structure untouched and the regime is presumably considerably more confident about its staying power than it was immediately after Niyazov died. Nevertheless, these threats do not only threaten any one state, they are widely believed to be likely to spread from any one state to any or all of the others. Thus the region as a whole remains at risk.²⁷

The Primacy of Internal Security

But while elites and analysts both believe that the region is at risk from misrule, it remains relatively stable even as this misrule continues. How do we account for this paradox? First we should take account of the work of many scholars who have argued that security in these states, as in other Asian and Third World states is primarily internal security and is recognized as such by all the leaders there. These countries simultaneously face the exigencies of both state-building, i.e. assuring internal security and defense against external threats without sufficient means or time or resources to compete successfully with other more established states. Not surprisingly their primary concern becomes internal security and their continuation in power, hence the proliferation of multiple military forces, intelligence, and police forces in these

²⁴ “Transitional Jitters in Turkmenistan,” *Institute for War and Peace Report*, January 5 2007.

²⁵ *Ibid.*

²⁶ *Ibid.*, p. A3.

²⁷ Olcott, *Central Asia’s Second Chance*; Matveeva, “EU Stakes in Central Asia,” pp. 7-33

countries, often enjoying more resources than do their regular armies, and their governments' recourse to rent-seeking, authoritarian, and clientilistic policies.²⁸

These facts possess significant relevance for any discussion of security, particularly in the Third World, including Central Asia, where the security environment is one of 'reversed anarchy' as described by Mikhail Alexiev and Bjorn Moeller. Moeller observes that,

While in modernity the inside of a state was supposed to be orderly, thanks to the workings of the state as a Hobbesian 'Leviathan,' the outside remained anarchic. For many states in the third World, the opposite seems closer to reality – with fairly orderly relations to the outside in the form of diplomatic representations, but total anarchy within.²⁹

Similarly, Amitav Acharya observes that,

Unlike in the West, national security concepts in Asia are strongly influenced by concerns for regime survival. Hence, security policies in Asia are not so much about protection against external military threats, but against internal challenges. Moreover, the overwhelming proportion of conflicts in Asia fall into the intra-state category, meaning they reflect the structural weaknesses of the state, including a fundamental disjunction between its territorial and ethnic boundaries. Many of these conflicts have been shown to have a spillover potential; hence the question of outside interference is an ever-present factor behind their escalation and containment. Against this backdrop, the principle of non-interference becomes vital to the security predicament of states. And a concept of security that challenges the unquestioned primacy of the state and its right to remain free from any form of external interference arouses suspicion and controversy.³⁰

Indeed, for these states, and arguably even for transitional states like Russia, internal police forces enjoy greater state resources than do the regular armies, this being a key indicator of the primacy of internal

²⁸ Mohammad Ayoob, "From Regional System to Regional Society: Exploring Key Variables in the Construction of Regional Order," *Australian Journal of International Affairs*, LIII, 3 (1999), pp. 247-260; Mohammad Ayoob, "Inequality and Theorizing in International Relations: The Case for Subaltern Realism," *International Studies Review*, 4, 3 (2002), pp. 127-148 and the works cited therein.

²⁹ As quoted in Mikhail Alekseev, *Regionalism of Russia's Foreign Policy in the 1990s: A Case of "Reversed Anarchy"*, Donald W. Treadgold Papers, University of Washington, Henry M. Jackson School of International Studies, No. 37, 2003, p. 12.

³⁰ Amitav Acharya, "Human Security and Asian Regionalism: A Strategy of Localization," in Amitav Acharya and Evelyn Goh, Eds., *Reassessing Security Cooperation in the Asia-Pacific: Competition, Congruence, and Transformation* (Cambridge, MA: MIT Press, 2007), p. 241

security as a factor in defining the term national security.³¹ Nevertheless, at the end of the day, it also still remains true that if they cannot defend themselves militarily against these threats which have arisen due to a previous failure to provide security, they go under as classical thinking about hard security would predict.

This is also the case in Central Asia where the central issue is ensuring the continuation in power of the ruling regime and of the president's power. Even though these states acknowledge themselves to face external threats of terrorism and narcotics trafficking from Afghanistan which then corrupts and corrodes the socio-political fabric in their countries, those threats are second to the preservation of the status quo. Indeed, to a certain extent, as Anna Matveeva has noted for Tajikistan, governments outsource part or most of the responsibility for dealing with those issues to other states and major powers.³² These great powers also include organizations within Central Asia where they act to comprise the United States bases in Kyrgyzstan and Afghanistan, Russian forces in the Tajik-Afghan border, NATO assistance in developing local militaries like that of Kazakhstan, and the Shanghai Cooperation Organization (SCO) which includes Russia and China and is developing an ever greater capability for bringing about security or using force against terrorist offensives, and Russia's Collective Security Treaty Organization (CSTO) buttressed by Russian bases in Kyrgyzstan and Tajikistan, and potentially in Uzbekistan.

By means of this "multi-vector" diplomacy local governments are able to mitigate their potential external security dilemmas by exploiting great and major power rivalries to secure tangible security assistance that they could not otherwise produce on their own. They thereby prevent or seek to prevent any of those external powers from dominating the regional security agenda if not the region. This external assistance, which is becoming ever more costly as the cost of energy and Central Asia's ability to export it to diverse markets rises and as the region's strategic importance grows, makes investment in it ever more necessary for those powers who have interests or wish to see themselves as great international actors. The security and material assistance they provide allows Central Asian regimes to worry less about external threats, and even to forego genuine regional integration while they can concentrate on

³¹ Julian Cooper, "The Funding of the Power Agencies of the Russian State," *Power Institutions in Post-Soviet Societies* 6-7 (2007).

³² Matveeva, "EU Stakes in Central Asia," pp. 7-33; Anna Matveeva, "Tajikistan: Evolution of the Security Sector and the War on Terror," in Anna H. Ebnoether, Major Ernst. M. Felberhauer, and Martin Malek, Eds., *Facing the Terrorist Challenge –Central Asia's Role in International Co-Operation* (Vienna and Geneva, 2005; Bureau for Security Policy of the Austrian Ministry of Defense, National Defense Academy, Vienna, Geneva Centre for the Democratic Control of Armed Forces in Cooperation with PIP-Consortium of Defence Academies and Security Studies Institutes), pp. 133-153.

exploiting those rivalries and the circumstances that grow out of them like energy rivalry to increase their domestic security, and leverage enough resources like energy rents with which to keep domestic challenges at bay.

Thus the new great game materially assists domestic security in Central Asia and not only by foreclosing possibilities for any one power to dominate it. One way it contributes to regional security is through direct material assistance, e.g. China's US\$900 Million loan to local governments after the SCO summit in 2005, NATO's help through the Partnership for Peace, in building up Kazakhstan's armed forces, U.S. presence in Afghanistan and Kyrgyzstan, Russia's military presence in Tajikistan, Kyrgyzstan, and more recently Uzbekistan, and the growing scope of the exercises of SCO member forces against terrorism, separatism, and extremism, as displayed at the 2007 exercises. The SCO also functions in this way on behalf of regional governments.

Such assistance not only brings rewards in itself it also stimulates anxieties about one or another power winning forcing the other state to make greater regional investments in Central Asia in order to retrieve their influence. Thus Chinese investments in pipelines from Kazakhstan and Turkmenistan have not only led Russia to invest in building their own new ones from these countries to Russia, it has also agreed to pay Ashgabat US\$130/tcm of gas, a thirty percent increase. In turn that led Ashgabat to hold out with China for a price of US\$195/tcm, a price that will soon become its benchmark for all future sales abroad.³³ Likewise Uzbekistan has been able to secure that price of US\$130/tcm from Gazprom which is 30 percent higher than the previous price it paid.³⁴ Similarly the rivalry with the EU and America for influence over the direction of gas pipelines has also led Russia to discuss new energy deals with Kyrgyzstan and Tajikistan which both those states eagerly want and which gives them more resources to meet pressing internal challenges even if Russia raises its profile in their countries.³⁵ Indeed Moscow's elite appears to view any gain by China or America in Central Asia with unceasing paranoia. Thus its media repeatedly speculates about China's economic "conquest" of Central Asia and regards the handover of two

³³ Emma Graham-Harrison, "China-Turkmen Gas Price Seen Setting New Benchmark," *Reuters*, January 22, 2008.

³⁴ *Interfax-Kazakhstan*, in Russian, January 9 2008.

³⁵ Erica Marat, "Gazprom Might Buy Kyrgyzgaz in Coming Months," *Eurasia Daily Monitor*, February 1 2008; "Russia Striking Back in Energy Game, Makes Play for Kyrgyz National Gas Company," *Eurasia Insight*, January 31 2008; Roger McDermott, "Rahmon Effusive About "Strategic Partnership" With Russia," *Eurasia Daily Monitor*, February 7 2008.

obsolete Huey helicopters by Washington to Astana as the beginning of the end of Russian influence there.³⁶

Alternatively the benefits they gain from such multivector diplomacy where other actors are allowed in to provide security against domestic threats may be purely political as in the case of the SCO's political dimension. For Moscow and Beijing a key purpose of the SCO is to organize and articulate regional support for the ouster of American bases from Central Asia and to prevent the formation of any kind of American-led security organization there. At the same time, a second clear purpose of the SCO is to provide a forum for its members' virtually unanimous opinion that Washington should not interfere in their domestic arrangements. In other words, it functions, *inter alia*, as an organization of mutual protection and for the granting of the international legitimacy its members so desperately lack and crave. All the members support the continuation of the status quo and have united to reject calls for externally interested parties like Washington on behalf of democratic norms. Thus Russia and China provide both security and ideological cover for local regimes, allowing them to continue on their preset course with some sense that key players will back them up.

The interplay between obtaining security benefits from connection to Moscow, Beijing, Washington, etc., the danger of excessive dependence upon any of them, and the use of those benefits to allow the government more scope to deal as it sees fit with its domestic security issues is highly visible in regard to Uzbekistan's oscillations between East and West. The Russo-Uzbek agreement of December 2006 allowing Russia limited access to Navoi airfield also reveals much of Russia's approach to defense issues in Central Asia. But it also reveals much about security in and across the region. This bilateral agreement, like the other ones for bases, bypasses the SCO. Since 2005 there has been increased speculation that Russia sought a base in Uzbekistan, in particular the base at Karshi Khanabad, which the USAF vacated by Uzbekistan's order in 2005. The November 2005 treaty between Russia and Uzbekistan contained language enabling Moscow, if it so chose, to come with military means to the aid of Uzbekistan's government, language that only fueled the speculation that Moscow wanted permanent access to Karshi Khanabad. But Russia, not wanting to be seen as an imperialistic power, denied that there were discussions of any bases.³⁷

Now we know better. But clearly there was hard bargaining and the Russians did not get all they wanted. Certainly they did not get the more

³⁶ Viktoriya Panfilova, "China Will Dress Turkmenistani Army: Pekin Generously Credits Central Asian Countries," *Nezavisimaya Gazeta*, November 28 2007; Bulat Abdulin, "For Kazakhstan's Army – a NATO Heading," *Marketing I Konsalting Internet Version*, in Russian, January 9, 2008, retrieved from FBIS SOV, January 15, 2008.

³⁷ "Russia Gains a New Uzbek Client," *Jane's Foreign Report*, December 8 2005.

modern Karshi Khanabad base with a greater capacity than currently exists at Navoi. And neither did China, which also clearly wanted access to Karshi Khanabad.³⁸ Neither did Russia get full and unrestricted access to Navoi. According to press reports Russia will only be able to gain access to Navoi in case of emergencies or what some reports called “force majeure” contingencies. In return Russia will provide Uzbekistan with modern navigation systems and air defense weapons. In other words Uzbekistan wanted a guarantee of its regime’s security and Russian support in case of a crisis. But it would not allow a peacetime Russian military presence there.

Having achieved its goal, Uzbekistan since late 2006 has made numerous overtures to the EU and Washington for better relations culminating in the recent visit of US CENTCOM combatant Commander, Admiral William Fallon. Such moves clearly in keeping with President Karimov’s long-standing policy of turning east then west in order to achieve maximum benefits from both and maximum space for maneuver in his foreign policy. Indeed, he said as much in December 2007, i.e.

There are still those who claim that there are disagreements between Uzbekistan on the one hand and the United States and European states on the other. It is not hard to see that they would like those disagreements to exist in order to benefit from them --- Uzbekistan, in its foreign policy, has adhered to mutually beneficial cooperation with and mutual respect for its close and far neighbors, including the United States and Europe. We will never change this policy. Moreover, we can say with certainty that the foundation for equal and mutually beneficial relations that suit our national interests is growing even stronger.³⁹

At the same time Russia benefits from the Navoi deal in the following ways. Most probably Russia wanted more access to the base than this as Uzbekistan will also probably become the regional headquarters for a unified air defense for Russia and several other Central Asian governments. This regional system will become a component of the CIS Unified Air Defense system based upon pre-existing Soviet facilities and structures. Thus to some degree this deal represents what Vladimir Mukhin called a “reanimation” of the Soviet defense structure. Meanwhile Uzbek SU-27s and MiG-29s will be posted there as a regular peacetime deployment. Mukhin also opined that Moscow wanted this base with this air defense capability because one of its primary interests

³⁸ Vladimir Mukhin, “Poslednaya Nabrosok na Iuge,” [Last Drive to the South] *Nezavisimaya Gazeta*, August 8 2005.

³⁹ Johanna Lillis, “US-Uzbekistan Relations: Another Step Toward Rapprochement,?” *Eurasia Insight*, January 23 2008.

in Uzbekistan is uranium production and enrichment, which is now being done at the Navoi Mining and Smelting plant there. Allegedly this new capability will help protect those works from air attacks and international terrorism since, for example the Taliban had its own aircraft and combat pilots.⁴⁰ Nevertheless it is more likely that both Moscow and Tashkent had other enemies primarily in mind. It is far-fetched that Afghan-based terrorists will have the capability to launch air strikes in Central Asia anytime soon. Neither Moscow nor Tashkent is rushing to send forces to Afghanistan to fight the Taliban. Evidently both parties' objectives are both nearer and more distant than Afghanistan.

Access to an air base in Navoi increases Russia's capability to project air and air defense assets in and to Central Asia against a possible domestic insurgency, e.g. another Andizhan uprising, or one resembling it, or an uprising triggered by a succession crisis. Given Russo-Chinese anxiety over events in Kyrgyzstan and Uzbekistan since 2005, this base is part of Russia's larger efforts to encompass all of Central Asia in a single defense organization whose aims are frankly counterrevolutionary or anti-democratic. Russia's likely second objective here relates to its fears of American air strikes from the south of Russia or Central Asia, or the Indian Ocean in some future contingency. This anxiety could possibly include potential future strikes against Iran from carrier battle groups in the Indian Ocean. The Russian military clearly regards the United States and NATO's forces as the main enemy against whom it may have to fight and largely expects the first strike to be one coming from long-range air strikes. Since 1991 many of Russia's air defenses and early warning systems have been disrupted to the point where Russia was actually often "blind" to potential attacks. This situation will not be allowed to recur and "reanimating" the old Soviet air defense system is crucial to that end as is exclusion of U.S. forces from Central Asia to the greatest possible degree. Therefore the acquisition of access to Navoi is a major, though not completely decisive, Russian step towards realizing several diverse objectives simultaneously. Russia is moving steadily to implement a comprehensive economic-political-military strategy in Central Asia that emphasizes safeguarding its internal status quo against any foreign influence.

Yet once Admiral Fallon came to Tashkent, Russia urgently summoned Karimov to Moscow where it tried to persuade onlookers that the Russo-Uzbek alliance was so solid that nothing Washington did could weaken it. In any case, evidently Russia got very little out of this meeting. Uzbekistan has a lot of gas it wants to market and Russian

⁴⁰ "Uzbek Airfield Is Made Available to Russia in Emergencies," *Ferghana.ru Information Agency*, December 22 2006.

cooperation in sending it through pipelines that it will control would be a great boon for Tashkent. Nonetheless it now has options with China and potentially even with South Asia in a US sponsored scheme so it can, like Turkmenistan before it, hold out for a higher price, forcing Moscow to pay more for the privilege of ties to Tashkent and getting more material resources with which it can influence the domestic economic and political situation in Uzbekistan.⁴¹

At the same time apart from the issue of intervention against revolution the issue of using the SCO to intervene in at risk countries triggers divisions among the members. This highlights the point that the SCO, seen from Central Asian capitals, is an organization that allows its members to espouse views on its purpose that differ considerably from those in Moscow and Beijing.⁴² They see the SCO as an organization that lets them voice their interests directly and openly to China and Russia and simultaneously obtain real security benefits and material assistance from them.⁴³ Clearly the SCO has served them well as a forum wherein Moscow and Beijing have publicly and repeatedly pledged to defend their states and regimes against internal and external pressures. Therefore they positively assess the SCO's growth. But they do not want it to become an organization whose primary mission revolves around hard security or a military bloc that restricts their freedom of action. Instead they want it as a security blanket against threats to their form of rule and as an agency devoted to mutual economic gain.⁴⁴ In this fashion the SCO again acts to stabilize the domestic situation by allowing Central Asian states to institutionalize a forum where great power rivalries are visible but moderated, they have a real voice in its decisions and can talk on a collective basis to those great powers in order to get from them the resources that they believe they need and which the great powers feel they must contribute to their security. In this fashion the SCO allows the smaller members to exploit it for their own purposes in overcoming both the specter of "reversed anarchy" and great power domination.

On the one hand the original charter of the SCO is that of a classic collective security document that commits members to respond to help any member attacked by terrorism, extremism, or separatism. Thus it represented an unprecedented step on China's part to commit its forces in advance beyond China's borders.⁴⁵ Since then some Chinese writers have

⁴¹ Sergei Blagov, "Russia Wary About Uzbekistan's Geopolitical Intentions," *Eurasia Insight*, February 6 2008.

⁴² Ruslan Maksutov, "The Shanghai Cooperation Organization: A Central Asian Perspective," SIPRI project paper, 2006., pp. 8-10.

⁴³ *Ibid.*

⁴⁴ *Ibid.*, pp. 15-18

⁴⁵ "Shanghai Five' Change Turns China in a new Strategic Direction," *Kyodo*, June 18 2001; Robert A. Karniol, "Shanghai Five in Major Revamp," *Jane's Defence Weekly*, June 27

talked about using military force to defend those routes and there is considerable concern in America and globally that China is implementing a military strategy to pursue this capability and objective.⁴⁶ On the other hand, however, as Chinese analysts recognize, intervention in a Central Asian country to prevent a color revolution is fraught with risks to China that they are loath to take. Huasheng Zhao's analysis is particularly revealing.

If another colored revolution were to occur in Central Asia, it would confront China and the SCO with a difficult dilemma. China as a great power has important strategic interests, in Central Asia, yet could not effectively intervene in the event of social and political turmoil. The same would be true of the SCO. Although the SCO makes security a principal concern, it would not intervene in the internal affairs of states in the region. If any dangerous situation were to arise, the SCO would confront a difficult choice. If it did not intervene, Central Asia could be destabilized, with a negative impact on the SCO, its authority, and its prestige. After the Osh disorders in Kyrgyzstan (where the Tulip Revolution began), and the Andijon incident, some argued that, since the SCO could not guarantee security, it could not be regarded as an important regional organization. If, however, the SCO were to intervene, it would violate its basic principles and become embroiled in the political crisis. This is the challenge that the colored revolutions pose for China and the SCO; whatever their choice, it is fraught with negative consequences.⁴⁷

So while the SCO defends domestic authoritarianism, it restricts its members' ability to exploit the doctrine of authoritarian solidarity to threaten external intervention on behalf of that solidarity.

Conclusions

The ability to exploit international rivalries, Central Asia's heightened strategic importance and internal energy assets has allowed these states to ward off internal threats and to grow their economies quite steadily since 2000. This creates more stability and narrows politics to an elite struggle as the Turkmen succession suggested. The spectacular growth of Kazakhstan has even allowed it to think beyond the region to see itself in

2001 p. 5; Bates Gill, "Shanghai Five: An Attempt to Counter US Influence in Asia,?" *Newsweek Korea*, May, 2001 <www.brookings.edu/views/op-ed/gill20010504.htm>.

⁴⁶ The White House, *National Security Strategy of the United States*, Washington, D.C., 2006, available at <www.whitehouse.gov>; Wu Lei and Shen Qinyu, "Will China Go to War Over Oil,?" *Far Eastern Economic Review* (April 2006), pp. 38-40.

⁴⁷ Huasheng Zhao, "Central Asia in China's Diplomacy," in Eugene Rumer, Dmitri Trenin, and Huasheng Zhao, Eds., *Central Asia: Views From Washington, Moscow, and Beijing*, (Armonk, N.Y.: M.E. Sharpe Inc., 2007), pp. 198-199.

a broader Asian security context.⁴⁸ But it is arguable that one (by no means the only) reason for the continuing survival of the regimes in their authoritarian form is their unceasing ability to secure resources from external and stronger sources that allow them to deal with the problem posed by the “reversed anarchy” they see in their own states. And as the new great game continues to intensify, for the foreseeable future they will be able to keep getting those resources. Indeed, arguably Russia is being forced to pay ever more for the illusion of neo-imperial dominance it so desperately seeks.⁴⁹

Nonetheless these states must keep finding ways to generate economic development and rents to elites in order to satisfy the eternal internal competition among clans, factions, and tribes that dominates Central Asian politics.⁵⁰ Absence of these benefits cannot be compensated by skill at managing those challenges and vice versa. In other words, even though the external rivalries that facilitate the transfer of resources to Central Asia or of capabilities that allow these states to increase the resources at their disposal and meet their most urgent domestic challenges will continue, so too will the domestic threats to security that demand the assignment of those resources to them. Indeed, they may even grow if institutions and policies cannot keep pace with them. And if, as the reigning paradigm suggests, those policies and institutions cannot keep pace, then all the foreign interest in the world will be of little help. As Kyrgyzstan has already shown in that case, no foreign bayonets or power will then be there to rescue rulers from their follies or their people from the consequences of those follies.

⁴⁸ Erica Marat, “Soviet Military Legacy and Regional Security Cooperation in Central Asia,” *China and Eurasia Forum Quarterly*, 5, 1 (2007), p. 93.

⁴⁹ Stephen Blank, “Turkmenistan: Turning the Tables on Russia,” *Eurasia Insight*, February 6 2008.

⁵⁰ Collins, *Clan Politics and Regime Transition in Central Asia*, pp. 297, 302; E. Wayne Merry, “The Politics of Central Asia: National in Form, Soviet in Context,” in Daniel L. Burghart and Theresa Sabonis-Helf, Eds., *In the Tracks of Tamerlane: Central Asia in the 21st Century* (Washington, D.C.: National Defense University Center for Technology and National Security policy, 2004), pp. 36-42; “Uzbekistan Heads Towards Violent Regime Change,” *Jane’s Intelligence Review*, July 1 2005, <www4.janes.com/subscribe/jir/doc>; Eugene B. Rumer, “Central Asian Leadership Succession: When, Not If,” *Strategic Forum*, Institute for National Security Studies, National Defense University, Washington, D.C., 2003; “Turkmenistan Faces a Crisis of Leadership-Experts,” *Eurasia Insight*, May 25 2006; John Glenn, *The Soviet Legacy in Central Asia* (New York: ST. Martin’s Press, 1999); Edward Schatz, *Modern Clan Politics: The Power of “Blood” in Kazakhstan and Beyond*, (Seattle, Washington: University of Washington Press, 2004).

Kazakhstan: Will “BRIC” be spelled with a K?

*Martha Brill Olcott**

ABSTRACT

During its seventeen years of independence, Kazakhstan has gradually strengthened its sovereignty, achieved important economic reforms, and widened its room for foreign policy maneuver. Kazakhstan is today considered a “middle income” country by the World Bank, investments are pouring into the economy, while its recently acquired chairmanship of the OSCE in 2010 stands out as only one in a row of major foreign policy successes. Is this the peak of possible achievements or will Kazakhstan even join the ranks of the “BRIC” countries (Brazil, Russia, India, and China)? Will Kazakhstan be able to transfer economic development, and the stability that it has given rise to, into political reforms? This article argues that the accomplishments to date partly should be accredited to the shrewd political leadership of the country but that Kazakhstan’s future success is dependent on the institutionalization of a more open political system.

Keywords • Kazakhstan • Energy • Economic Development • Diplomacy • Central Asia

Introduction

President Nazarbayev has set the goal of Kazakhstan becoming one of the world’s fifty most competitive economies by 2012, a goal which Nazarbayev set for the nation in 2002.¹ Even more than that, some in the country’s ruling establishment have already taken to claiming that the country has the potential to join the ranks of the “BRIC” countries (Brazil, Russia, India and China).

To most outside Western observers this seems rather far-fetched. Even though Kazakhstan is now considered a “middle income” country by the World Bank,² the country has still not completed its transition to a

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¹ Webpage of Embassy of Kazakhstan in Israel, “Diversification of Kazakhstan’s economy through cluster development in non-extraction sectors of the economy,” <<http://www.kazakhemb.org.il/?CategoryID=185&ArticleID=252>> (May 1 2008).

² See the World Bank’s webpage:

market economy, and has a very long ways to go before it can be considered to have a fully stable,³ not to mention democratic political system.

Though not yet a member of the WTO, Kazakhstan's economy is strongly influenced by global trends. With large oil and gas reserves, Kazakhstan will be an important "swing" producer of both oil and gas, possibly becoming among the top ten producers,⁴ especially if this land-locked country is able to develop multiple routes to market its fossil fuels. But even with Russia's dominance over the transport of Kazakhstan's oil and gas, and the roadblocks they have erected to keep Kazakhstan from maximizing its profits in this sector, the high price of oil has created more than enough government income for short, medium and long-term development projects, and more than any one predicted was possible even a few years ago.

With large reserves of metals as well as its oil and gas, Kazakhstan seeks to avoid the economic and political weaknesses that nations linked to natural resource exports as the main source of income often possess. The Kazakh government has impressive plans to develop economic clusters which will provide alternative forms of employment for the population, but most of these clusters are fledging at best. Despite increasing government efforts to combat it corruption remains pervasive in the country, especially at middle and lower levels of power.

While Kazakhstan has taken some of the right steps to try and reduce corruption, holding allegedly corrupt judges, healthcare workers, the head of the national railroad and even the president's son-in-law accountable, the country's legal system remains only partly reformed, and legal protection of property is not guaranteed. The country remains effectively a one-party state, as the president's party is the only one represented in parliament, which is a much weaker institution than the presidency. The opposition is fragmented, ineffective and is unlikely to be able to strongly influence the process of political succession. Kazakhstan is a unitary state and the akims (the senior local officials) are appointed by the president.

While his reluctance to press for rapid political reform has been a source of criticism in Europe and the US, Nazarbayev has nonetheless managed to make Kazakhstan a player in the U.S., Europe and in Asia, and done this while preserving good relations with both Russia and China. Kazakh diplomats now head the SCO, EurAsEc and the country

<<http://www.worldbank.org.kz/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/KAZAKHSTANEXTN/0,,contentMDK:20976054~isCURL:Y~menuPK:41386~pagePK:41367~piPK:51533~theSitePK:361869,00.html>> (May 1 2008).

³ Stable as defined by the successful transfer of political power, not once, but preferably twice.

⁴ The Kazakh government hopes to be among the top 10 energy producers globally by 2015. Karim Massimov, Asia Society's 2nd International Business Conference, Astana, June 12, 2008.

has been chosen to head the OSCE in 2010. This latter designation came after considerable politicking by the Kazakhs, and was really their first major diplomatic success in a western dominated international forum.

It is too simplistic to say that energy talks, and no one who has seriously engaged with the current generation of Kazakh policy-makers believes that the Kazakhs have gained their place in the international community solely because of their energy reserves. Western companies are the biggest investors in Kazakhstan’s energy sector, but they do presume to speak for Kazakhstan.

As part of their international maturing, the Kazakhs have become very articulate proponents of their own interests, and as they have done so they have become more aggressive about carving out a bigger role for themselves in the development of their own energy reserves. Yet the Kazakhs recognize that they can’t deal with western firms, as the Russians have. They too have used oftentimes tenuous “rule of law” based arguments to strengthen their claim for larger shares of existing projects, but have been nowhere as rapacious as their Russian colleagues. Though relations can sometimes be tense between the Kazakhs and their leading foreign investors, the Kazakhs repeatedly reassure them that “resource nationalism” or full nationalization is not on the table in Kazakhstan. President Nazarbayev seems determined to provide enough legal protection to insure investments made in his political life will be sustained after his passage from the scene.

In Kazakhstan, personality and politics are still closely linked. Nursultan Nazarbayev is the country’s first, and to date only president. The 68 year old Nazarbayev has supported constitutional amendments which will allow him to continue to run for office as many times as he wished. Yet even if he continues to serve for another decade, it is difficult to believe that Kazakhstan will complete its planned transition to global prominence with Nazarbayev still at the helm. For this to occur the pace of political reform will have to be speeded up, and the Kazakhs will need to be blessed by economic good fortune in a time in which there will be considerable economic turmoil internationally, and among their neighbors to the south in particular.

Yet as this article outlines, the Kazakhs have carved out a far more influential role for themselves than most observers, including the current author, thought possible. Seventeen years ago, we spent our time speculating whether the Kazakhs would even be able to sustain their independence, given that Russia believed that the Kazakh steppe was an inseparable part of its heartland. Now no one believes that Kazakhstan will fail to survive as a state, and few argue that the political transition that it must eventually undergo will likely culminate in civil strife. Kazakhstan is generally considered the one success story in Central Asia,

and one of the few real successes (excluding the Baltic states) in post-Soviet space.

Kazakhstan has achieved this because of some masterful political leadership, a president and a number of other key figures, who have managed to juggle domestic and international policies to the mutual benefit of each sector (and simultaneously accumulating personal fortunes). They have also had a fair amount of luck, including high oil prices during certain critical years, the willingness to experiment with macro-economic reform, and the ill-health of Russia's first president. However, Kazakhstan's future success is far from preordained, and much will depend upon what Nazarbayev decides to make his final political legacy, and leave a system in which the constitution becomes more of a living document rather than a statement of political goals.

The Interlinkage of Economic and Political Decision-making

Since the first days of independence Kazakhstan's foreign policy has been shaped by economic considerations. Or even more accurately, Kazakhstan's leaders have used foreign policy to try and insure state survival. Following the failed Communist Party coup of August 1991, the leaders of the various Soviet republics all understood that the U.S.S.R. was collapsing from within, but nonetheless there was little sense of how the endgame would develop. After Belarus, Ukraine and Russia decided to annul the Treaty of Union from 1922 which formally held the country together, on 8 December 1991, Nursultan Nazarbayev came forward with an attempt to manage the terms of the divorce. He got Russia's President Boris Yeltsin, as well as the leaders of virtually all the other ten Soviet republics (Latvia, Lithuania and Estonia having already left the union) to meet in Almaty on December 21, 1991, to hold a second founding of the Commonwealth of Independent States (CIS).⁵

This at least gave the Kazakhs some breathing space for maneuvering, as they, more than any other post-Soviet state appeared to be inextricably tied to Russia, sharing seven thousand kilometers of border, which had been set for purely administrative purposes, as ethnic Russians dominated the northern regions of the country, and overall were almost as numerous as ethnic Kazakhs. The economies were wholly tied together, once again, especially in the north, where natural resources and their industrial applications were linked for ease of utilization.

Because of this shared industrial base, the fledgling Kazakh state became quickly indebted to Russia, as Kazakhstan was obligated to purchase virtually most of its energy from Russia, and was forced to

⁵ For details see Martha Brill Olcott, *Central Asia's New States*, (Washington D.C.: USIP, 1996), especially, chapter one.

honor Soviet era contracts and prices for the sale of commodities to Moscow.⁶

Kazakhstan was initially eager for some form of economic union with Russia, and with the other CIS states, first through the preservation of the ruble zone as the commonwealth’s currency. Then when that failed, and Russia set conditions for receiving its currency that were clearly unacceptable to all of the newly independent states, except Tajikistan, which was still engulfed in a civil war in 1993 when the ruble zone collapsed.

Kazakhstan’s failure to achieve satisfactory economic terms from Russia drew the former closer to the west, and the western dominated international financial institutions. Both the IMF and the World Bank worked with the Kazakhs to develop macro-economic and structural reform projects.⁷

While somewhat scornful of President Akayev and the Kyrgyz government directly to their south, for what the Kazakhs saw as an uncritical acceptance of western economic and political policies, President Nazarbayev nonetheless appreciated that accepting at least some direction from these western institutions was a risky but necessary experiment if the Kazakhs were to dig their way out of the economic crisis that the decoupling of Soviet-era economic ties had produced.

Nazarbayev had already achieved a fair amount of credibility in the west, and in the U.S. in particular, given his willingness to become a nuclear-free state, dismantling the nuclear arsenal he had inherited with independence under U.S. and other international supervision, shipping the long-range nuclear warheads back to Russia.

The Kazakhs were less interested in taking western direction in the development of their political system, and were more inclined to imitate behavior that they saw in Russia. For example, a few months after Boris Yeltsin fired on Russia’s parliament, the Kazakhs dissolved their own Soviet era parliament. They also quickly dissolved their next parliament, and the country then went nearly a year without a parliament. There was little western objection to this, as Kazakh leaders cited parliamentary opposition to privatization and macro-economic reforms. These economic reforms were introduced through executive decree, and then ratified by a new bi-cameral legislature which was introduced after a new constitution was prepared in 1995.⁸ The powers of the bi-cameral

⁶ The existence of these contracts worked against the Kazakh state, but was of great personal benefit to those in both the Kazakh and Russian elite who were able to buy them. The trade in commodities during these early years was a major source of personal asset accumulation in both Kazakhstan and in Russia.

⁷ For details on the development of Kazakhstan’s economy in the first decade of independence, see Martha Brill Olcott, *Kazakhstan Unfulfilled Promise* (Washington D.C.: Brookings Institution Press, 2002), especially chapter five.

⁸ Constitution of the Republic of Kazakhstan, available at:

legislature were also expanded when modifications to the constitution were made in 2007.⁹

Kazakhstan's transition to a market economy has been much faster than its development of a democratic political system. The country has made very uneven progress in this regard. Depending upon the yardsticks chosen, Kazakhstan can even be viewed as having been more democratic in the late 1990s than it is today. At that time the country had a number of independently owned newspapers and television stations, and a number of independent political groupings. But President Nazarbayev and his family (especially two of his sons-in-law, Rakhat Aliyev and Timur Kulibayev) began expanding their personal wealth into numerous sectors of the economy as well as media. A major dividing point was reached in late 2002, when a group of prominent young entrepreneurs including some serving in the government, broke with President Nazarbayev and soon after established a group called "Democratic Choice" which called for the creation of a more open competitive political system. Instead, pressure was brought against the members of this group, who were all forced out of the government, and some even landed in jail.¹⁰

By this time though, Kazakhstan was becoming a more valuable strategic partner for the U.S. and the largest economies of Western Europe. The U.K., Italy, France, the Netherlands as well as the U.S. were all part of major oil and gas consortia in Kazakhstan. Those charged with supervising the adherence of U.S. partners for their commitment to human rights and democracy building continued to criticize Kazakhstan, as did Office for Democratic Institutions and Human Rights (ODIHR) of the OSCE after the 1999 parliamentary¹² and 2000 presidential elections. However there was no real sting to these criticisms. Nazarbayev remained a welcome guest in most western capitals. Nazarbayev did not come to the U.S. for several years as a result of the "Kazakhgate" affair,¹³ in which U.S. oil executives and a close western advisor to Nazarbayev were charged with tax evasion and violating U.S. anti-corruption laws. But following September 11, Kazakhstan took on

<<http://www.legislationline.org/upload/legislations/81/9b/5e3433aadd3a9d28d35c4caid98a.htm>> (May 1 2008).

⁹ See webpage of the Parliament of the Republic of Kazakhstan: <<http://www.parlam.kz/Information.aspx?lan=en-US>> (May 1 2008).

¹⁰ See Martha Brill Olcott, *Central Asia's Second Chance* (Washington D.C.: Brookings Institution Press, 2005), pp. 138-148.

¹² For ODIHR reports on Kazakhstan's elections from 1991 through 2007 see <<http://www.osce.org/odihr-elections/14471.html>> (May 3 2008).

¹³ There have been numerous accounts of this scandal involving James Giffen, and a former Mobil Oil executive, but probably the most interesting is that of Seymour Hersh, "The Price of Oil" which originally appeared in *The New Yorker* magazine on July 29, 2001 and is reproduced at <http://iicas.org/english/Krsten_05_07_01.htm> (May 5 2008).

new importance as a coalition partner in the War on Terror, and eventually Nazarbayev was welcomed as an official guest in Washington,¹⁴ even though he remained an unindicted co-conspirator in the ongoing legal proceedings occasioned by Kazakhgate.

Initially at least, the U.S. did draw the line at supporting Kazakhstan’s bid to chair the OSCE in 2009, trying to convince the Kazakhs to delay their request until 2011. The Kazakh bid was very unusual, as the chairmanship of the OSCE tends to be a post awarded behind closed doors, with little or no politicking between those seeking or willing to take the job. The Kazakh bid came about through the intervention of the country’s OSCE Ambassador Rahat Aliyev, Nazarbayev’s son-in-law who received this post as something of a well-paid exile.¹⁵ It is entirely possible that the diplomatically inexperienced Aliyev had no idea that the OSCE chairmanship was not something that was typically campaigned for, and may have put forward this idea as something of a peace offering to his father-in-law.

In autumn 2006 senior policy-makers in Washington (seemingly with the approval of those in London, and possibly in some other European capitals) thought that they had convinced the Kazakhs to drop their bid (on the eve of an official visit by Nazarbayev to the U.S.), but the Kazakhs did not take no for an answer. They raised the issue during the December 2006 OSCE ministerial meetings, much to the embarrassment of the assembled diplomats, and for the first time in OSCE history managed to get a postponement in the decision for the chairmanship three years’ hence.

The Kazakh government was seemingly put on notice that they had to further democratize its political system and at first the Kazakhs made quite a show of committing themselves to move towards a more competitive political system. The government created a national commission to draft constitutional changes that promised strengthen the legislature at the expense of executive power, but the version that was leaked to the press (and if rumors are correct to the OSCE as well) turned out to be quite different than the constitutional reforms that the president eventually opted for.

The legislature was strengthened at the expense of the presidency, to provide limited but more substantial legislative oversight of the government. But in practice much of this was undone by the process by which the new parliament was elected in August 2007, which left the lower house of the legislature solely under the control of the presidential

¹⁴ Alexander Sidorov and Alexander Reutov, “Nursultan Nazarbayev in “Kazakhgate” Coverup,” *Kommersant*, September 26 2006, <<http://www.kommersant.com/page.asp?idr=527&id=707331>> (May 3 2008).

¹⁵ Aliyev’s rapacious business practices had been the cause of the split which led to the formation of Democratic Choice.

party Nur Otan (Our Fatherland), for the lower house was now chosen exclusively through a party list system, and according to the official results none of the opposition parties met the rather high threshold of seven percent of the total vote that had been set.

The constitutional changes had also exempted president Nazarbayev from the constitutional limit of two terms, as the country's first president, although it did drop the presidential term back down to five years. It was almost as if the Kazakhs were seeking to tease the OSCE, or that President Nazarbayev found it difficult to move away from the fawning behavior of his underlings, for it is hard to know whether the reports of electoral falsification were done at his behest, or more likely by those who sought to please him (and knowing that there would be no negative consequences of their actions).

Despite the Kazakhs' clear failure to introduce substantial political reforms, in the 2007 ministerial meetings the OSCE decided to support the Kazakh bid for chairmanship, deferring the term in office until 2010, supposedly to allow the Kazakhs to prepare for what is in fact a rather complicated diplomatic activity, which will begin with them chairing a major subcommittee in 2009.

While the actual decision was obviously made behind closed doors, rumors about how it was agreed upon do abound. The Spaniards, who hosted the 2007 meeting seemed to have worked hard to convince their fellow EU members to agree, in spite of (rather than because of) Russian threats to effectively sabotage the organization if the Kazakhs did not get chosen. U.S. policy-makers talking off-the-record maintained that they too had been victorious, given that the Kazakh bid was delayed a year, and that Astana promised that it would not modify the functions of ODHIR (the OSCE's democracy building arm). The changing of the ODHIR mission was something that Moscow had called for, but was not a project that the Kazakhs had ever publically (or even privately) associated with.

Ironically, Rahat Aliyev was not around to enjoy what certainly appeared to be a Kazakh victory as he had broken with Nazarbayev over the 2007 constitutional reform, complaining that the Kazakhs were effectively stuck with a president for life. Aliyev now lives abroad, a fugitive from Kazakh justice, with a host of charges including murder having been levied against him.¹⁶ For his part Aliyev continues to make

¹⁶ For two discussions of this see Johanna Lillis, "The Domestic Implications of Rakhat Aliyev's Precipitous Fall" *Eurasia Insight*, June 13, 2007 <http://www.eurasianet.org/departments/insight/articles/eavo61307f.shtml>, and a blog entry in *New Eurasia*, by Leila from May 23, 2007, <http://kazakhstan.neweurasia.net/2007/05/23/the-downfall-of-rakhat-aliev/> (May 2, 2008).

allegations against his former father-in-law (his wife Dariga having divorced him after his public disgrace), using a website he maintains to “leak” alleged tapes from the presidential offices. And the Kazakh government shows no real interest in further reforming its government, passing a highly controversial bill on religion, which would substantially increase the ability of the government to limit the activities of any unregistered religious group,¹⁷ though still offering assurances that promised changes to the election code and to the laws on media are forthcoming.

Oil and Gas and Kazakhstan’s Future

Kazakhstan has also been a great deal more assertive in its dealings with western oil companies in recent years, again as a measure of their growing international confidence. Over the past several years the Kazakhs have passed series of laws that give the Kazakh national oil company – KazMunaiGaz (KMG) – rights of first refusal for all on-shore oil and gas projects, and a guaranteed fifty percent stake for all off-shore projects (again as desired) as part of a government effort to turn the company into an internationally respected firm.¹⁸ While part of the company, KazMunaiGaz Exploration and Production, now trades on the London Stock Exchange, KMG still has a long way to go before it achieves the experience and the level of transparency necessary for it to be considered among the major national oil companies.

Some of the companies potentially most valuable assets, including a better than fifteen percent share in the Kashagan consortia, have come about because of the Kazakh government’s new strategy of playing hardball with foreign partners who in any way are in violation of their contracts. In the case of Kashagan, this technically difficult project (which is covered by a production sharing agreement) has been delayed several years, and will cost three times its original cost estimate, meaning substantially deferred income for Kazakhstan. But the Kazakh government has had even less justification in the pressure that it has put on the partners of TengizChevroil, who have been subjected to various fines or threatened fines (generally for alleged environmental violations),

¹⁷ “Kazakh Lawmakers Present Bill to Increase State Control Over Faith Groups” *International Herald Tribune*, June 12 2008, <http://www.iht.com/articles/ap/2008/06/11/asia/AS-REL-Kazakhstan-Religion.php> (June 12 2008).

¹⁸ For details on the company see Martha Brill Olcott “Kazakhstan’s NOC: KazMunaiGaz (KMG),” a study prepared for the James Baker Institute for Public Policy at Rice University. This paper also contains substantial information on all of Kazakhstan’s major oil and gas deposits and the makeup of the foreign consortia responsible for their development, www.rice.edu/energy/publications/docs/NOCs/Presentations/Hou-Olcott-Kazakhstan.pdf (May 13 2008).

in what appears to be an effort to extract concessions from the principal foreign firms.¹⁹

TengizChevroil, in which KMG holds a stake has also been beset by serious problems in finding enough pipeline capacity to meet its expanding production. The Russian government has not agreed to finalize terms for an expansion of the CPC (Caspian Pipeline Consortium) pipeline, which is the only pipeline that crosses Russian territory that is not controlled by Transneft, the Russian government controlled pipeline company.

This represents a major failure on Nazarbayev's part, as he, and various Kazakh negotiators have generally had little success in negotiating enough access for Kazakh oil in the Russian pipeline system. As a result the Kazakh government has committed to shipping oil to market through the Baku Tbilisi Ceyhan (BTC) pipeline, which bypasses Russia, and which requires sending oil through rail and tankers across the Caspian.

The Kazakhs have also had an "up-again-down-again" relationship with Gazprom, which transports all of Kazakhstan's gas to market, and only allows very limited amounts of Kazakh gas to be sold in Europe, leaving the Kazakhs forced to sell in the much lower priced Russian market. KMG does have a joint venture with Gazprom, KazRosGaz, which supplies gas it purchases from the Kashagan deposit to the refinery at Orenburg in Russia, and that gas is priced hire (which benefits KMG, but not the consortium partners). Yet for all its frustrations in dealing with Russia on questions of oil and gas shipment, the Kazakhs have only given qualified support to the idea of an undersea TransCaspian gas pipeline, despite substantial pressure from both the U.S. and EU to do participate in this project. The Kazakh preference is for the pipeline to be built under the Turkmen section of the Caspian Sea, although they have claimed their sovereign right to build it across their part of the sea as well. This represents something of a departure for Kazakhstan, which has traditionally been solicitous of Russia given the absence of a treaty on the status of the sea that has been ratified by all four littoral states.

Energy security questions have been the most strained aspect of the Kazakh-Russian relationship, which overall has been quite close, and as President Nazarbayev often takes pains to point out, the Kazakhs consider Russia their most important international partner. The fact that Dmitri Medvedev made his first international trip to Kazakhstan, after taking office in May 2008, is an important sign that the Russians also place special value in their relationship with this southern neighbor. Much like Kazakhstan, Russia has also been quite pragmatic in setting up

¹⁹ "TengizChevrOil faces new fine for environmental damage in Kazakhstan," *Alexander's Oil and Gas Connections*, May 15 2008, <<http://www.gasandoil.com/goc/company/cnc82090.htm>> (May 17 2008).

the priorities in this relationship, stressing economic interests over ethno-national ones. After a failed effort in the early 1990s to gain dual citizenship rights for Kazakhstan’s ethnic Russians, Moscow has been happy to receive ethnic Russian migrants but has otherwise largely left the population of “co-nationals” to their own devices. Russia has also supported Kazakhstan’s various bids to have its diplomats head a number of international organizations in which it participates, and, as mentioned earlier, both EurAsEc (the Eurasian Economic Community) and the SCO (Shanghai Cooperation Organization) are currently headed by Kazakhs (Tair Mansurov and Bulat Nurgaliyev respectively)

China too has pursued a very pragmatic relationship with Kazakhstan, focusing in the last decade on securing energy assets. Initially China was more interested in making sure that the independence of Kazakhstan (as well as the other Central Asian states) did not pose a threat to security in Xinjiang province. But once the rulers in Beijing felt assured that the Kazakhs would provide no support for Uighur nationalists, who in Soviet times had enjoyed sanctuary in the Kazakh republic, their priorities shifted.

The Chinese have a major stake in Aktobemunaigaz, and have provided funding for a pipeline, the last links of which are virtually complete, that runs from western Kazakhstan to the Chinese border.²⁰ The Chinese tried to get into the Kashagan consortium, but the sale of British Gas shares to CNPC was blocked by the other partners. The Chinese then purchased PetroKazakhstan, at a seemingly inflated price, especially after they were forced to turn over their shares in the Shymkent refinery (owned by PetroKazakhstan) to the Kazakh government.

Can Kazakhstan Add a “K” to “BRIC”?

President Nazarbayev and his senior leadership have managed to do a very good job taking the cards that they were given at the time of the collapse of the Soviet Union and fashioning them into what appears to be a winning hand. A seemingly endless border lacking delineation with a potentially hostile neighbor boasting a population nearly ten times its size, the Kazakhs seemed in an unenviable position in 1991. The scale of its mineral wealth was not fully known, and its ability to get oil and gas to market was an even bigger uncertainty.

Kazakhstan benefitted though, from the fact that the collapse of the Soviet Union left Russia and its leadership in a more turbulent state than was the case in Kazakhstan. The ill-health of Russian president Boris

²⁰ “Kazakhstan-China Pipeline Starts to Pump Oil,” *China Daily*, December 15 2005, <http://www.chinadaily.com.cn/english/doc/2005-12/15/content_503709.htm> (May 14 2008).

Yeltsin turned into another unexpected plus, coming as it did in the mid-1990s when some of the confusion of the early years had passed. This gave the Kazakh government a kind of breathing spell from the north, to use to consider their own economic priorities. The choices made in the mid-1990s then helped the Kazakh government weather the economic melt-downs of 1998, first in the Asian market and then in the Russian.

Kazakhstan's recovery was also helped by the rising price of oil. Even before the meteoric rise of the past few years, the Kazakh government adopted measures designed to diversify the country's economy, to reduce the likelihood that Kazakhstan would fall victim to the "resource curse," corruption and bad government associated with a national budget dependent upon resource extraction as its source of income.

Two measures in particular were taken. Kazakhstan created a National Fund, a sovereign wealth fund to shelter part of the country's resource based income in secure investments;²¹ some US\$23 billion had been allocated to this fund by May 2008. The country's long-term strategy was most recently elaborated by President Nazarbayev in his state of the nation address in February 2007, which he entitled "Kazakhstan: 2030"²² that sets out the challenges that still remain for Kazakhstan to become a diversified and transparent market economy. To date, economic diversification, based on a "cluster" model elaborated by Harvard University economist Michael Porter has been employed.²³ Seemingly sustainable progress has also been made in support services in the energy sector and in agricultural processing, in transportation and communication than in the other sectors (metallurgy, IT, tourism and construction).

Nazarbayev's critics tend to argue that the country's glass is half-full, with the citizens expectations rising faster than the capacity of the government to meet them.

Kazakhstan's economic success also means that it is an early victim of the current global credit crisis. Many of the country's marginal banks are at risk of failure as loan default rates for housing and other forms of real estate grow due to rising credit costs and declining property values. This is leading to a general economic downturn, with construction, a major employer in the economy, being the first in the region to be hard hit. However, Kazakhstan is not at risk of the majority of the population falling below a poverty line and should not face any real food shortages.

²¹ For an explanation of the fund see,

<http://www.kazakhembus.com/National_Fund.html> (June 14 2008).

²² The "Kazakhstan-2030" strategy at a new stage of development of Kazakhstan, <<http://mf.minfin.kz/index.php?uin=1182484913&chapter=1182485211&lang=eng>> (June 5 2008).

²³ For citations to Porter's various works on this topic see <<http://www.isc.hbs.edu/econ-clusters.htm>> (June 14 2008).

In a worst case scenario it has the National Fund to rely on,²⁴ something which none of its Central Asian neighbors have.

At the moment it is still far from clear whether anyone is likely to be tempted to add a “k” to “BRIC.” While far from transparent, the investment climate is the strongest in the region and more investor friendly. Recent government pressures on western oil companies notwithstanding, most believe the constantly reiterated government pledge that license holders do not face eventual nationalization of their assets. Kazakhstan is not a democracy, but neither is Russia or China. If the President Nazarbayev shows a kind of political maturity that he is capable of (even if it is not always in evidence), and transfers power during his lifetime, then the creation of a democracy in Kazakhstan is possible within the next generation. Who knows, that might even prove enough to add a “k” to “BRIC.”

²⁴ Deidre Tynan, “Kazakhstan Remains Upbeat Despite Negative Credit Rating” *Eurasianet* May 14 2008, <http://www.eurasianet.org/departments/insight/articles/eavo51408.shtml> (June 14 2008).

China's Central Asian Strategy and the Xinjiang Connection: Predicaments and Medicaments in a Contemporary Perspective

*Yitzhak Shichor**

ABSTRACT

Following the disintegration of the Soviet Union, Beijing moved swiftly to redefine its long suspended foreign policy and strategic agenda in Central Asia and to resume its relations with its newly independent republics. Opening the borders reflected Beijing's bold decision to give priority to economic development while risking instability in the Xinjiang-Uyghur Autonomous Region. Officially, China initiated the Shanghai Five and the Shanghai Cooperation Organization to target separatism, terrorism, religious extremism (and implicitly U.S. hegemonism as well). Unofficially Beijing has tried to acquire political influence, security guarantees, economic benefits and accessibility to energy resources. In a retrospective view, China's achievements are a mixed blessing at best and only partly successful.

Keywords • Xinjiang • Central Asia • Shanghai Five • Shanghai Cooperation Organization • Terrorism • Separatism • Religious Extremism • Energy

Introduction

Following the disintegration of the Soviet Union in the early 1990s, the PRC (People's Republic China) has been facing unprecedented challenges, new opportunities as well as risks. Undoubtedly surprised by the Soviet collapse, Beijing – that in 1992 moved instinctively and quickly to establish full diplomatic relations with all Central Asian independent governments – had to redefine its strategic and foreign policy objectives in this region. Apparently, this entailed a long-term choice between two fundamental and contradictory options. On the one hand, keeping China's Central Asian borders closed, as they had been for nearly thirty

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years, would promote and maintain stability and enable Beijing to continue incorporating Xinjiang into the PRC – yet at a cost of undermining development. On the other hand, opening the Central Asian borders for unrestricted movement of people and materials could make a significant contribution to China's economic development, a number one priority since the late 1970s – yet at a cost of undermining domestic stability, by enabling the penetration of 'wrong' ideas, literature, religious beliefs and even weapons and by facilitating increased association of Xinjiang with Central Asia. Ultimately, Beijing's decision was bold – and typically 'Chinese'. The borders have been opened widely to allow economic exchange (people as well as merchandise) with minimal restrictions,¹ while firm and often brutal means have been employed at home, and pressure has been applied abroad, so as to maintain stability and guarantee Beijing's continued control over Xinjiang.²

China's strategic objectives and performance in Central Asia should be interpreted on two different levels: the official and explicit; and the unofficial and implicit. To what extent has Beijing managed to accomplish these objectives in Central Asia? What role has Xinjiang played in this policy and to what extent has this policy affected Xinjiang?

These questions, and others, are addressed in this article that offers a balance-sheet of China's achievements and failures in Central Asia from today's perspective.

China's Strategic Agenda: Official and Explicit Dimensions

China has never officially elaborated its strategic objectives in Central Asia. However, these issues had definitely been deliberated, as a few years after the establishment of diplomatic relations with the newly independent Central Asia governments Beijing, in a step never undertaken before, initiated the organization of the Shanghai Five (SF) in 1996, renamed the Shanghai Cooperation Organization (SCO) in 2001. Reflecting self confidence as well as concerns, Beijing's statements related to the SF underscore its principal strategic objectives in Central Asia. There has been something very peculiar about these objectives since they have been primarily negative and involving policies of denial. Beijing has articulated these objectives clearly, officially and explicitly: the struggle against terrorism, separatism and religious extremism, that became known as the “three evils” – all directly related to Xinjiang and reflected

¹ By the end of 2006 Xinjiang had 31 border check points.

² For an extensive discussion of these issues, see: Sean R. Roberts, "A 'Land of Borderlands': Implications of Xinjiang's Trans-Border Interactions," in S. Frederick Starr Ed., *Xinjiang: China's Muslim Borderland* (Armonk, NY: M.E. Sharpe, 2004), pp. 216-237, 421-425.

Beijing's perceptions of Xinjiang's potential or actual problems. Not directly associated with the 'three evils', a fourth objective introduced the struggle against hegemonism in Central Asia – namely against the penetration of U.S. influence and presence. These SF strategic objectives had been formulated and adopted by the mid-1990s, long before September 11, 2001, and long before they were to become a concern (though limited) of Central Asia. As such, they reflected primarily Chinese perceptions and concerns. It is possible that – as China's relations with the U.S. deteriorated in 1995-96 almost to the brink of armed confrontation – Beijing wanted to secure its Central Asia backyard so as to prevent a potential two front conflict. The events of September 11 and their consequences have only amplified and underlined China's strategic objectives in Central Asia.

Targeting Separatism

Beijing's concern about Uyghur separatism can be traced back to the late 1940s when Xinjiang was "peacefully liberated", following the collapse of the Eastern Turkestan Republic. Uyghurs, who – unlike the Kazakh, Uzbek, Kyrgyz and Tajik nationalities – did not have a "homeland" of their own, have been forcefully incorporated into China. Pathetic attempts to revive the Eastern Turkestan Republic have been mercilessly and violently crushed and the vision of Uyghur independence practically evaporated – at least until the 1980s and 1990s. By that time, post-Mao China's reform together with the disintegration of the Soviet Union and a sparked Western interest in human rights, have opened a window of opportunity for Uyghur nationalism. While it has taken the Chinese a while to internalize these converging developments, by the early 1990s they began to crack down on Uyghur "separatism", now fed by supporters abroad, Central Asia included.

Gaining the Central Asian republics' cooperation in the struggle against separatism has reflected primarily Chinese interests. Despite some border conflicts and territorial disputes, separatism is not a serious problem in Central Asia, if at all – but it is for the PRC. As soon as diplomatic relations were established, China began to apply pressure on the Central Asian governments to restrict the activities of Uyghur communities in their countries. Although precise data are not available, it is estimated that the Uyghur population in Kazakhstan numbers some 350,000 with around 50,000 in Kyrgyzstan and Uzbekistan (each). While some had settled in these countries as early as the 19th century, tens of thousands fled Xinjiang in the 1950s and especially in the 1960s as a result of Chinese persecution. During the Sino-Soviet conflict scores of them sided with Moscow, contributing to its anti-China campaigns in the media, espionage and even in military matters. Beijing, thus, had a number of accounts to settle with Central Asian Uyghurs. Opening the

borders only made the situation worse (from the Chinese perspective) as it allowed free movement of Uyghurs from Xinjiang to Central Asia as well as from Central Asia to Xinjiang. Beijing's needed to enlist regional cooperation and support, which had been one of the incentives to set up the SF group and later the SCO.

In a retrospective view, China's Uyghur policy was successful, though not entirely. A number of Uyghurs caught in Central Asia for alleged involvement in terrorism, crime or nationalist activism were extradited to China where they stood trial, sentenced and occasionally executed. Some Uyghur schools, theaters, newspapers, radio, TV stations or programs in Central Asia have been forced to close down or merge with Kazakh or Russian outfits. An important Uyghur research center in Kazakhstan was reduced to an Uyghur service and Uyghur traders and dissidents have been prosecuted for anti-Chinese activities.³ Yet Uyghur nationalist activism in Central Asia still continues with few interruptions and their organizations and leaders still function, despite some restrictions. Central Asia's governments do not like to be dictated by the Chinese with regard to their own minorities, let alone that Karim Massimov, Kazakhstan's Chinese speaker and China-educated Prime-Minister is an ethnic Uyghur.

Targeting Religious Extremism

China and the SCO use the term "religious extremism" as a euphemism instead of the pejorative term "Islamic radicalism", or "Wahhabism" – as it is occasionally called in Central Asia. Before the 1990s the Chinese had hardly used this term which has been directly related to (Uyghur) separatism and terrorism (see below) since the beginning of ethnic uprisings in Xinjiang, and even more so after September 11, 2001. As in the case of separatism and terrorism, targeting religious extremism reflects primarily PRC concerns and priorities. Not that there are any significant or threatening phenomena of Islamic radicalism inside China, or in Central Asia. Central Asian Islam is prospering culturally, "but its political manifestations remained relatively limited in scope. [...] It is highly unlikely that radical Islam could grow as a movement."⁴ Islam is considered as moderate, pragmatic, flexible, eclectic and mainstream in both the PRC (Xinjiang included) and Central Asia. Nonetheless, the Chinese have conveniently associated and identified (Uyghur) separatism with Islamic radicalism and terrorism and imposed this equation on the SF and the SCO.⁵ Many observers and scholars endorse

³ *World Uyghur Congress News*, September 25, 2007.

⁴ Ghnocheh Tazmini, "The Islamic Revival in Central Asia: a Potent Force or a Misconception?" *Central Asian Survey* 20, 1 (2001), pp. 81-82.

⁵ See for example: Zhang Yunde, "Lun 'Dongtu' kongbuzhuyi benzhi tezheng" [On the Fundamental Nature of 'East Turkestan' Terrorism], *Journal of Xinjiang Normal University*

Beijing's perceptions of growing Muslim fundamentalism and militancy in Xinjiang,⁶ ignoring or underestimating evidence to the contrary.

There is no doubt that Islamic revival in Xinjiang (and China at large) is an outcome of the increased exchanges with the Islamic world and the relative domestic relaxation after decades of isolation and suppression as a minority religion (unlike Central Asian Islam that has always been a majority religion). Yet revival, measured in the number of mosques, pilgrims to Mecca and religious schools (*madrasah*) and students (*talip*), by no means imply wholesale radicalism.⁷ Still, this has been one of the risks the Chinese assumed when opening the Central Asian borders. Consequently, while PRC border guards have concentrated on confiscating Muslim literature and recorded tapes and videocassettes, they could not stop this flow completely and some have managed to infiltrate Xinjiang. This, and external (mainly Central Asian) support, have led the Chinese to believe in the existence of an "organized Islamic extremism", such as the Eastern Turkestan Party of God (*Dongtu yisilan zhenzhudang*, namely *Hizbullah*), the Eastern Turkestan Islamic Movement (ETIM) and the Party of Islamic Reformers. Yet, except for Chinese accusations, there is hardly any evidence that these organizations really exist. Similarly, in early April 2008 the Chinese publicly blamed *Hizb ut-Tahrir Islam* (*Yizabute*, Party of Islamic Liberation, an organization of Central Asian origins), for orchestrating turmoil in Khotan (Hetian) in south Xinjiang.⁸ Even though available evidence suggests no such relations whatsoever,⁹ this has probably been an attempt to link Central Asian terrorism and "religious extremism" with China's.

Both in Central Asia and in China there is some ignorance – among non-Muslim and Muslim alike – as to what constitute religious extremism. Both in Central Asia and in China, Islam is tightly controlled

(*Social Sciences*) 24, 3 (September 2003), pp. 21-26; Ma Ting, "Yisilan shiye lide kongbuzhuyi" [Terrorism in an Islamic Perspective], *Journal of the Second Northwest University for Nationalities* 3 (2004), pp. 96-99.

⁶ June Teufel Dreyer, "China's Islamic Challenge," *China Brief* (The Jamestown Foundation) 1, 6 (September 27, 2001); Ahmad Lutfi, "China's Islamic Awakening," *China Brief* 4, 10 (May 13, 2004), mentions "the radicalization of Islamic identity" and "Islamic insurgency" in Xinjiang. See also his "Seek Jihad as Far as China," in: K. Santhanam and Srikanth Kondapalli, Eds., *Asian Security and China, 2000-2010* (New Delhi: Shipra, 2004), pp. 506-515.

⁷ Joanne Smith Finley, "Chinese Oppression in Xinjiang, Middle Eastern Conflicts and Global Islamic Solidarity among the Uyghurs," *Journal of Contemporary China* 16, 53 (November, 2007), pp. 627-654.

⁸ Sina Newsagency Website: <<http://news.sina.com.cn/c/2008-04-04/155715292369.shtml>> (June 1 2008).

⁹ "Uyghurs Protest in China's Remote Xinjiang Region," *Radio Free Asia*, April 1 2008. See also: "Authorities Block Uighur Protest in Xinjiang, Detain Protesters," U.S. Congressional-Executive Commission on China, April 8, 2008.

by the state; in fact, the perception that radical Islam is rising – often deliberately underscored by the Chinese – has little to do with reality. If anything, Islam in Xinjiang, persecuted and prosecuted by the authorities, is on the decline. If there is external support for Islamic radicalism, it comes less from Central Asia's SCO members but mostly from Afghanistan and Pakistan, China's allies. To be sure, Beijing is actually less concerned about religious extremism as it is concerned by separatist nationalism. Many Uyghur nationalist leaders, definitely outside China, including Central Asia, are by and large secular and by no means religiously radical. Religious extremism as a target of China's Central Asian strategy becomes significant only as a part of China's struggle against separatism and terrorism.¹⁰

Targeting Terrorism

By the mid-1990s, and following a number of violent incidents involving Uyghurs in Xinjiang (beginning with the Baren clash of April 1990), Beijing had realized that the Uyghur pursuit of self-determination, or greater autonomy and human rights, assumed violent dimensions, fed and supported by separatists elements abroad, notably on the other side of the border in newly independent Central Asia. Other outstanding issues with Central Asia – such as border settlements or the quest of energy (to be discussed below) – had not been as urgent as the threat of emerging "terrorism". This had been Beijing's original and primary incentive for the creation of the SF and later the SCO. Following his meeting with the PRC Defense Minister, the Russian Defense Minister Anatoly Serdyukov underlined: "We do not consider the SCO to be a bloc opposing someone. This is an organization created with a completely different task – *to combat terrorism and nothing else*"¹¹ (emphasis added).

From the very beginning the Chinese have been concerned less about the resurgence of terrorism in Central Asia, and much more about the possible spillover of terrorism into Xinjiang or as a source of inspiration and support for Uyghur 'separatists' and the so-called radical Muslims.¹² Therefore, the SF and the SCO had been created first and foremost to serve China's interests – primarily the stability of Xinjiang. This has been one of the medicaments to overcome the predicaments of open borders and the almost unrestricted flow of people, ideas and

¹⁰ For more details, see: Yitzhak Schicor, "Blow-Up: Internal and External Challenges of Uyghur Separatism and Islamic Radicalism to Chinese Rule in Xinjiang," *Asian Affairs*, 32, 2 (Summer 2005), pp. 119-135; *idem*, "Fact and Fiction: A Chinese Documentary on 'Eastern Turkestan Terrorism'," *China and Eurasia Forum Quarterly* 4, 2 (May 2006), pp. 89-108.

¹¹ *Radio Free Europe/Radio Liberty*, June 27 2007.

¹² For Chinese views see: Ma Yong and Wang Jianping, "Zhongya de Kongbuzhuyi tanyuan" [Exploring the Origins of Central Asian Terrorism], *Guoji zhengfa yu guoji guanxi* [International Politics and International Relations] 2 (2003), pp. 39-44.

merchandise. Launching a pincers movement, Beijing planned to combine its intensified crackdown of Uyghurs inside Xinjiang with increased pressure on Uyghurs outside Xinjiang, through Central Asia's governments.

The internal half of Beijing's plan has been successfully accomplished, already in the 1990s, by mercilessly crushing all 'terrorist' activities, the most serious being the April 1997 Yining (Ghulja) incident. Throughout these years the Chinese media reported a series of stories about the seizure of 'terrorists', smuggled weapons, underground arms laboratories and organized cells. While some of this information is doubtful, since the late 1990s practically no new 'terrorist' activities were reported by the Chinese – until 2008. Most likely related to the coming Olympic Games, Beijing 'uncovered' several 'terrorist' acts, the most recent was reported on April 10, saying that from March 26 to April 6 the Xinjiang Police uncovered a plot by Islamic 'terrorists', allegedly part of a 'Jihadist' group based in Urumqi, to disrupt the Games. 'Led' by Abdurrahman Turxun, 34 members were captured with large amounts of explosives and detonators.¹³ Since the Chinese do not provide any evidence about this, and earlier, 'terrorist' groups, it is likely that these 'terrorist' threats have been inflated beyond proportions to justify the Chinese continued and intensified crackdown on Uyghurs.

Apparently, Central Asia's SCO members have little or nothing to do with terrorism in Xinjiang (which is probably inspired and supported mainly by groups in Pakistan and Afghanistan). Although it helps, China does not need the Central Asian governments in its dealing with domestic terrorism – and probably *vice versa*. Therefore, the anti-terrorist exercises frequently held by the SCO members have more symbolic than real value. Despite few 1990s attempts, at least some evidently unsuccessful, to smuggle weapons from Kazakhstan into Xinjiang through the Khorgos Pass, the main terrorist threats to China still come from Pakistan and Afghanistan. In a long taped statement broadcast on December 20, 2006, Dr. Ayman al-Zawahiri, who is Al-Qaeda's second in command to Osama Bin Laden, blamed the United Nations members for obligating its members to recognize, among others, "China's occupation of East Turkistan".¹⁴ In an audio message broadcast on Al-Jazeera Television on March 11, 2007, he attacked the "criminal members" and "murderers" of the International Criminal Court and the UN Security

¹³ New York Times, April 11 2008; Sina Newsagency Website: <<http://news.sina.com.cn/c/2008-04-10/174515330851.shtml>> (June 1 2008).

¹⁴ Full transcript at International Institute for Counterterrorism: <<http://www.ict.org.il/apage/8215.php>> (May 27 2008).

Council (presumable including China) whose hands "drip with the blood of Muslims in [...] East Turkistan".¹⁵

Targeting Hegemonism

Targeting hegemonism (namely the U.S.) in Central Asia has never been presented as an official component of China's (the SF or the SCO) objectives. Yet unofficially, the Chinese have publicly reiterated their anxiety about the U.S. presence in their Central Asian backyard even before September 11, and certainly afterwards. Initially, Beijing (which had helped the U.S. in its fight against the Soviet occupation of Afghanistan in the 1980s) has been concerned about U.S. attempts to penetrate post-Soviet Central Asia economically, mainly the energy sector. Beijing moved swiftly to counteract the U.S. moves by managing to outbid some major U.S. oil companies, winning a number of oil production sharing agreements (PSAs) in Kazakhstan. This coup represented an unpleasant surprise for Washington as well as a drastic departure from China's earlier practice (to be further discussed below). Yet, the U.S. substantial presence in Central Asia's energy sector still continues. Furthermore, following September 11 Washington was given permission to deploy military units in Kyrgyzstan and Uzbekistan as a part of its offensive against Al-Qaeda. Obviously unhappy about these deployments China, that has exploited September 11 to present itself as Washington's ally in the struggle against terrorism (not only in Central Asia but also in Xinjiang), could by no means oppose these U.S. deployments, definitely not publicly. There is no doubt that Beijing, unhappy with the U.S. military presence tried, behind the scenes, to influence Central Asia's leaders to get rid of the U.S. presence. Indeed, the Uzbek decision to order U.S. forces to leave the Karshi-Khanabad Airbase (that used to be the second largest in the USSR Air Force) in July 2005 following the Andijan uprising, undoubtedly pleased the Chinese, yet only for a while.

In a retrospective view, China's attempts to target hegemonism and to employ a policy of denial against U.S. (and perhaps Russia, to be discussed below), have by and large failed. In a step reflecting a U.S.-Uzbek rapprochement process, in early March 2008 Tashkent has allowed NATO and U.S. troops to operate in the Termez Airbase on the Uzbek-Afghan border. It seems that Uzbekistan – and perhaps China as well – realize that the U.S. is the only power that could restore order in Afghanistan, which is in the interest of all.¹⁶ Thus, despite occasional

¹⁵ Transcribed and translated by SITE Institute (Search for International Terrorists Entities).

¹⁶ "Stealth Move: American Troops to Return to Uzbekistan amid Thaw," *Eurasianet*, March 5 2008, www.eurasianet.org/departments/insight/articles/eavo30508aa_pr.shtml (May 28 2008).

friction with the Central Asian governments, U.S. bases are still deployed in Central Asia and still perceived by Beijing as a threat to China's security and as a link in its encirclement. Beijing is likely to be concerned that in case of a violent confrontation in the Taiwan Strait, Washington may use its Central Asian forces to support Uyghur separatists to detach Xinjiang from the PRC and help restore the so-called "Eastern Turkestan Republic", as the Soviets had done in the 1940s.

Although Beijing no longer considers Russia "hegemonic" (as the Soviet Union used to be called) and although Russia is China's ally in Central Asia (and elsewhere) and almost the exclusive source of its arms acquisitions, the Chinese seem to be concerned about Moscow's long-term intentions (and *vice versa*). Never articulated in public, the Chinese misgivings about Russian military presence in Central Asia; aggressiveness in energy matters and overall predominance could hardly be hidden. Right now what binds China and Russia is a common interest against the United States. If and when this interest fades, the present covert competition – already considered a problem for the SCO – could escalate. SCO leaders are aware that "Chinese ambitions in Central Asia, and the Russian historical responsibility for the fate of the region, have potential for conflict."¹⁷

China's Strategic Agenda: Unofficial and Implicit Dimensions

It is interesting and significant that the SF and the SCO had been formed primarily on the basis of explicit *Chinese* interests (as implied by their association with Shanghai) of fighting terrorism, separatism and religious extremism, issues that for Central Asia are relatively marginal. Definitely in the mid-1990s, when the SF was formed, these "three evils" (to use Beijing's language) by no means really threatened Central Asia's governments, not even China's Xinjiang. In fact, regional organizations have usually been established to enhance security, such as the North Atlantic Treaty Organization (NATO), Warsaw Pact and the Central treaty Organization CENTO), or to promote economic cooperation, such as the European Community and the Organization for Economic Co-operation and Development (OECD), or both, such as the Organization for Security and Co-operation in Europe (OSCE). It is odd that, until recently, the SF and the SCO have never officially formulated broader areas of cooperation related to security and defense, economics and energy, etc. This does not mean that Beijing has ignored these issues. Unofficially and implicitly, yet quite obviously, China's strategy in

¹⁷ Erlan Abdyldaev (former Kyrgyz Ambassador to the PRC), "On Certain Aspects of the Shanghai Cooperation Organization," Report presented at a conference "Kyrgyzstan and Central Asia Today," Institute for Public Policy, Bishkek, June 9 2007.

Central Asia is positively aimed at gaining political influence, security guarantees, economic presence and energy resources.

Gaining Security Guarantees

Chinese concerns about the security role of Central Asia go back for centuries as this region had been a never-ending source of military threats, raids, invasions and unrest, not only by local tribes and peoples but also by external powers. Unable to control its northwestern edge for most of its pre-modern history, China had managed to reoccupy its Central Asian borderlands only in the mid-18th century. While officially part of the Chinese Empire (and then Republic) in the next 200 years, these territories have never been completely ruled by China. Fully reintegrated into the PRC in late 1949, China's northwestern region has been pacified, yet only apparently. Tension with Moscow had begun even before the Sino-Soviet conflict erupted only to deteriorate afterward to the point of military clashes, border skirmishes and subversive activities in Xinjiang, all, or mostly, inspired by the Soviets. Needless to say, the Soviet military buildup along the Central Asian borders by far outweighed China's defense deployment. Apparently, the Soviet breakup has released China from some traditional security threats, while at the same time introduced new and non-traditional ones.¹⁸

Improving the security environment had not been an official incentive for creating the SF nor the SCO, certainly not for Beijing. In fact, the Soviet collapse has enabled the PRC, now relieved from northern and northwestern threats, to concentrate on southern and southeastern threats (Taiwan and the U.S.). Still, Beijing's evolving relations with Central Asia, and the creation of the SF and the SCO, have undoubtedly been directed also at safeguarding China's security in a regional and a global sense, bearing in mind historical precedents and memories of external intervention.

To begin with, Russia still maintains military bases in Central Asia. These include the 999th Airbase in Kant, Kyrgyzstan and the Gatchina Base No. 201 – formerly the 201 Motorized Infantry Division – which is deployed in Tajikistan,¹⁹ as well as command, intelligence gathering, radar, communication, testing, and firing ranges facilities, also in Kazakhstan.²⁰ As mentioned above, U.S. units have been recently given

¹⁸ This and the following sections are based on: Yitzhak Schicor, "Pacifying the West: Confidence-Building Measures between China and Central Asia," in: George Cristian Maior and Larry Watts, Eds., *Globalization of Civil-Military Relations, Reform and Security* (Bucharest: Editura Enciclopedic, 2002), pp. 239-258.

¹⁹ "Russian Military Base in Tajikistan To Remain Functioning," *ITAR-TASS*, February 8 2008.

²⁰ "Russian Military Bases," at

permission to use the Termez Airbase in Uzbekistan in addition to the Karshi-Khanabad Airbase as well as the Manas Airbase in Bishkek, Kyrgyzstan.²¹ Though the number of troops and weapons (aircraft, tanks, etc.) is small and by agreement directed only against the Taliban, Al-Qaeda and Afghanistan, Beijing is always concerned less about the actual situation and much more about the potential one. Moreover, while unlike Russia and the United States China does not have any military presence in Central Asia, its role as a military supplier to the region is next to zero. Russia remains the main and nearly exclusive military provider with arms deliveries valued at \$780 million (1994 to 2007, mostly, \$726 million, to Kazakhstan).²² "[M]ilitary cooperation between Kazakhstan and China, for all intensity of contacts and joint exercises, contributes little to raise the defense capabilities of Kazakhstan. Kazakh military purchases from China are insignificant."²³ In fact, many in Central Asia – primarily in Kyrgyzstan and not only opposition leaders – believe that "Russia is the country's key strategic partner [...] and the only force to prevent the total absorption of Kyrgyzstan by China in the Future."²⁴

Beijing, however, does not plan, is unable and does not need to swallow Central Asia. Agreed on since the early 1990s, long-term multilateral confidence-building measures provided for the reduction of armed forces and military equipment in the border areas; coordination of troop movement; and exchange of information. All parties renounced the use of force against each other. By the early 2000s these agreements had begun to be implemented and border problems between China and the Central Asia nations had been settled – though not entirely or permanently. All signatories still assigned 1,000 meters on either side of the border as a "Military Restricted Area" in which no person, vehicle or equipment is allowed to enter. This, however, is an asymmetrical peace: it is dominated by Russia and China to the detriment of the weaker and junior Central Asian partners. They do not constitute a military threat to China, nor even the United States which is a newcomer and whose military presence in Central Asia is no more than symbolic. Yet the presence of, and competition with, Russia is around 150 years old. This is, or should be, Beijing's long-term security concern. In the short term its primary concern is economics.

<http://www.kommersant.com/p766827/Russia_military_bases/> (May 27 2008). These are part of the Collective Security Treaty between Russia and Central Asia, in which China is not a member.

²¹ Lionel Beehner, "Asia: U.S. Military Bases in Central Asia," *Backgrounder*, Council on Foreign Relations, July 26 2005, <<http://www.cfr.org/publications/8440/>> (May 28 2008).

²² See SIPRI webpage: <http://armstrade.sipri.org/arms_trade/values.php> (May 28 2008).

²³ Marar Yermukanov, "Astana Seeks Solution for Its Chinese Dilemma," *Central Asia – Caucasus Analyst*, September 6 2006.

²⁴ "Kulov Continues to Advocate Russian-Kyrgyz Confederation," *Eurasia Daily Monitor*, (The Jamestown Foundation), July 5 2007.

Gaining Economic Presence

Economic cooperation was not on the initial SF, nor SCO, agenda. Nonetheless, given its emphasis on economic growth there is no doubt that China's Central Asian strategy has aimed at increasing trade, investments, access to raw materials and gaining a firm economic foothold in Central Asia. The role of SCO economic leader, some argue, is "increasingly claimed by China, which has the most powerful economy in the region. China projects its influence on the region's economic situation with growing force."²⁵ Observers in Tashkent say Chinese officials have repeatedly expressed an intention to displace Russia as Uzbekistan's top trade partner.²⁶ Indeed, China's trade with the four SCO Central Asian members has increased dramatically over recent years, primarily with Kyrgyzstan (Table 1). China-Kazakhstan trade surpassed \$11 billion in the first ten months of 2007.

Obviously, much of this trade is done by Xinjiang: in 2006 these countries accounted for some 80 percent of Xinjiang's trade, up from about 75 percent in 2005 and around 60 percent in 2003 (Table 2), mostly in export. Yet, while Central Asia plays a major role in Xinjiang's foreign trade, the Chinese share in Central Asia's trade is much less impressive. China lags behind Russia in all parameters (Table 3) and, if China wanted to become the main economic power in Central Asia, it has failed – so far. On balance, Central Asia has been far more important for China, and predominantly for Xinjiang, than the other way around.²⁷

Table 1. China's Trade with Central Asia SCO Members, 2003-2006
(In US\$ million)

Country	Year	Total	Export	Import
Kazakhstan	2006	8,357.75	4,750.48	3,607.27
	2005	6,806.11	3,896.75	2,909.36
	2004	4,498.09	2,211.81	2,286.27
	2003	3,291.88	1,571.90	1,719.98
Kyrgyzstan	2006	2,225.70	2,112.79	112.92
	2005	972.20	867.15	105.05
	2004	602.29	492.74	109.55

²⁵ I.N. Komissina and A.A. Kurtov, *Shankhaikaia Organizatsia Sotrudnichestva: Stanovleniye Novoi Realnosti* [The Shanghai Cooperation Organization: Emergence of a New Reality], (Moscow: Russian Institute for Strategic Studies, 2005), p. 52.

²⁶ "Uzbekistan: Tashkent Strives to Diversify Its Trade Partners," *Eurasianet*, March 19 2008.

²⁷ For an analysis of the economic relations, see: Gao Zhigang and Li Li, "Xinjiang yu Hasakesitan quyu jingzhenli fwnxi yu pingjia" [An Analysis and Evaluation of Competitiveness between the Regions of Xinjiang and Kazakhstan], *Xinjiang Caijing* [Xinjiang Finance and Economy], 4 (2005), pp. 15-19. For a detailed study see: Zhao Changqing, *Zhongya wuguo yu Zhongguo xibu dakaifa* [The Five Central Asian States and the Development of China's West], (Beijing: Kunlun Chubanshe, 2004).

	2003	314.30	245.16	69.14
Uzbekistan	2006	972.09	406.15	565.94
	2005	680.58	230.06	450.05
	2004	575.51	172.44	403.07
	2003	347.03	146.78	200.25
Tajikistan	2006	323.78	305.78	18.00
	2005	157.94	143.74	14.20
	2004	68.93	53.56	15.37
	2003	38.82	20.81	18.01

Source: *China Statistical Yearbook*, various years.

Table 2. The Share of Central Asia SCO Members in Xinjiang's Trade, 2003-2006 (in percent)

Year	Total	Export	Import
2006	80.8	81.4	78.8
2005	74.3	75.6	75.1
2004	68.5	71.4	66.3
2003	59.2	56.9	61.6

Source: *Xinjiang Statistical Yearbook*, various years.

Table 3. China's Share in Central Asia SCO Members Trade, 2006 (In Percent, Compared with Russia)

Country	Export		Import	
	China	Russia	China	Russia
Kazakhstan	10.9	11.6	19.3	36.4
Kyrgyzstan	4.8	19.3	14.4	38.1
Tajikistan	0.7	4.7	8.6	24.6
Uzbekistan	10.4	23.4	10.3	27.6

Source: CIA, *The World Fact Book* 2007.

Gaining Energy Resources

It is odd that the issue of energy, and more specifically crude oil, was not included in the initial SF agenda. Odd, because it was then, in the mid-1990s, that China began to explore the possibility of acquiring oilfield rights abroad and sign PSAs with several governments, noteworthy among them is Kazakhstan. Aware that its domestic energy resources lag substantially behind its fast economic growth, by the early 1990s China had not only increased oil import but had also launched a policy of setting up oil bases abroad. As already mentioned above, China National Petroleum Corporation (CNPC), undoubtedly backed by the Chinese Government, managed to outbid a number of U.S. oil companies and won concessions in Kazakh oilfields in Akyubinsk, northeast of the Caspian. However, negotiation on the building of a 2,700 km pipelined

failed, mainly because China insisted on an annual throughput of 20 million tons of oil, to which the Kazakh Government could not, or did not want to, commit itself at that time.

Over the years China has managed to sign additional oil agreements with Kazakhstan. Most of China's "share oil" (*fen-e you*) had been delivered westward or southward to Iran and sold in swap deals. To be sure, the western part of the planned pipeline (449 km from Kenkiyak to Atyrau, linking China's oilfields in Aktyubinsk to the Caspian) was commissioned in March 2003. Oil was shipped eastward to China, usually by rail (or even trucks), reaching Alatau Shankou on Xinjiang's border. Only 1.3 million tons were imported in this way in 2005, a little over one percent of China's total oil import in that year. A pipeline eastward extension (from Atasu, 962 km) was completed in mid-December 2005 and oil began to flow to Xinjiang in July 2006, some ten years after initial negotiation had begun – and stalled, mainly due to Chinese intransigence.

Concerned about their oil supplies, by now the Chinese accepted practically the same conditions of an annual capacity of about 10 million tons a year (expected to increase to 20 million tons by 2011, when the middle section of the pipeline – from Kenkiyak to Kumkol, 761 km, whose construction began in December 2007 – will be finished). The Chinese not only lost ten precious years of Kazakh oil deliveries; in the meantime Kazakhstan committed much of its oil westward to the Baku-Ceyhan Pipeline, which had not existed in the mid-1990s. Despite its promise, it appears that Astana now has less oil to ship to China, even though the pipeline is connected to the Russian grid and can, and apparently does, also ship Russian oil to China (through the Omsk-Pavlodar pipeline). This, however, was not the original Chinese intention. Beijing still regards Central Asia, and notably Kazakhstan, not simply as a prominent source of energy but, furthermore, as an alternative to the "unstable" Middle East.²⁸ Needless to say, such a long pipeline – while not dependent on maritime security – is highly vulnerable, could be easily sabotaged and still implies an even greater security risk (and the same goes for future pipelines as well).²⁹ Therefore, the assertion that "Central Asia's proximity provides secure access and

²⁸ Yan Zhonglin, "Zhongdong, Zhongya yu Zhongguo nengyuan bianjiang anquan guanxi tansuo" [An Exploration of the Relations between the Middle East, Central Asia and China's Energy Security in the Border Area], *Taiyuan ligong daxue xuebao* (shehui kexue ban) [Journal of Taiyuan University of Technology (Social Science Edition)] 23, 1 (March 2005), pp. 55-58.

²⁹ For a discussion of potential and possible problems, see: Yuri M. Zhukov, "Addressing Pipeline Security Challenges in Russia," *Eurasia Insight*, July 12 2006. This security drawback is completely ignored by some Chinese scholars. See: Pan Guang, "China and Central Asia: Charting a New Course for Regional Cooperation," *China Brief* 7, 3 (February 7, 2007), pp. 4-7.

obvious advantages in transportation efficiency,"³⁰ is not accurate. It ignores not only security risks but mainly the fact that Central Asia would never be a substitute to Middle Eastern oil.

However, Beijing's plan to turn Kazakhstan into a major oil supplier has not yet been accomplished. In 2006 Chinese assets in Kazakhstan produced nearly 18 million tons of crude oil (about 26 percent of the total), of which the Chinese aggregate share was around 72 percent, or nearly 13 million tons (about 19 percent of Kazakhstan's total). Under Kazakh and Russian pressure, China had to give up some of its share (Table 4). In fact, Russia was trying to obstruct the Chinese penetration into Kazakhstan's export market (e.g. by blocking the attempts of Petrokazakhstan – acquired by the Chinese in October 2005 – to gain access to the Caspian Pipeline Consortium export outlets).³¹ In addition, Moscow did not welcome the construction of the Atasu-Alashankou pipeline that enabled Kazakhstan for the first time to bypass Russian oil-delivery pipelines.³² Obviously unhappy, Washington also questioned Astana about the pipeline, although the U.S. the European Union and China seek to break Russia's hold over regional oil and gas export pipelines.³³

Table 4. China's Oil Production in Kazakhstan, 2006 (in million tons and percent)

Source	Total Production	China's Share	China's Production
CNPC Aktobemunaigaz	5.90	85.42%*	5.039
North Buzachi	1.35	50.00%**	0.675
Petrokazakhstan	10.50	67.00%***	7.035
Total	17.75		12.75
Share in Kazakhstan	26.1%		18.7%

Source: Adapted from CNPC at:

<<http://www.cnpc.com.cn/eng/cnpcworldwide/euroasia/Kazakhstan/>>

* Increased from 60.3%; ** Reduced from 100%; *** Reduced from 100%

In fact, of a total of 57 million tons of Kazakh oil exported in 2006, about 5.3 percent (or 3 million tons) were shipped *directly* to China (1.7 million tons through the Atasu-Alashankou pipeline and 1.3 million by rail, altogether around 1.5 percent of China's total oil import in 2006);

³⁰ Kevin Sheives, "China Turns West: Beijing's Contemporary Strategy Towards Central Asia," *Pacific Affairs* 79, 2 (Summer 2006), p. 215.

³¹ Vladimir Socor, "Kazakhstan's Oil Export Picture Detailed," *Eurasia Daily Monitor*, October 15 2007; "Russia Seeking Control of Kazakhstan's Oil, Expert Says," *RFE/RL Press Release*, March 27 2007, <<http://www.rferl.org/releases/2007/03/464-270307.asp>> (May 28 2008).

³² Marat Yermukanov, "Atasu-Alashankou Pipeline Cements 'Strategic Alliance' between Beijing and Astana," *Eurasia Daily Monitor*, January 3 2006.

³³ Joanna Lillis, "Russia Makes Financial Gamble to Retain Control of Central Asian Energy Exports," *Eurasianet*, March 14 2008.

nearly 95 percent went in other directions, mostly to Russia (nearly 80 percent). In 2007 Kazakhstan's oil export to China averaged 85,000 barrels per day (bbl/d, around 4.25 million tons), slightly over 7 percent of Kazakhstan's total oil export or less than 2.8 percent of China's total oil import (Table 5). The increase is a direct outcome of the opening of the Atasu pipeline: in January 2007 oil delivery to China was over 1,032 percent more than in January 2006.³⁴ Nevertheless, in 2007 the Atasu-Xinjiang pipeline was operating at about 40 percent of its designed 10 million tons capacity. It caused concern about the pipeline economics that forced Kazakhstan to shut the line temporarily in the winter while China is concerned about Kazakhstan's readiness to double the pipeline's capacity by 2011, as planned. President Nazarbayev made it clear that Kazakhstan's decisions are based on cold economic calculations. "If it is beneficial for us to transport all Kazakhstan's oil and gas through Russia, we will go that way. If transportation via Baku-Ceyhan is 15 dollars cheaper, we will go that way. And if neither is beneficial, we will go to China."³⁵ China's reluctance to absorb more oil through the pipeline reflects the slow progress in upgrading the 6 million ton refining capacity of the Dushanzi oil refinery in Xinjiang, the pipeline terminal, to 10 million tons by 2007. This is still half of 20 million tons of Kazakh oil, expected (and insisted on) by the Chinese in 2011 – not to mention additional flow of oil from other sources, including Xinjiang itself.³⁶ This bottleneck will have to be overcome as there is no doubt that more oil will flow to Xinjiang in the future.

Table 5. Kazakhstan Oil Export, 2007 (in barrels per day and percent)

Direction	Volume	Percent
Northward: Russia	408,000	34.0
Westward: Caspian	620,000	51.7
Southward: Iran	70-80,000	5.8-6.7
Eastward: China	85,000	7.1
Total	1,200,000	100.00

Source: Energy Information Administration, *Country Analysis Brief: Kazakhstan* (February 2008), pp. 3-4.

Consequently in a few years Xinjiang, already an important terminal for oil shipments from Kazakhstan, could also become a crossroad for oil

³⁴ "Table of China January Crude Oil Import, Export," *Nasdaq*, March 15 2007; "Crude Oil Imports via Sino-Kazak Border Port Hit Record High," *Xinhua*, January 9 2007.

³⁵ Joanna Lillis, "Energy Profits Provide Kazakhstan with Foreign Policy Heft," *Eurasianet*, April 18 2007.

³⁶ *Upstream*, October 5 2007; WPS Media Monitoring Agency, February 7, 2007; "Oil Pipeline in Xinjiang Completed," Chinese Government's Official Web Portal, http://english.gov.cn/2005-12/22/content_134528.htm (May 27 2008).

and gas import from western Siberia, Turkmenistan and perhaps Pakistan (through Gwadar) – in addition to its own oil and gas output, thus becoming China's most important energy junction. According to *China Statistical Yearbook*, in 2006 Xinjiang was already the country's number two in proved oil reserves, following Heilongjiang (see Table 6), as well as number two in proved natural gas reserves with 22 percent of the total, following Shaanxi (with 28.6 percent). Xinjiang's crude oil production reached over 24 million tons in 2005, nearly five times compared to 1985. While consumption increased four times, oil outflow to other parts of China increased 5.4 times (Table 7), turning Xinjiang into a major crude oil supplier, practically indispensable. In 2007 Xinjiang produced 26.4 million tons of crude oil and 21.2 billion cubic meters of gas (43.3 million tons of oil equivalent) thus becoming, for the first time, China's leading oil and gas producing region, outranking Heilongjiang (43.26 million tons of oil equivalent – but Daqing oilfield alone turned out 41.16 million tons of crude oil, 56 percent more than Xinjiang).³⁷ Becoming an oil and gas hub would increase Xinjiang's strategic importance, and vulnerability, thereby also exacerbating Beijing's concern, sensitivity and nervousness – to the detriment of the local nationality population, first and foremost Uyghurs.

Table 6. China's Oil Reserves by Region, 2006 (In million tons and percent of total)

<i>Rank</i>	<i>Region</i>	<i>Quantity</i>	<i>Percent</i>
1	Heilongjiang	621.9671	22.5
2	Xinjiang	418.8322	15.2
3	Offshore	356.3762	12.9
4	Shandong	347.4787	12.6
5	Shaanxi	198.8483	7.2
6	Liaoning	170.1038	6.2
7	Jilin	165.2956	6.0
8	Hebei	163.3863	5.9
	Total	2,442,2882	88.5
	National Total	2,758.5675	100.0

Source: Adapted from *China Statistical Yearbook 2007*, p. 11.

³⁷ "Xinjiang Leads China in Oil, Gas Production for 1st Time in 2007," *People's Daily Online*, January 4 2008, <<http://english.peopledaily.com.cn/90001/90778/90857/90860/6332611.html>> (May 28 2008).

Table 7. Xinjiang – Crude Oil Production and Consumption, 1985-2005 (in million tons and percent)

	1985	1990	1995	2000	2005
Output	4.9938	7.0126	12.9983	18.4843	24.0832
Consumption	2.1588	3.4767	4.5020	5.6305	8.8260
Outflow	2.8350	3.5359	8.4963	12.8538	15.2572
% of Surplus	56.8	50.4	65.4	69.6	63.4

Source: Adapted from: *Xinjiang Statistical Yearbook*, various years.

Gaining Political Influence

Political influence is an elusive term which, in this case, means the ability of China to affect the Central Asian SCO governments' decision-making processes either directly or indirectly. Such ability is a function of size, unilateral power – political, economic and military – as well as good bilateral relations and mutual understanding, and weak competitors. There is no question about China's size and power (primarily economic, less political and least military). Relations with the Central Asian governments, while basically good, are still qualified – perhaps mainly because of the competition: Russia.

Whereas China is a newcomer in Central Asia, Moscow has long-standing influence in Central Asia that, for better or for worse, overshadows China's. In fact, much more than Russia, China – with its expanding economy, nationalistic arrogance and military power – could be considered the real potential threat to Central Asia, certainly in the long run. It appears, therefore, that China's role in Central Asia's policy-making had been more central in the latter half of the 1990s and the early 2000s than in it is today. It has become more limited not only by the reemergence of Russia but also by the U.S. and international organizations, as well as by Central Asia's growing self-confidence based on accumulated energy wealth, primarily by Kazakhstan. More closely linked to China than any other Central Asian country, Astana is concerned about unresolved disputes over trans-border rivers and Beijing's discriminatory policy toward Kazakh communities in Xinjiang and is increasingly reluctant to become involved in China's domestic affairs.³⁸ Beijing can no longer dictate its preferences but has to bargain and compromise, and occasionally lose.

Conclusion

One of the misconceptions of the post-Cold War international relations has to do with the alleged vacuum created in Central Asia following the Soviet "withdrawal" which has been quickly filled by the Chinese. Both

³⁸ Yermukanov, "Astana Seeks Solution."

aspects of this misconception are flawed. For one, while the Soviet Union collapsed, Russian influence remains predominant as compared to that of other countries. For another, despite its efforts, China could by no means challenge the Russians (nor other external players) in Central Asia while the Central Asian governments have learned how to play the Russians against the Chinese and *vice versa*. Therefore, although they had been the initiators and organizers of the SF and the SCO (which are named after Shanghai and involve the so-called 'Shanghai Spirit') and despite their booming economy, the Chinese are by no means the leading partners: they still play a second fiddle to the Russians. Russia still plays the dominant role in military affairs and controls most of Kazakhstan's oil export market. President Nursultan Nazarbayev once called China Kazakhstan's "strategic partner" but, in fact, Russia is by all criteria – political, economic and military. It should be underlined, at the same time, that Kazakhstan's oil – despite rosy expectations – is about to reach its peak by 2015; by 2025 it will be back to its mid-1990s levels, going further down.³⁹ Therefore, Kazakhstan is not the long term solution to China's oil needs, nor are, by any means, the other Central Asian SCO members.

In sum, China's Central Asian strategy balance sheet is both positive and negative. On the credit side China has become a major player in the region promoting its economic (primarily energy) interests, security arrangements and political understanding. On the debit side, Central Asia is still – and will most likely remain – comparatively marginal to Beijing's international economic relations (energy included), not only because of its objective economic constraints but also because of political obstacle, both internal (i.e. related to concerns of the local governments) and external (i.e. related to competition, mainly by Russia). Similarly, security threats from Central Asia – notwithstanding all the rhetoric and frequent military exercises – are comparatively marginal to Beijing's strategic and defense outlook whose priorities lie elsewhere. Therefore, the conclusion is, inevitably, that China's strategy and foreign policy in Central Asia is determined by tactics and domestic politics, as a means to consolidate its control of Xinjiang and the northwest. The outcome of this strategy is yet unknown: while Xinjiang's association with its co-ethnics on the other side of the border has increased substantially, Beijing has adopted a number of policies, both internal (suppression and persecution, induced Han settlement, economic development) and external (motivating the Central Asian governments and the SCO) to make sure that this association would be contained.

³⁹ Energy Watch Group, *Crude Oil: the Supply Outlook*, EWG-Series No. 3 (October 2007), pp. 59-60.

China as an Emerging Superpower in Central Asia: The View from Ashkhabad

*Jan Šír and Slavomír Horák**

ABSTRACT

With the Soviet Union's collapse in 1991, Russia gradually lost its position as the dominant foreign power in Central Asia. The United States, Europe, and the Muslim World, among others, started to assert their influence over the post-Soviet states in this region. Since the late 1990s, China has been increasingly active there as well, mainly in search for energy resources to sustain its rapid economic growth. This article provides an overview of the Sino-Turkmen relations after 1991. In particular, the latest developments concerning the Turkmenistan-China gas pipeline project are discussed, which in the summer of 2007 entered the final stage of implementation. The authors conclude by arguing that it is the quest for Turkmenistan's natural gas that is becoming the focal point of the newly emerging geopolitics of Central Asia.

Keywords • Turkmenistan • China • External Relations • Oil and Gas Pipelines

Introduction

Following the fall of the Soviet Union in 1991, Moscow gradually lost its position as the predominant power in Central Asia. New factors, such as Islam, Euroatlanticism and a growing Chinese power, emerged, starting to challenge Russia's influence. Initially, the Islamic states of the Middle East (with the exception of Iran and Turkey whose activities were rather driven by ideological and economic motives) focused primarily on the spiritual revival of Central Asia. The policy of the United States, in contrast, mainly derived from geopolitical motives. The "containment" of Russia and, since 9/11, achieving a strategic presence to fight the War on Terror have been the foremost US concerns. The European Union's interests revolved primarily around ensuring security of supply by

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obtaining access to energy resources in Central Asia and around promoting democratic values in the region. Pursuing these two goals have in practice, however, proved problematic considering the increasingly authoritarian nature of the regimes throughout the region. The geographical distance has also constrained Europe's and the US's ability to exert influence over the post-Soviet states in this region.

The Chinese factor surfaced in post-Soviet Central Asia both in the form of a vast inflow of Chinese goods and, to some extent, also through Chinese labor migrants. From the early 1990s, the nascent transitional Central Asian markets were afflicted by economic downturns caused by the collapse of the Soviet system. Low-cost Chinese consumer goods were often the only affordable products for the impoverished population. The increasing strength of the Chinese economy brought about an interest in reaching new markets, particularly in the energy sector. This led to the subsequent construction of an oil pipeline from Kazakhstan to China. However, the Central Asian states continue to have a rather reserved stance towards China, which can be traced both to an insufficient understanding of the Chinese motives and from the long memory of Chinese invasions.

Against this background, Sino-Turkmen relations have specific features. First, Turkmenistan and China are geographically quite distant. The absence of a common border diminishes the perception of China as a direct security threat to Turkmenistan, unlike in Kazakhstan or Kyrgyzstan where strong anti-Chinese resentments exist fueled by the historical narratives within national ideology. Turkmenistan's foreign policy under the late president Saparmurat Turkmenbashi was moreover for a relatively long period led in a considerably autarchic manner, isolated from the rest of the world. The only exception to this isolationist policy was the energy sector and exports of Turkmenistan's vast reserves of natural gas and, to a lesser extent, oil. China is seeking energy supplies to sustain its rapid economic growth, while Turkmenistan is looking for reliable alternative demand-markets. Naturally, there is complementarity in their bilateral relationship but cooperation did not intensify until Turkmenbashi's death.

Sino-Turkmen Relations after 1991

Contemporary Turkmen historiography emphasizes an allegedly rich and glorious tradition of relations between the ancient China and the area of today's Turkmenistan, which was already inhabited by Turkmens at that time, according to official Turkmen sources.¹ These historical narratives accentuate the supposedly peaceful character of mutual relations between

¹ Saparmurat Turkmenbashi, *Rukhnama* [Ruhnama] (Ashkhabad: Turkmenskaia Gosudarstvennaia izdatel'skaia sluzhba, 2005), p. 212.

Asia's two greatest civilizations, Turkmen and Chinese, which were reportedly even strengthened by tight dynastic alliances. Throughout centuries, both nations maintained contacts through the Great Silk Road, which in the ancient times served as the transcontinental arterial road for trade in which the Turkmen, according to the late Turkmenbashi, actively participated.² The Great Silk Road functioned as a channel for exchange of knowledge and know-how in the fields of arts, warfare or agriculture to the benefit of all sides involved. For instance, the Turkmen historiography claims that Buddhism arrived to China from Turkmenistan through the Parthian Empire.³ In general, Turkmenistan's ideologues like to refer to Chinese sources to situate the Turkmen ethnogenesis into the most ancient era possible.

The modern relationship between Turkmenistan and China dates back to the immediate post-independence period. China was among the first great powers to officially acknowledge the newly independent states of Central Asia; it did so already in late 1991.⁴ In the first week of 1992, both states established full diplomatic relations,⁵ which were manifested soon after by the opening of the Chinese embassy in Ashkhabad. One of the first official journeys abroad undertaken by president Turkmenbashi was a visit to China from November 19 to November 23, 1992. During the visit, the foundations of bilateral relations in the political, economic and humanitarian fields were laid down. Nine documents were signed, among them a communiqué that stipulated the main principles of friendly relations and cooperation.⁶ The visit had an openly acquainting character. Turkmenistan's primary interest was to get to know the course of the ongoing economic reforms in China, including the performance of the free economic zones on China's eastern coast.⁷ The official visit of Li Peng, the premier of the State Council of the People's Republic of China,

² Vystuplenie Prezidenta Turkmenistana Saparmurata Turkmenbashi v Kitaiskom narodnom universitete [Speech of the president of Turkmenistan Saparmurat Turkmenbashi at the Chinese People's University], *Neitral'nyi Turkmenistan*, September 5, 1998.

³ See particularly Ovez Gundogdyev, "'Nam est' chto vspomnit' iz obshchei istorii...' Turkmeno-kitaiskie svyazi: vzgliad skvoz' tysyacheletia [“We share common history...” Turkmen-Chinese links: a look through millennia],” *Mezhdunarodnyi zhurnal Turkmenistan*, 2006, No. 4 (13), pp. 16-25.

⁴ For the text of the corresponding note of the minister of foreign affairs of the People's Republic of China Qian Qichen to the minister of foreign affairs of Turkmenistan Avdy Kuliiev, dated December 27, 1991, see *Turkmenskaia iskra*, December 30, 1991.

⁵ For excerpts from the joint communiqué on the establishment of diplomatic relations between the People's Republic of China and Turkmenistan, see *Turkmenskaia iskra*, January 8, 1992.

⁶ Sovmestnoe kommiunike mezhdru Turkmenistanom i Kitaiskoi Narodnoi Respublikoi [Joint communiqué between the People's Republic of China and Turkmenistan], *Turkmenskaia iskra*, November 25, 1992.

⁷ *Turkmenskaia iskra*, November 25, 1992.

to Ashkhabad during spring 1994 as part of his first Central Asian tour could be interpreted as a follow-up to the Beijing summit. Turkmenistan used this opportunity to present the project of a transport and communication corridor within the concept of the “renewed Great Silk Road.”⁸ Following these talks, Turkmenistan’s embassy was opened in Beijing in the mid-1990s in order to create a firm institutional framework for the bilateral relations.

The agreements reached during the first half of the 1990s formed a basis for expanding activities of Chinese enterprises in Turkmenistan. However, the first significant enhancement of the Sino-Turkmen relations occurred only in the second half of the 1990s. In this regard, the next official visit of president Turkmenbashi to Beijing from August 30 to September 4, 1998, proved to be of particular importance. The “Head of the Turkmens” obtained an honorary doctorate at the Chinese People’s University. This award created a hospitable atmosphere for the ongoing negotiations on joint economic projects. An agreement establishing an intergovernmental commission for trade and economic cooperation was signed, providing an appropriate framework for consultations mainly in the field of oil and gas industry. From Beijing’s point of view, this was an effective instrument to promote Chinese interests with Ashkhabad. Furthermore, an umbrella agreement was initialed, under which China pledged in principle to provide a preferential state loan to Turkmenistan for implementing the joint investment activities in the areas of primary interest.⁹ It is also worth mentioning that in accordance with the joint declaration signed by the presidents, Turkmenistan, while adhering to permanent neutrality, took an unprecedented obligation to coordinate its international actions, including those within the UN, with China.¹⁰

Judged by the achieved results, the most successful initiative of Turkmenistan’s foreign policy towards China might be the spectacular visit of China’s president Jiang Zemin to Ashkhabad from July 5 to July 7, 2000. This was the first visit of China’s head of state to Turkmenistan in history, giving the whole event a special significance. The two leaders signed a joint declaration in which they expressed the proximity of views on various issues. They specifically underscored the right of every state to choose its own mode of protecting human rights based on national conditions. Additionally, both parties reiterated their commitment to combat the “three evils” (ethnic separatism, terrorism, and religious

⁸ *Turkmenskaia iskra*, April 23, 1994.

⁹ *Neitral'nyi Turkmenistan*, September 5, 1998.

¹⁰ Sovmestnaia deklaratsiia mezhdru Turkmenistanom i Kitaiskoi Narodnoi Respublikoi o dal'neishem razvitii i ukreplenii otnoshenii druzhby i sotrudnichestva [Joint statement on further developing and strengthening friendly relations and cooperation between the People’s Republic of China and Turkmenistan], *Neitral'nyi Turkmenistan*, September 5, 1998.

fundamentalism), which in the Chinese context means Turkmenistan's support to Beijing's policy towards the Uighurs in the Xinjiang Uighur Autonomous Region. Turkmenistan, once again, reaffirmed its adherence to the "One China principle" by promising to counter attempts to include Taiwan into international structures.¹¹

The events of September 11, 2001, and the subsequent US-led military intervention in Afghanistan did not affect the Sino-Turkmen relations much. The fact that both Turkmenistan and China share a state border with Afghanistan resulted in their participation in the "6+2 Group" of Afghanistan's neighbors and friends. However, China and Turkmenistan had a different approach when it came down to the very settlement of the Afghan conflict. Turkmenbashi, while ostentatiously refusing to differentiate between "bad Afghans" and "good Afghans," had long maintained cordial relations with the Taliban movement.¹² China, on the contrary, sponsored the UN Security Council resolution imposing sanctions on the ruling Taliban regime. This was primarily due to the presumed ties between Taliban and the radical Islamist fighters leading a "liberation struggle" in China's Xinjiang province.

In this way, the first decade of the Sino-Turkmen relations was characterized by a crystallization of the main directions of cooperation, which resulted in the foundation of a solid legal basis. Absence of ideological differences between the political elites was an important factor contributing to this development. Both countries also share common perspectives on a number of domestic affairs issues, such as the necessity of stability of political development based on strong leadership. Besides, there is a corresponding view on key international issues, for example, the vision of a multipolar world order, strengthening of the UN's role in the international system or the unconditional superiority of state sovereignty with an obviously anti-hegemonic message. The harmonious relation at the elite level facilitated the gradual shift from the solely political questions to concrete investment projects. These projects relate primarily to the energy sector but also to transport, communication, and textile.

Close interaction in the oil and gas industry is thus the main area of Sino-Turkmen economic relations. Since 2000, the China National Petroleum Corporation (CNPC) has been conducting prospecting and

¹¹ Sovmestnaia Deklaratsiia mezhdu Turkmenistanom i Kitaiskoi Narodnoi Respublikoi [Joint statement between the People's Republic of China and Turkmenistan], *Neitral'nyi Turkmenistan*, July 7, 2000.

¹² See particularly Turkmenbashi's address for the 2000 UN Millenium Summit "Turkmeny, Turkmenistan, mir: tysiacheletiia i XXI vek, sviaz' vremen i tsivilizatsii [The Turkmens, Turkmenistan and the world: millennia and the twenty-first century, the bond of time and civilizations]," *Neitral'nyi Turkmenistan*, August 18, 2000. Here one must not forget that the last round table negotiations between the main conflicting Afghan parties in 2000 were held on the "neutral lands" of Ashkhabad.

exploration as well as servicing and maintenance on the Kumdag oil field in western Turkmenistan. Moreover, the Chinese have been invited to develop prospective oil and gas blocks in the Caspian Sea. China's engagement in Turkmenistan also includes massive deliveries of drilling rigs and lifting devices for the national oil and gas companies 'Turkmenneft' and Turkmengaz. Overall, China has delivered machinery to Turkmenistan for major workover of more than a thousand oil wells as of 2005.¹³ In addition, China Petroleum and Chemical Corporation (Sinopec) has conducted several drillings throughout Turkmenistan, including one at the oldest Shatlyk gas field on the right bank of the Amu Darya river.¹⁴ In total, China's share in the form of goods- and services-related deliveries for Turkmenistan's oil and gas industry was reported to have reached US\$293 million as of 2003.¹⁵ The cooperation in the oil and gas industry still continues, thus underlining Beijing's ambitions in this strategic sector of Turkmenistan's economy.

Secondly, owing to the Chinese investments, new perspectives of long-term cooperation have opened in the fields of transport and communications since 2004. In transport, the main contract was signed between Turkmenistan's railways and the Capital-Longji-Sci-Tech Co. concerning the renewal of railway stock to the total amount of US\$128 million financed through Chinese credits. The first delivery of Chinese locomotives and wagons designed for operating Turkmenistan's main national railway lines arrived to Ashkhabad in the summer of 2005.¹⁶ However, the implementation of modern technology in Turkmenistan is a problem. Besides, in 2005 Turkmenistan concluded a long-term contract with China's Huawei Technologies to modernize the national telecommunication networks, including a delivery of digital telephone switches to a total value of RMB100 million (US\$14 million).¹⁷ Further activities include the development of the national mobile phone network TM-Cell (Altyn Asyr), one of Turkmenistan's two GSM operators, construction of CDMA radio system, and the planned laying of optical cables along the main national communication corridors.¹⁸

Thirdly, Sino-Turkmen economic cooperation focuses on the textile industry. This particularly concerns the specific sectors of sericulture (silk farming) where both China and Turkmenistan claim to have a thousand-year-old tradition. From Ashkhabad's point of view, Beijing acts as the principal supplier of machinery device and technologies for the ongoing modernization of Turkmenistan's textile industry base. For its

¹³ *Neitral'nyi Turkmenistan*, July 22, 2005.

¹⁴ *Neitral'nyi Turkmenistan*, July 8, 2000.

¹⁵ *Neitral'nyi Turkmenistan*, December 23, 2003.

¹⁶ *Neitral'nyi Turkmenistan*, August 10, 2005.

¹⁷ *Neitral'nyi Turkmenistan*, March 1, 2005.

¹⁸ *Neitral'nyi Turkmenistan*, September 25, 2006.

part, Beijing imports the silk cocoons as well as raw cotton and cotton production. Owing to preferential state loans, between 2002 and 2004 China provided new facilities for Ashkhabad's silk production factory and reconstructed the textile factory in the city of Mary and a silk production unit in the Turkmenabat city.¹⁹ In 2005, China received a contract to build a new plant for velvet and silk thread production in the Rukhabat district near the Ashkhabad capital.²⁰

To sum up, Sino-Turkmen economic cooperation has developed in several areas which are often visible to the public (for example, in the deliveries of new train wagons). However, even according to unreliable Turkmen national statistics, China still belongs to Turkmenistan's minor trade partners, lagging far behind Russia, Turkey or Iran.²¹ Correspondingly, from the perspective of the gigantic volumes of China's foreign trade, the exchange with Turkmenistan comprises a marginal fraction only. Nevertheless, with the proposed Turkmenistan-China pipeline completed, this situation could change soon.²² Chinese investments enjoy support from the Chinese political leadership, which in the case of doing business with Turkmenistan serves as a true comparative advantage. Similarly the Chinese entrepreneurs are able to operate well in the Turkmen market as they have sense for the nuances of the local etiquette.²³ Considering the constantly widening portfolio of trade and economic cooperation, for the future, the continuation of a gradual but stable growth of Chinese presence in Turkmenistan is to be expected; this is, after all, a common trend for China's relations with all the other Central Asian republics as well.

¹⁹ *Neitral'nyi Turkmenistan*, February 26, 2004.

²⁰ *Neitral'nyi Turkmenistan*, March 1, 2005.

²¹ According to the official Turkmen statistics, the trade exchange between Turkmenistan and China has reached US\$179.8 million in 2005. However, in the context of total foreign trade of Turkmenistan without counting the export of oil and gas, this is still a considerably minor percentage. Source: Authors' calculations based on the official statistics published in the Ashkhabad daily *Neitral'nyi Turkmenistan* and on the governmental website *Internet-gazeta Turkmenistan.ru*.

²² Chinese statistics report that the trade exchange with Turkmenistan in 2005 amounted to cca US\$110 million, from which export to Turkmenistan was US\$90.8 million and import from Turkmenistan was US\$19 million. Still, in the context of the gigantic volumes of foreign trade of China it makes for about 1/1000. See *China Statistical Yearbook 2006*, Chapter 18-8. Volume of Imports and Exports by Countries and Regions (Customs Statistics), available at <<http://www.stats.gov.cn/tjsj/ndsj/2006/indexeh.htm>> (May 1, 2008).

²³ Here, it is worth mentioning that the translation of the second volume of Turkmenbashi's "Holy book" of Rukhnama into Chinese that was presented to him during his last visit to Beijing in 2006 was arranged by the telecommunication giant Huawei Technologies. See *Neitral'nyi Turkmenistan*, April 4, 2006. Moreover, the role of the Chinese embassy in Ashkhabad was instrumental to arranging the Chinese translation of both volumes of the "Holy Book."

Turkmenistan-China Pipeline

The prospect of a Turkmenistan-China gas pipeline has been the main topic of bilateral relations since 1991. The idea of linking together East and Central Asia through a pipeline was originally formulated during the first visit of Turkmenistan's president Turkmenbashi to China in late 1992.²⁴ However, back then, the subject of debate was a pipeline routed through Afghanistan and Pakistan, which would be perhaps the shortest but beyond any doubt the most problematic export option for Turkmenistan considering the security risks of using Afghanistan as a transit route. The very idea of a Central Asian gas connection to China, with a possible extension further to Japan, was first expressed during the official visit of premier Li Peng to Ashkhabad in 1994. That was when Turkmenistan signed a protocol of intent with CNPC on cooperation in the development of oil and gas industry, calling for a feasibility study to be conducted.²⁵ Yet, it seemed at that time that this project would merely be another impossible proposal from Ashkhabad. Turkmenistan's government estimated the costs to be above US\$8 billion, a rather modest estimate. Moreover, Turkmenistan's relations with its Central Asian neighbors quickly deteriorated as a result of Turkmenbashi's isolationist policy. Thus, any coordination of forces between Ashkhabad, Tashkent and Alma-Ata/Astana was difficult to imagine, regardless of the attractiveness of the project in the long-term perspective as well as the geopolitical advantages of diversifying export routes for all the participants.

Nevertheless, by the late 1990s, it was clear that the interest of Turkmenistan and China in the implementation of the project was rather serious. The first tangible result in the negotiations became evident during the aforementioned visit of president Jiang Zemin to Turkmenistan in 2000, when an agreement on mutual understanding and the main principles underlying oil and gas cooperation was signed. The agreement provided for China to launch prospecting and exploration of the deposits located on the right bank of the Amu Darya river, which were eventually to become the source for the future Turkmenistan-China gas pipeline.²⁶ This step meant a breakthrough in Turkmenistan's existing practice. China's prospecting and exploration would lead to the delimitation of a contractual territory where CNPC, as the first foreign gas company in Turkmenistan, was to gain the right to carry out onshore gas extraction activities on a production sharing agreement (PSA) basis. With this, Beijing prepared ground for the rapid growth of Chinese

²⁴ *Turkmenskaia iskra*, November 25, 1992.

²⁵ *Turkmenskaia iskra*, April 23, 1994. Subsequently, an international consortium consisting of CNPC, Exxon and Mitsubishi Corp. was authorized to conduct the feasibility study.

²⁶ *Neitral'nyi Turkmenistan*, July 7, 2000.

influence in Turkmenistan that we are witnessing today. During the visit of Jiang Zemin, the Chinese also expressed an interest in Turkmenistan's liquefied natural gas (LNG). LNG was to be produced in western Turkmenistan, including the Koturtepe field where Chinese technicians had already been contracted for oil well workover. That was when Turkmenbashi launched an ambitious program of developing this new sector of the oil and gas industry by calling for tenders for the deliveries of equipment for LNG production and for projecting, constructing and exploiting the terminals for storing LNG on Turkmenistan's borders.²⁷

The last visit of Saparmurat Turkmenbashi to China took place from April 2 to April 7, 2006. This Beijing summit marked another breakthrough in the bilateral cooperation in the oil and gas industry. The main result of the summit was the intergovernmental general agreement on building the Turkmenistan-China gas pipeline and the sale of natural gas from Turkmenistan to China. This agreement provided for natural gas to be supplied from Turkmenistan to China for a period of thirty years. The project capacity of the new route was set to 30 billion cubic meters (bcm) annually. The gas supplies were to start flowing already in 2009. To secure sufficient energy resources for the new pipeline the two parties agreed to jointly develop natural gas deposits located at the right bank of the Amu Darya river.²⁸ Given the preliminary results of prospecting and exploration in this area, we can assume that China was at the time of the signing of the general agreement sure that the launching of such a costly project would be economically feasible. In line with China's own energy strategy, Beijing also demonstrated its intent to control the entire gas production process, including the transportation routes. For this reason, China took the responsibility for negotiating the terms of transit of natural gas from Turkmenistan with the transit countries.²⁹ Throughout 2006, Beijing sent government delegations to Ashkhabad to deal with the elaboration of the concluded agreements. Not even the unexpected regime change in Turkmenistan could halt the preparation of the project.

²⁷ *Neitral'nyi Turkmenistan*, August 1, 2000.

²⁸ General'noe soglasenie mezhduraznymi Pravitel'stvom Turkmenistana i Pravitel'stvom Kitaiskoi Narodnoi Respubliki o realizatsii proekta gazoprovoda Turkmenistan-Kitai i prodazhe prirodnogo gaza iz Turkmenistana v Kitaiskuiu Narodnuiu Respubliku [General agreement between the government of Turkmenistan and the government of the People's Republic of China on the implementation of Turkmenistan-China gas pipeline project and the sale of natural gas from Turkmenistan to the People's Republic of China], *Neitral'nyi Turkmenistan*, April 4, 2006.

²⁹ For an overview of China's energy strategy towards Central Asia, see Pan Guang, "China and Energy Security in Central Asia," *Central Asia and the Caucasus*, 6, 48 (2007), pp. 85-91.

A New Beginning under Berdymukhammedov?

On December 21, 2006, the first and lifelong president of independent Turkmenistan Saparmurat Turkmenbashi deceased following a reported heart attack. A *siloviki* group headed by Kurbankuli Berdymukhammedov, the vice chairman of the cabinet of ministers, took over Turkmenistan's government. The change of the head of state in the context of a strictly centralized system, together with the yet unclear foreign policy orientation of the new leadership, once again raised the international interest in Turkmenistan's vast energy resources. Of course, China could not afford to stay outside of these emerging opportunities. Nevertheless, the new Turkmen leader was careful not to make sudden changes concerning the relations with China. Taking into account the mutual benefit of the signed contracts it was in his interest to continue the course that had been set before. As a demonstration of good will, China sent a high-ranking delegation headed by a prominent member of the State Council, Tang Jiaxuan, to Ashkhabad to attend the funeral ceremony of Turkmenbashi.³⁰ With this symbolic gesture, Beijing confirmed the strategic interest in maintaining the close ties with Ashkhabad.

On July 17 and 18, 2007, Turkmenistan's new president Berdymukhammedov paid an official state visit to China. In Beijing, he was received by China's president Hu Jintao. During this event, the two leaders signed a joint declaration, in which both parties reiterated their support of each other in matters of vital interest. Furthermore, Turkmenistan took another step to accommodate Chinese global ambitions by assuring not to provide its territory to third parties for activities that would harm Beijing's interests, a wording most likely directed against the US considering its military presence in neighboring countries.³¹ Nevertheless, the main attention was focused on the cooperation in the oil and gas industry. Following up on the 2006 general agreement, a production sharing agreement was signed, providing China with an equity stake in Bagtiyarlyk on the right bank of the Amu Darya river. In addition, the terms of the future gas supplies were fixed in a purchase and sale contract concluded between Turkmengaz and CNPC; the details of the deal, however, have not been made public. China also agreed to provide financial backing by granting Turkmenistan another preferential state loan to purchase Chinese drilling rigs.³²

³⁰ *Neitral'nyi Turkmenistan*, December 25, 2006.

³¹ Sovmestnaia deklaratsiia Turkmenistana i Kitaiskoi Narodnoi Respubliki o dal'neishem ukreplenii i razvitii otnoshenii družby i sotrudnichestva [Joint statement on further developing and strengthening friendly relations and cooperation between the People's Republic of China and Turkmenistan], *Neitral'nyi Turkmenistan*, July 18, 2007.

³² *Neitral'nyi Turkmenistan*, July 20, 2007.

Changes occurred in the strategic setting of Central Asian region as well. Already within the very first few months after the inauguration of president Berdymukhammedov, Turkmenistan's relations with both of its Central Asian neighbors, Kazakhstan and Uzbekistan, turned for the better. Meanwhile, Beijing's diplomatic offensive towards the transit countries was at its peak. In mid-August 2007 China's president Hu Jintao visited Bishkek to attend the annual summit of the Shanghai Cooperation Organization where Berdymukhammedov was also present as a guest. On his way home, Hu made a stop-over in Astana where he reached consensus with his Kazakh counterpart Nursultan Nazarbayev concerning the transit of Turkmenistan's gas, including the final routing of the proposed pipeline.³³ Thus, the remaining obstacles in constructing the gas pipeline between Turkmenistan and China were effectively removed.

The construction works were immediately launched, marking the beginning of the next stage of the project. On August 29, 2007, the village of Bagtiyarlyk in eastern Turkmenistan saw a high-profile ceremony when the equity stake supporting the Turkmenistan-China pipeline was officially handed over to CNPC.³⁴ Beijing used this opportunity to inform Berdymukhammedov about the results of the latest consultations with Turkmenistan's neighbors. Kazakhstan and Uzbekistan would thus be the transit countries. Of the total contracted annual capacity of 30 bcm, 13 bcm would be acquired by gas treating at the Samantepe and Altyn Asyr gas fields that are part of the contractual territory. During the second phase, the remaining 17 bcm of fuel would originate from new deposits to be jointly developed within the production sharing agreement.³⁵ The transition from the preparation phase of the project to its practical implementation was symbolically started at the ceremony when the first pipes of the new pipeline were welded.

The latest chapter in the history of the Turkmenistan-China pipeline project took place in Ashkhabad. China's premier Wen Jiabao visited Turkmenistan on November 3 and 4, 2007. The visit was yet another proof of the growing importance of Turkmenistan in the context of China's external energy strategy. President Berdymukhammedov informed his guest that Ashkhabad had already met its obligations under the pipeline deal concerning the execution of the feasibility study on Turkmenistan's territory. Today, both parties coordinate their efforts to fulfill the terms set by the general agreement on time. For its part, China rewarded Turkmenistan for its "contribution to the world's energy security" by granting additional preferential loans for the

³³ *Kazakhstanskaia pravda*, August 18, 2007.

³⁴ For the corresponding resolution of president Berdymukhammedov, see *Neitral'nyi Turkmenistan*, August 30, 2007.

³⁵ *Neitral'nyi Turkmenistan*, August 30, 2007.

implementation of joint investment projects that go far beyond the oil and gas industry, including the construction of new units and reconstruction of the fertilizer plants in the city of Mary and building a brand new glass combine in the Ashkhabad capital.³⁶

What Next?

Ever since 1991, Turkmenistan has been striving to break free from the inherited dependency on Russia. Taking into account the complementarity of the national economies of China and Turkmenistan, it is natural that China became one of the foremost options for Turkmenistan's export diversification. These joint efforts materialized in the Turkmenistan-China pipeline project that entered into the practical implementation phase during the summer of 2007. Although it will be difficult to stick to the original deadline and commission the pipeline by 2009, it seems reasonable to expect that Turkmenistan's first major export gas pipeline to world markets not controlled by Russia will flow eastwards.³⁷ The speed with which the negotiations have been held and agreements approved as well as the symbolic presence of the highest state representatives at key ceremonial events visibly demonstrate the serious interest of both Ashkhabad and Beijing in putting the pipeline into operation as soon as possible. Material and human resources, free capital for large investment projects and a good knowledge of the local business environment are Beijing's biggest assets in comparison with its main rivals in Central Asia. The ideological affinity between China and Turkmenistan is also conducive to Beijing's realization of its economic interests in the region.

From a geopolitical perspective, it is especially interesting to look at the 2006 general agreement stipulating that, should additional volumes of gas be required for filling the Turkmenistan-China pipeline, these would be provided by Turkmenistan from other deposits than those jointly developed under the PSA. The point is that technically it would not be too difficult to extend the gas pipeline by merely a few hundred kilometers from the right bank of the Amu Darya river to the largest operating gas fields in Dauletabad, southern Turkmenistan, that today serve the main Central Asia-Center gas pipeline system going to Russia. Consequently, speculations have arisen about the actual size of Turkmenistan's gas reserves available within China's contractual territory.³⁸ If Turkmenistan's reserves at the right bank of the Amu

³⁶ *Neitral'nyi Turkmenistan*, November 5, 2007.

³⁷ The Turkmenistan-Iran pipeline commissioned in late 1997 has only a local significance.

³⁸ Adding to this was that there are virtually no credible data available concerning the size of oil and gas reserves in Turkmenistan. Nevertheless, in late 2007 president Berdymukhammedov announced that he would call for a tender on carrying out an

Darya river prove to be sufficient, the Turkmenistan-China pipeline would not threaten but merely supplement the already existing export pipelines. If not, prioritizing China's interests through the abovementioned provision of the general agreement means that Russian Gazprom's long-term gas contract would be the first to lose out.

In addition, what both parties have kept secret for now is the price for the gas to be supplied. China had reportedly wanted to fix the price at US\$90 per 1000 cubic meters.³⁹ However, in light of the steadily rising prices that Russia's Gazprom has to pay for gas imports from Central Asia, this arrangement does not seem very realistic. The consolidation of Central Asian gas exporters towards Russia has in the recent months bore fruits with Gazprom consenting to pay European prices for Turkmenistan's gas from 2009 onwards.⁴⁰ In this context, it is more than probable that Turkmenistan will bargain equally hard to maximize profit when dealing with China. President Berdymukhammedov, just like his predecessor, has already made clear that he is in no way afraid to exert pressure, even to cut off supplies, just to get better prices, a move that had severe effect on the population of Northern Iran during the winter season of 2007 and 2008. The PSA mechanism applied in the deals with China, however, leaves Turkmenistan's leadership with a much more limited leverage than it has against Russia and Iran. This entails that any one-sided action from Ashkhabad in relation to Beijing would carry the risk of a serious crisis, since the respective gas fields on Turkmenistan's territory are controlled by China.

Without plotting any further negative scenarios about what could go wrong, it is more than certain that the gas-powered renewal of the Great Silk Road will significantly shift the geopolitics of natural gas in all of Eurasia. By diversifying export routes to world markets, Turkmenistan will be able to effectively choose from among its partners, irrespective of the contracts in force. Naturally, the leading criterion will be how much, or what else, each particular partner would be willing to offer to the Ashkhabad leadership. Once the Turkmenistan-China pipeline is in operation, a situation can arise whereby there simply might not be enough gas to meet the demand of all interested parties. Paradoxically, it will be again primarily Ashkhabad who is likely to benefit from this situation even if it fails to meet its export obligations, because with heavy excess demand on all markets in question, every available source will be a matter of intense international competition, thus allowing it to raise

international audit of Turkmenistan's oil and gas reserves in order to improve the investment climate in the republic. *Neitral'nyi Turkmenistan*, December 28, 2007.

³⁹ Stephen Blank, "Turkmenistan: Still an Independent Energy Player in Central Asia," *Eurasianet*, November 11, 2007.

⁴⁰ Arkadii Dubnov and Aleksei Grivach, "Sredneaziiatskii front [The Central Asian battle-front]," *Vremia Novostei*, March 12, 2008.

prices. The fight for Turkmenistan's gas might thus become the focal point of the newly emerging geopolitics of Central Asia.

China's Integration of Xinjiang with Central Asia: Securing a "Silk Road" to Great Power Status?

Michael Clarke *

ABSTRACT

Despite the turning of the international spotlight on the region courtesy of 9/11, the question as to what drives China's power and imperatives in Central Asia (as elsewhere in the world) remain a matter of debate. This article argues that there is a largely complementary relationship between what may be termed China's Xinjiang, Central Asia and grand strategy-derived interests. Key to balancing these interests has been Beijing's post-1991 attempt to utilize Xinjiang's pivotal geopolitical position to simultaneously integrate Xinjiang and expand its influence in Central Asia. In particular, the article suggests that the integration of Xinjiang with Central Asia grants China significant security, economic and strategic benefits that serve two purposes – the consolidation of China's control of Xinjiang and the expansion of Chinese power in Central Asia – which contribute to Beijing's quest for a "peaceful rise" to great power status.

Keywords • Xinjiang • Central Asia • Integration • Geopolitics

Introduction

Sinkiang, in its pivotal position in the heart of Asia, will most rapidly transmit to India, Pakistan, Afghanistan, and Iran the news that passes from mouth to mouth where few people read or hear radio – news of the meaning in their lives of great political changes in China. Once more, as in the days of the rise of the Han empire, more than two thousand years ago, Sinkiang has become in fact a pivot around which revolve politics, and power, and the fates of men.¹

Thus Owen Lattimore, the great scholar of Inner Asia, argued following the absorption of Xinjiang into the People's Republic of China (PRC) in the middle of the 20th century. Although Lattimore's claim to the momentous import of Xinjiang's re-incorporation into the Chinese state proved to be premature, he nonetheless recognized both the long-

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¹ Owen Lattimore, "At the Crossroads of Inner Asia", *Pacific Affairs* (1950), p. 45.

term historical significance and potential geopolitical implications that would flow from China's successful incorporation or integration of the region. Indeed, Xinjiang's importance throughout China's history has been of a strategic nature. As such many have highlighted Xinjiang and Central Asia's historical role as a transition zone linking the great civilizations of the Eurasian continent, a role underpinned by their centrality to the historical opposition of the pastoral-nomadic core of Central Asia to the agricultural civilizations of the Eurasian periphery.² China's reincorporation of Xinjiang in 1949 placed it in control of a geopolitical nexus between five great cultural and geographic regions of Eurasia - China, the sub-continent, Iran, Russia and Europe. However, throughout the 1949-1991 period China was unable to take advantage of this strategic position due to a number of internal and external factors such as the various political and economic crises of the Maoist era and the deterioration of Sino-Soviet relations.³ The collapse of the Soviet Union, however, presented China with an unprecedented opportunity, through its ongoing integration of Xinjiang, to make Lattimore's premonition a reality.

Despite the turning of the international spotlight on the region courtesy of 9/11, the question as to what drives China's power and imperatives in Central Asia (as elsewhere in the world) remain a matter of debate. This article argues that there is a largely complementary relationship between what may be termed China's Xinjiang, Central Asia and grand strategy-derived interests. This three tiered pattern of interests informs and shapes not only China's diplomacy in Central Asia but also its approach to the governance of Xinjiang. Beijing's apparent post-1991 synthesis of two enduring aspects of its Xinjiang "problem" is the key to the balancing these three tiers. The first aspect concerns the great goal that lends continuity to Xinjiang's history under the People's Republic - that of integration, understood in its two predominant senses. First, integration can refer to the relationship between the majority and minority populations of a given state and to "the patterns by which the different parts of a nation-state cohere".⁴ Meanwhile, the second aspect of

² For example, Halford John Mackinder, "The Geographical Pivot of History", (Royal Geographic Society, 1904), reprinted in *Democratic Ideals and Reality: A Study in the Politics of Reconstruction*, (London: Constable, 1950); Owen Lattimore, *Pivot of Asia: Sinkiang and the Inner Asian Frontiers of China and Russia*, (Boston: Little & Brown, 1950); S. A. M. Adshead, *Central Asia in World History*, (London: MacMillan, 1993); and James A. Millward, *Crossroads of Eurasia: A History of Xinjiang*, (New York: Columbia University Press, 2007).

³ Donald H. McMillen, *Chinese Communist Power and Policy in Xinjiang, 1949-1977*, (Boulder: Westview Press, 1979).

⁴ Colin Mackerras, *China's Minority Cultures: Identities and Integration Since 1912*, (NY: St. Martin's Press, 1994), p. 7; see also, June Teufel Dreyer, *China's Forty Millions: Minority Nationalities and National Integration in the People's Republic of China*, (Cambridge, MA: Harvard University Press, 1976).

integration concerns, “the manner and degree to which parts of a social system (its individuals, groups and organs) interact and complement each other”.⁵ The first understanding of integration can be seen as a means by which a large, multi-ethnic state can ensure and maintain sovereignty over its territory, while the second concerns the operation of society once the territorial integrity of the state has been ensured. Thus, the goal of integration in the context of Xinjiang encompasses both senses - the mechanisms by which the state has attempted to incorporate the territory of the region and the deeper endeavor to incorporate the non-Han peoples of the region into what the PRC has defined as the “unitary, multi-ethnic” Chinese state.

The second aspect, and one that has for much of Chinese history prevented the achievement of the goal of integration, concerns the geopolitical position of the province itself - its “centrality and intermediate position in Eurasia” between the great the “sedentary homelands” of Europe, Iran, India and China.⁶ Indeed, for much of the history of the PRC, the goal of integration was understood to require the isolation of Xinjiang from external influences through the neutralization of the region’s historical ethnic, cultural, religious and economic linkages to Central Asia. This was coupled with the extension of the Chinese state’s mechanisms and instruments of political, economic and social control and initiation of modern infrastructure links to China proper.⁷ Since the collapse of the Soviet Union, however, China has attempted to utilize Xinjiang’s geopolitical position in order to simultaneously achieve the security and integration of Xinjiang and, as this project has progressed, China’s rise as a Central Asian power.

The integration of Xinjiang not only serves core internal functions but also increasingly is seen to contribute to China’s strategic position in international affairs. The article therefore casts China’s integration of Xinjiang with Central Asia in geopolitical terms. In particular, it suggests that the integration of Xinjiang with Central Asia grants China significant security, economic and strategic benefits that serve two purposes - the consolidation of China’s control of Xinjiang and the expansion of Chinese power in Central Asia - which contribute to Beijing’s quest for a “peaceful rise” to great power status. This will be demonstrated through an analysis of China’s diplomacy in Central Asia which will reveal that Beijing’s approach is not only inextricably connected to its quest to tighten its grip on Xinjiang but also to its global foreign policy. The article will begin by presenting an overview of the

⁵ James D. Seymour, *China: The Politics of Revolutionary Reintegration*, (NY: Thomas Y. Cromwell, 1976), p. 6.

⁶ Millward, *Eurasian Crossroads*, p. 1; Adshead, *Central Asia in World History*, p. 53.

⁷ The classic account of this era is McMillen, *Chinese Communist Power and Policy in Xinjiang, 1949-1977*.

broad contours of China's grand strategy of "peaceful rise" and will identify how the integration of Xinjiang and Central Asia fits into this strategy. Subsequently, the progress of China's integrationist project in Xinjiang, with an emphasis on how this relates to Chinese policy toward Central Asia, will be presented. It will suggest that the latter has ultimately been determined by the deployment of a "double opening" strategy to achieve the integration of Xinjiang. The article will then conclude by suggesting what some of the major strategic implications of these processes will be for the region in the immediate future.

The Development of "Peaceful Rise" and Central Asia's Role

The collapse of the Soviet Union in 1991 and the end of the Cold War transformed the international environment in which China's foreign policy had operated since the establishment of the PRC in 1949. The removal of one pillar of the "strategic triangle" that had defined the international environment of East Asia for nearly half a century resulted in the re-evaluation of China's strategic orientation and foreign policy. Moreover, the collapse of the Soviet Union, and the fall of communist states in Eastern Europe, between 1990 and 1991 came hot on the heels of widespread internal unrest in China, including Xinjiang, in 1989-90. Therefore, the collapse of the Soviet Union was a contradictory development as it simultaneously removed the long-feared Soviet threat to China's continental frontiers and made a central element of its strategic calculus of balancing between two superpowers obsolete.⁸ This simultaneous internal and external crisis of Chinese power and policy profoundly shaped China's perception of the emergent "New World Order" as one characterized by U.S. hegemony or unipolarity.⁹ These events arguably led to a substantial transformation of how China perceived the international environment and determined its pre-eminent

⁸ William T. Tow, "China and the International Strategic System", in Thomas W. Robinson & David Shambaugh, Eds., *Chinese Foreign Policy: Theory and Practice*, (Oxford: Clarendon Press, 1994), pp. 120-121. The dilemma that this posed for China's foreign policy can be gauged through how China's leadership envisaged a post-Cold War world in the mid-1980s, a period of ebbing superpower tension. In particular, Deng Xiaoping suggested that as U.S.-Soviet tensions faded, a politically stable China would be able to pursue a more independent foreign policy within an increasingly multipolar and peaceful world that would facilitate China's domestic development. Significantly, such conditions did not eventuate.

⁹ Thomas Robinson, "Chinese Foreign Policy 1940s-1990s", in Thomas W. Robinson and David Shambaugh, Eds., *Chinese Foreign Policy: Theory and Practice* (Oxford: Clarendon Press, 1994), p. 588. This perception was of course strengthened by the political and economic sanctions and pressures placed upon China after the Tiananmen Incident and the rapid success of the U.S. during the 1991 Gulf War.

foreign policy goals, informing Chinese foreign policy throughout the next two decades.¹⁰

Indeed, although the Communist Party retained its monopoly on power after 1989, the domestic challenges that it represented combined with the collapse of the Soviet-bloc to make the goal of domestic stability the key driver of the government's security concerns.¹¹ Indeed, although China faced the least threatening security environment since the establishment of the PRC in terms of threats from other states, numerous unresolved sovereignty/territorial disputes along its substantial periphery meant that the potential for limited regional conflicts remained high. This therefore made the establishment of constructive relations with China's immediate neighbors a priority. In particular, this resulted in Beijing's heightened concern for the security of its major and ethnically diverse frontier regions such as Xinjiang, Tibet and Yunnan.¹² Moreover, the arrival of the U.S.' "unipolar moment" required China to develop an approach to counter potential U.S. challenges to its position.¹³

Three guiding themes for China's evolving post-Cold War foreign policy were therefore established after 1991 – "preservation, prosperity and power".¹⁴ Key to securing this trilogy of national goals has been the development of a foreign policy "line" of "peaceful rise" (*heping jueqi*).¹⁵ These pre-eminent concerns have meant that from 1991 onward China has generally attempted to safely enter and engage with the existing international order in order to reap the benefits of the contemporary

¹⁰ Avery Goldstein, "The Diplomatic Face of China's Grand Strategy: A Rising Power's Emerging Choice", *The China Quarterly*, 168 (December 2001), p. 837.

¹¹ Indeed, Deng had stated as much in 1990 when he averred that: "No matter how the international situation changes, so long as we can ensure appropriate economic growth, we shall stand firm as Mount Tai". See Deng Xiaoping, "The International Situation and Economic Problems", March 3 1990, *Selected Works of Deng Xiaoping*, Vol. 3, 1982-1992, <<http://english.peopledaily.com.cn/dengxp/vol3/text/d1130.html>> (May 28 2008).

¹² Morris Rossabi, "Introduction", in Morris Rossabi, Ed., *Governing China's Multiethnic Frontiers*, (Seattle: University of Washington Press, 2004), pp. 3-18.

¹³ Goldstein, "The Diplomatic Face of China's Grand Strategy", p. 838; Deng Xiaoping, "First Priority Should Always Be Given to National Sovereignty and Security", December 1, 1989, *Selected Works of Deng Xiaoping*, Vol. 3, 1982-1992, <<http://english.peopledaily.com.cn/dengxp/vol3/text/d1100.html>> (May 28 2008). These potential challenges not only operated in the international sphere but also in regard to China's domestic political environment, for example, through U.S.-led Western sanctions against China after June 1989.

¹⁴ Fei-ling Wang, "Preservation, Prosperity and Power: What Motivates China's Foreign Policy", *Journal Contemporary China* 45, 14, (November 2005), pp. 669-94.

¹⁵ Samuel S. Kim, "Mainland China in a Changing Asia-Pacific Regional Order", in Bih-jaw Lin and James T. Myers, Eds., *Contemporary China in the Post-Cold War Era*, (Columbia: University of South Carolina Press, 1996), pp. 268-270; Yongnian Zheng, *Discovering Chinese Nationalism in China: Modernization, Identity and International Relations*, (Hong Kong: Cambridge University Press, 1999), pp. 114-16.

international political and economic system.¹⁶ Thus, China developed a preference for “cooperation”, “multilateralism”, “integration” and “regionalism” in its diplomatic endeavors, especially with respect to relations with immediate neighbors – a dynamic particularly prevalent in Beijing’s relations with Central Asia.¹⁷ This dynamic illustrates a central facet of China’s strategic and foreign policy since 1991 – the development of multiple regional and global relationships in order to balance against the perceived threat of U.S. predominance.¹⁸ In this respect then, Avery Goldstein’s definition of “grand strategy” as a “distinctive combination of military, political and economic means by which a state seeks to ensure its national security” certainly applies to China’s post-Cold War foreign policy.¹⁹ While speaking in this vein may assign greater coherence to Chinese foreign policy and diplomacy than exists, it is nonetheless clear that the constraints of the post-Cold War international order contributed to the development of a broad consensus amongst China’s leaders regarding the most important foreign policy issues.²⁰ Avery Goldstein sums up this consensus most succinctly as, “one that seeks to maintain the conditions conducive to China’s continued growth and to reduce the likelihood others would unite to oppose China”.²¹

What is Xinjiang and Central Asia’s role in this strategy? Perhaps most bluntly, the removal of the Soviet threat to Xinjiang after 1991 offered Beijing the opportunity to fully utilize Xinjiang’s geopolitical position to not only tie the region closer to China but also to develop it as an avenue through which to expand China’s influence. Central Asia presented fewer obstacles, both in terms of competing powers and strategic concerns, for the expansion of China’s political, economic, strategic and military influence than any other region.²² Thus, an overarching theme of “engaging the periphery” in China’s post-1991 foreign policy, whereby China has sought to construct conducive relations with its immediate neighbors on the basis of shared economic and security

¹⁶ Guoli Liu, “Leadership Transition and Chinese Foreign Policy”, *Journal of Chinese Political Science*, 8, 1/2 (Fall 2003), pp. 102-14.

¹⁷ See Liu, “Leadership Transition”, p. 106, James C. Hsiung, “China’s Omni-Directional Diplomacy: Realignment to Cope with Monopolar US Power”, *Asian Survey* 35, 6 (June 1995), pp. 573-86; Chien-peng Chung, “The Shanghai Cooperation Organization: China’s Changing Influence in Central Asia”, *The China Quarterly* 180, (December, 2004), pp. 989-1009.

¹⁸ See Hsiung, “China’s Omni-Directional Diplomacy”, pp. 573-86, Mark Burles, *Chinese Policy Toward Russia and the Central Asian Republics*, (Santa Monica, CA: RAND Corporation, 1999); Rosemary Foot, “China’s Regional Activism: Leadership, Leverage and Protection”, *Global Change, Peace & Security*, 17, 2 (June 2005), pp. 141-53.

¹⁹ Goldstein, “The Diplomatic Face of China’s Grand Strategy”, p. 835.

²⁰ Paul Heer, “A House United”, *Foreign Affairs*, 79, 4 (July/August 2000), pp. 18-25.

²¹ Goldstein, “The Diplomatic Face of China’s Grand Strategy”, p. 838.

²² See Lanxin Xiang, “China’s Eurasian Experiment”, *Survival*, 46, 2 (Summer 2004), p. 109.

concerns/interests, has been evident in China's relations with Central Asia.²³ Prior to 9/11 in particular, the region was perceived as offering China a strategically "safe" axis for the expansion of its influence, primarily because it offered China relatively favorable conditions for the expansion of its influence due to the desire of the newly independent Central Asian states to diversify their foreign relations in the wake of the Soviet collapse and the absence of a significant U.S. presence.²⁴ Yet, this ultimately rests on Beijing's ability to successfully integrate Xinjiang. Thus Chinese strategy has major inter-linked external and internal expressions.

China's Integrationist Project in Xinjiang and Foreign Policy in Central Asia: Security through Development and Dependency?

While the collapse of the Soviet Union removed a long-feared threat to the security of Xinjiang it nonetheless presented China with a new set of challenges including the uncertain prospect of dealing with five independent Central Asian states and a regional Islamic revival. Both of these seemed fraught with danger from Beijing's perspective given that a wave of unrest had erupted in Xinjiang in 1990-91, including an Islamist-inspired rebellion in the township of Baren in the south-west of the province. Indeed, the level of threat felt in Beijing was illustrated by Vice-Premier Wang Zhen's exhortation during a visit to the provincial capital of Ürümqi for the regional authorities to construct a "great wall of steel" to defend the motherland from "hostile external forces" and "national splittists" internally.²⁵ Thus, in the Chinese authorities' perceptions, their greatest fear – the convergence of internal unrest and external interference – had come to pass. Indeed, it would seem Justin Rudelson's observation regarding the natural "geographic template" of Xinjiang had come to haunt China's goal of integration in the region. Rudelson, it should be noted, observed that while the PRC had attempted to re-orient Xinjiang "inward" toward China proper since 1949, the "geographic template" of Xinjiang in fact "produced axes of outside cultural influence that penetrated the region" which determined that the major sub-region's of the province were in fact oriented "outward"

²³ See for example, Suisheng Zhao, "China's Periphery Policy and Its Asian Neighbors", *Security Dialogue* 30, 3 (1999), pp. 335-346; David Shambaugh, "China Engages Asia: Reshaping the Regional Order", *International Security* 29, 3, (Winter 2004/05), pp. 64-99.

²⁴ Xiang, "China's Eurasian Experiment", p. 109.

²⁵ See for example, "Song Hanliang Blames 'Separatists'", *Hong Kong AFP*, April 25 1990 in FBIS-CHI-90-080; Michael Clarke, "Xinjiang in the 'Reform' Era", 1978-1991: The Political and Economic Dynamics of Dengist Integration", *Issues & Studies*, 43, 2 (June 2007), pp. 76-82; James A. Millward, *Violent Separatism in Xinjiang: A Critical Appraisal*, (Washington DC: East-West Center, 2004).

toward the proximate external civilizations be they Indian, Central Asian or Chinese.²⁶

Resolving Contradictions: Securing Xinjiang through Opening to Central Asia, 1991-2001

The shock administered by internal unrest and the collapse of the Soviet Union resulted in a major innovation in Beijing's approach to the region. No longer would Beijing view Xinjiang's "geographic template" as an obstacle to be overcome in search of integration but rather as an important asset to achieve that end. From this point onward Xinjiang was to become, in the words of the veteran CCP leader in Xinjiang, Wang Enmao, a "Eurasian Continental Bridge" connecting the region's economy with that of Central Asia through the development of direct trade relations with neighboring Central Asian states, increasing state investment in infrastructure projects, and fully developing and exploiting Xinjiang's oil and gas resources.²⁷ However, this was to be achieved by a contradictory internal logic. In order to solve the "splittist" issue the CCP had to deliver economic development through the entrenchment of "reform and opening", while simultaneously maintaining "stability and unity" through the strengthening of the "people's democratic dictatorship".²⁸

Thus, security within Xinjiang was to be achieved by economic growth, while economic growth was to be assured by the reinforcement of the state's instruments of political and social control, which in turn was to be achieved by opening the region to Central Asia. Importantly, the economic opening to Central Asia would come to offer Beijing a significant element of leverage to induce Central Asian states to aid it in its quest to secure Xinjiang against "separatist" elements. This logic has continued to inform China's approach into the 21st century, although it is now framed under the rubric of the Great Western Development campaign. While this campaign is a nation-wide one, its operation in Xinjiang reflects the intensification of Beijing's long-standing state-building policies in the region.

This strategy in the 1990s was characterized as one of "double-opening", that is an attempt to simultaneously integrate Xinjiang with Central Asia and China proper in economic terms, while establishing security and cooperation with China's Central Asian neighbors.²⁹

²⁶ Justin Rudelson, *Oasis Identities: Uyghur Nationalism along China's Silk Road*, (NY: Columbia University Press, 1997), pp. 39-41.

²⁷ See "Wang Enmao Addresses 16th Xinjiang Party Session", *Urumqi Xinjiang Ribao* in FBIS-CHI-91-050, 14 March 1991: 55-63; Wang Enmao had been the top party and military leader in Xinjiang between 1949 and 1969

²⁸ *Ibid.*

²⁹ Gaye Christofferson, "Xinjiang and the Great Islamic Circle: The Impact of Transnational Forces on Chinese Regional Economic Planning", *The China Quarterly*, 133 (March 1993), pp. 130-151.

Indeed, the key elements of this strategy throughout the 1990s demonstrated its purpose to serve the "internal" goal of tying the province closer to China and the "external" goal of utilizing the region's position to accelerate economic relations with Central Asia. These included the re-centralization of economic decision-making to increase the region's dependency on the centre; the expansion of Han immigration; increased investment for the exploitation of Xinjiang's potential energy resources; encouragement of cotton cultivation; the opening of border trading 'ports' with Central Asia; and significant investment in infrastructure links (e.g. highways, rail links, air routes etc.) with Central Asia.³⁰

The external manifestation of this approach was a concerted endeavor to develop greater economic and trade relations with the newly independent Central Asian states, particularly Kazakhstan and Kyrgyzstan, through the extension incentives for border trade and improvement of infrastructural links.³¹ Moreover, various high-level exchanges of Central Asian and Chinese officials focused on the establishment and enhancement of Sino-Central Asian trade and infrastructure also occurred.³² Significantly, a major theme of Chinese overtures to the Central Asian states was Xinjiang's potential role in linking the economies of China and Central Asia to become the hub of a "New Silk Road".³³ One of the major commodities that would traverse this road, however, was to be oil/natural gas rather than the silk of yesteryear. Indeed, Xinjiang's petrochemical industry was to be made a "pillar" industry within the government's "double-opening" strategy for Xinjiang with the primary goal of establishing the region into a transit route and refinery zone for Central Asian oil and gas. Such an approach ultimately enmeshed China into the wider geo-political competition for not only access to Central Asia's oil and gas, but for greater political and

³⁰ See Nicolas Becquelin, "Xinjiang in the Nineties", *The China Journal*, 44 (July 2000), pp. 71-74; Clifton W. Pannell & Laurence J. C. Ma, "Urban Transition and Interstate Relations in a Dynamic Post-Soviet Borderland: The Xinjiang Uygur Autonomous Region of China", *Post-Soviet Geography and Economics*, (1997), pp. 218-226; Ildiko Beller-Hann, "The Peasant Condition in Xinjiang", *Journal of Peasant Studies*, 25, 1 (1997), pp. 87-112.

³¹ See Pannell and Ma, "Urban Transition and Interstate Relations", p. 223; Gaye Christoffersen, "China's Intentions for Russian and Central Asian Oil and Gas", *National Bureau of Asian Research*, (1998), p. 24; Lilian Craig Harris, "Xinjiang, Central Asia and the Implications for China's Policy in the Islamic World", *The China Quarterly*, 133 (1993), p. 123.

³² Keith Martin, "China and Central Asia: Between Seduction and Suspicion", *RFE/RL Research Report*, 3, 25 (June 24 1994), pp. 30-32. For example PRC Foreign Trade Minister Li Lanqing visited Uzbekistan, Kazakhstan, Kyrgyzstan, and Tajikistan in 1991, while Uzbek president Islam Karimov and Kyrgyz president Askar Akayev visited Beijing in 1992.

³³ See Martin, "China and Central Asia", pp. 30-32; Li Peng, "China's Basic Policy towards Central Asia", *Beijing Review*, 37, 18, (May 2-8, 1994), p. 18.

economic influence in the region. Indeed, Beijing's reorientation of its energy strategy toward Russia and Central Asia in the early 1990s was very much a strategic maneuver rather than a 'market' approach to energy security induced by the realization of the strategic weakness of China's growing dependency on Middle East sources of oil and gas.³⁴

In relation to China's foreign policy, the development of this strategy proved to be a further spur in generating China's greater engagement with the states of Central Asia.³⁵ This was also buttressed by Chinese concerns regarding the integrity and security of its Central Asian frontiers, demonstrated by the establishment in 1992 of multilateral security dialogues concerning military confidence building measures involving China, Kazakhstan, Kyrgyzstan, Tajikistan and Russia.³⁶ In many respects China's economic and security concerns regarding its frontiers with the new states of Central Asia were complementary. The development of bilateral relations, spurred on by the development of economic linkages noted above, was further strengthened by the identification of common interests in the security sphere. Thus, further joint meetings between China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan took place throughout the mid-1990s which dealt with the issue of border arms reduction and establishing military Confidence Building Measures along the Sino-Central Asian frontier, which formed the basis for the "Shanghai Five" grouping.³⁷ Significantly, China used its emerging bilateral relations and the nascent multilateral forum of the Shanghai Five to pressure the Central Asian states to control and suppress the activities of "splittist" elements within the significant Uyghur diaspora population in the region – a theme that has defined China's participation in the Shanghai Five and subsequent Shanghai Cooperation Organization (SCO) process.³⁸

China's relationship with Russia throughout this period was also important, but given the limited scope of this article, the relationship will be discussed in terms of its relation to Central Asia and Xinjiang. In this regard, by the mid-1990s, both Beijing and Moscow had come to share

³⁴ Philip Andrews-Speed, Xuanli Liao and Roland Dannruther, *The Strategic Implications of China's Energy Needs*, (International Institute for Strategic Studies, Oxford University Press, July 2002), pp. 42-3.

³⁵ Martin, "China and Central Asia", pp. 26-36.

³⁶ Michael Dillon, "Central Asia: The View from Beijing, Urumqi and Kashgar", in Mehdi Mozaffari, Ed., *Security Politics in the Commonwealth of Independent States: The Southern Belt*, (London: MacMillan, 1997), pp. 136-137; Christoffersen, "China's Intentions for Russian and Central Asian Oil and Gas", p. 24.

³⁷ See the development of the Shanghai Five see, "'Progress' in Arms Talks with CIS States", *Beijing Xinhua*, March 16 1993 in FBIS-CHI-93-049, March 6 1993, p. 9; Sally N. Cummins, "Happier Bedfellows: Russia and Central Asia under Putin", *Asian Affairs*, 32, 2 (June 2001), pp. 142-152.

³⁸ See Russell Ong, "China's Security Interests in Central Asia", *Central Asian Survey*, 24, 4 (December 2005), pp. 429-431.

similar views not only regarding security issues in Central Asia, such as combating “Islamism” and resolving border disputes, but also of the contemporary international system as one dominated by the U.S..³⁹ These shared interests converged to contribute to the establishment of a Sino-Russian “strategic partnership”, announced by Presidents Jiang Zemin and Boris Yeltsin in 1996, that according to the official statement was to be built on, “the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each others internal affairs, equality and mutual benefit and peaceful coexistence”. Moreover, China declared that Chechnya was a “domestic affair of Russia” in return for Moscow assuring Beijing that Xinjiang, Tibet and Taiwan were “inseparable” parts of China, a development that reflected core internal security concerns for Beijing.⁴⁰ Yet, what were notable about Sino-Russian relations from the mid-1990s to 2001 were the regular statements alluding to the shared goal of achieving a “multipolar order” in international affair which stressed not only Sino-Russian adherence to the principles noted above in their mutual relations but also the importance of the UN and the developing world – a clear rhetorical contrast to then prevailing U.S. foreign policy trajectory.⁴¹ In the context of their relations in Central Asia, however, this “strategic partnership” amounted to recognition of common security interests and a tacit Russian acquiescence for Beijing to take the lead in the promotion and development of the Shanghai Five as a regional multilateral forum.⁴²

China's Post-9/11 Strategy in Xinjiang and Central Asia

However, a Central Asian “tilt” toward the U.S. post-9/11 was evident, particularly in 2001 and 2002 with all of the Central Asian states except Turkmenistan signing military cooperation and base access agreements with the U.S., as well as receiving significant economic aid packages. Uzbekistan especially benefited from increased U.S. interest in the region, receiving not only an initial aid package worth US\$150 million but also the conclusion of an U.S.-Uzbek “Strategic Partnership” in March 2002.⁴³ Therefore, since 2001 China has sought to re-establish its position

³⁹ Mark Burles, *Chinese Policy Toward Russia and the Central Asian Republics*, (Santa Monica, Calif: RAND Corporation, 1999), pp. 27-37.

⁴⁰ See “Text of PRC-Russia Statement Released”, *Beijing Xinhua Domestic Service*, April 25 1996, in FBIS-CHI-96-081, April 25 1996, pp. 14-17.

⁴¹ See Lowell Dittmer, “The Sino-Russian Strategic Partnership”, *Journal of Contemporary China*, 10, 28 (2001), pp. 399-413; Peter Ferdinand, “Sunset, Sunrise: China and Russia Construct a New Relationship”, *International Affairs*, 83, 5 (2007), p. 856.

⁴² Pavel A. Baev, “Assessing Russia's Card's: Three Petty Games in Central Asia”, *Cambridge Review of International Affairs*, 17, 2 (July 2004), p. 279.

⁴³ See Chung, “The Shanghai Cooperation Organization”, pp. 994-996, “United States-Uzbekistan Declaration on the Strategic Partnership and Cooperation Framework”,

in Central Asia through developing new bilateral security agreements and cooperation with the states of the region and bolstering the role of the SCO. China's strategy has been to present itself as a real and reliable security partner for the states of Central Asia and thus provide them with a viable alternative to closer security and military relations with the United States.

Thus since 2002 China has concluded a number of significant military and security cooperation agreements with the Central Asian states, including:

- Provision of US\$3 million in military aid to Kazakhstan in March 2002
- Joint military exercises with Kyrgyzstan in July 2002
- Conclusion of a Sino-Kazakh "Mutual Cooperation Agreement" on 23 December 2002
- Extradition agreements with Kazakhstan and Kyrgyzstan for the return of Uyghur "separatists and terrorists"⁴⁴
- Provision of US\$1 million in military aid to Kyrgyzstan in October 2003
- "Cooperation-2003" SCO joint military exercises on Kazakh and Chinese soil, August 6-11, 2003
- Bilateral agreements on cooperation in combating "extremism, terrorism and separatism" with Uzbekistan and Tajikistan in September 2003.⁴⁵
- Opening of "Regional Anti-Terrorism" (RAT) center in Tashkent on 1 November 2003⁴⁶
- Opening of the SCO permanent secretariat in Beijing on 1 January 2004.⁴⁷
- SCO "Peace Mission 2007" joint military exercises between 9-17 August at Chelyabinsk⁴⁸

March 12, 2002, <<http://www.state.gov/r/pa/prs/ps/2002/8736.pf.htm>>; Boris Rumer, "The Powers in Central Asia", *Survival* 44, 3 (Autumn 2002), pp. 59-60; Sean L. Yom, "Power Politics in Central Asia", *Harvard Asia Quarterly*, 6, 4 (Autumn 2002).

⁴⁴ Rustam Mukhamedov, "Uyghurs in Kyrgyzstan under Careful Government Supervision", *Central Asia-Caucasus Analyst*, January 28 2004.

⁴⁵ See Charles Carlson, "Central Asia: Shanghai Cooperation Organization Makes Military Debut", *RFE/RL*, August 5 2003; "Central Asians Perform Military Maneuvers, Training Against Terrorists", *RFE/RL Analytical Reports*, August 3 2003; Antoine Blua, "Kazakhstan: President Nazarbaev Signs Mutual Cooperation Agreement with China", *RFE/RL*, December 27 2002.

⁴⁶ "Tashkent's New Balancing Act after SCO Summit", *RFE/RL Analytical Reports*, September 12 2003.

⁴⁷ See Carlson, "Central Asia: Shanghai Cooperation Organization Makes Military Debut"; "Central Asians Perform Military Maneuvers, Training Against Terrorists"; "Tashkent's New Balancing Act After the SCO Summit," *RFE/RL Analytical Reports*, September 12 2003.

Two other events in the wider Central Asian region have also had an impact on China's approach to Xinjiang and the Uyghurs. In March 2005, Kyrgyzstan experienced the Tulip Revolution that toppled President Askar Akayev, who had been in power since independence. In May the same year, Uzbekistan also experienced a wave of violent unrest precipitated by the Andijan Incident in which approximately 4000 people rioted and were subsequently violently suppressed by the Uzbek military. These events significantly soured Central Asian perceptions of the U.S. role in the region, with Uzbek President Islam Karimov, but also other Central Asian leaders, severely criticizing the U.S. government's promotion of democracy and human rights as opposed to "stability". Indeed, China's emphasis on common interests in economic development, security, stability and "anti-terrorism" through its bilateral relations with Central Asia and the SCO combined with China's emphasis on "non-interference" in other states' internal affairs to make China appear as reliable partner from the perspective of the region's remaining authoritarian leaders.⁴⁹ This was underlined with President Karimov's state visit to China barely two weeks after the Andijan Incident, during which a Sino-Uzbek bilateral security agreement was signed.⁵⁰

These agreements continue to bear fruit as far as the Chinese authorities are concerned with Uzbekistan, for example, arresting Uyghur political activist, Huseyin Celil (a Canadian citizen) in March 2006.⁵¹ Celil was extradited to China, where he was subsequently tried and convicted to life in prison for "separatist activities" by a court in Xinjiang's capital, Ürümqi.⁵² The influence of the March 2005 Tulip Revolution in Kyrgyzstan which toppled President Askar Akayev on Xinjiang's ethnic minorities, in particular the Uyghur, may also prove to be of some long term significance. Indeed, China had exerted considerable influence on Akayev throughout the 1990s and early 2000s to keep a tight rein on the Uyghur émigré community in Kyrgyzstan, and with his removal from office in March 2005, Uyghurs hoped for greater

⁴⁸ See "Putin wants regular SCO exercises", *Interfax*, August 16 2007.

⁴⁹ See Eugene Rumer, "The US Interests and Role in Central Asia after K2", *The Washington Quarterly* 29, 3 (Summer 2006), pp. 141-154.

⁵⁰ Martha Brill Olcott, "The Great Powers in Central Asia", *Current History*, 104 (October 2005), p. 335; N. T. Tarimi, "Sino-Uzbek Pact Bad News for Uighurs", *Asia Times*, July 30 2004; "FBIS Analysis: PRC Strengthening Central Asian Ties to Counter US Presence", *Cuba FBIS Report*, August 12 2005, t21:34:42Z.

⁵¹ Gulnoza Saidazimova, "Uyghurs Hit By Autocratic States' Cooperation with Beijing", *Eurasianet*, April 29 2006.

⁵² Geoffrey York, "Celil Appeal Rejected by Chinese Court", *Globe and Mail*, July 10 2007, posted online at the Uyghur American Association <<http://uyghuramerican.org>>. China does not recognize Celil's Canadian citizenship as it asserts he left Xinjiang illegally in the mid-1990s.

freedom to promote the pro-separatist cause in that country.⁵³ While the effect of this development within Xinjiang remains difficult to gauge it nonetheless could serve as an example for the Uyghur. In this regard it is interesting to note the remarks of arguably the most prominent Uyghur exile figure, Rebiya Kadeer, as they highlight the potential for the embedding of Xinjiang and the Uyghur struggle for independence from Beijing within the context of the contemporary “struggle for democracy” in Central Asia. She remarked, “When I heard the news about what happened in Kyrgyzstan, I was so excited...Whatever happens to our brothers and sisters in Kyrgyzstan affects people in East Turkistan”.⁵⁴ Such inter-linkages between Central Asia and Xinjiang from Beijing’s perspective, even if at the rhetorical level alone, reinforce its perception that the major threat to its position in Xinjiang remains the connection of internal opposition with “hostile external forces”.

Domestically, the question of Xinjiang’s economic development assumed national importance with the central government’s launching of the “Great Western Development Plan” in 2000. This plan envisages the creation of Xinjiang as an industrial and agricultural base and a trade and energy corridor for the national economy.⁵⁵ This goal can only be achieved with the development of greater interaction and cooperation between China and the Central Asian states – a point underlined by Chinese rhetoric and policy since 2001 with ongoing references to the mutual benefits of developing a “Continental Eurasian land-bridge” that will link the major economies of Europe, East Asia and South Asia.⁵⁶ Importantly, Sino-Central Asian trade and economic relations since 2001 have experienced a ‘boom’ according to a number of observers.⁵⁷ Indeed, Sino-Central Asia trade flows have more than tripled from US\$1.5 billion in 2001 to US\$5.8 billion in 2005.⁵⁸ A closer examination of the structure

⁵³ Nury Turkel, “People Power Sends a Message to Oppressive Regimes”, *Wall Street Journal*, April 21 2005, posted online at the Uyghur American Association <<http://uyghuramerican.org>>.

⁵⁴ Cited in *Ibid*.

⁵⁵ Nicolas Becquelin, “Staged Development in Xinjiang”, *The China Quarterly*, 178 (June 2004), pp. 358-78.

⁵⁶ For the rhetoric see for example, “PRC: Xinjiang Chairman Says Region Becoming ‘Bridgehead’ for Central Asia Trade”, *Xinhua*, September 22 2005; for policy implications see, John W. Garver, “Development of China’s Overland Transportation Links with Central, South-west and South Asia”, *The China Quarterly*, 185 (March 2006), pp. 1-22; Gael Raballand and Agnes Andresy, “Why Should Trade between Central Asia and China Continue to Expand?”, *Asia-Europe Journal* 5, (2007), p. 248.

⁵⁷ See Niklas Swanstrom, Nicklas Norling & Zhang Li, “China”, in S. Frederick Starr, Ed., *The New Silk Roads: Transport and Trade in Greater Central Asia*, (Central Asia-Caucasus Institute & Silk Road Studies Program, 2007), pp. 383; Sebastian Peyrouse, *Economic Aspects of Chinese-Central Asia Rapprochement*, (Silk Road Paper: Central Asia-Caucasus Institute & Silk Road Studies Program, September 2007), p. 16.

⁵⁸ See Raballand and Andresy, “Why Should Trade Between Central Asia and China Continue to Expand”, p. 250; Peyrouse, *Economic Aspects of Chinese-Central Asia*

and nature of this trade suggests not only are Sino-Central Asia trade relations increasingly unequal but also a relationship of economic dependency is developing that China will seek to leverage in order to negate “separatist” and “Islamist” tendencies that it sees as the major threat to its position in Xinjiang.

While the increase in trade flows noted above is significant, Central Asia now accounts for only 0.6 percent of China's overall foreign trade.⁵⁹ Yet, China now accounts for 12 percent of Central Asia foreign trade. Moreover, broken down on a state by state basis it also clear that China's influence is predominant in the Central Asian states with which it shares borders with China accounting for 34 percent Kyrgyzstan's foreign trade, 15 percent of Kazakhstan's and 10 percent of Tajikistan's.⁶⁰ Of Chinese exports to Central Asia 85 percent consist of low priced manufactured goods, while over 85 percent of Central Asian exports to China consist of raw materials, petroleum, and ferrous and non-ferrous metals.⁶¹ Kazakhstan and Kyrgyzstan, with whom China shares the most significant economic relations, reflect this point most clearly. Some 86 percent of Kazakh and 78 percent exports to China, for example, are comprised of petroleum, non-ferrous metals and iron and steel.⁶² China's growing economic weight in the region is also reflected in the number of Chinese companies operating throughout Central Asia with, for example, 744 Chinese enterprises (including 40 large companies) established in Kazakhstan, 100 in Uzbekistan and 12 in Kyrgyzstan by 2005.⁶³ The lack of diversification in Central Asian exports to China has also resulted in growing regional concerns that China's economic interests are simply based upon a need to extract natural and mineral resources necessary to fuel its resource-hungry economy. The flooding of Central Asia markets with cheap Chinese-manufactured consumer goods, combined with the increasing activities of Chinese companies and enterprises has also reinforced societal concern that Russian dominance will be replaced by that of China.⁶⁴

Rapprochement, p. 8; Nicklas Norling and Niklas Swanstrom, “The Virtues and Potential Gains of Continental Trade in Eurasia”, *Asian Survey*, 47, 3 (May/June 2007), p. 355.

⁵⁹ Peyrouse, *Economic Aspects of Chinese-Central Asia Rapprochement*, p. 18.

⁶⁰ *Ibid.* Meanwhile, China accounts for only 5 percent of Uzbekistan's foreign trade and 1 percent of Turkmenistan's.

⁶¹ *Ibid.*

⁶² Hsiu-ling Wu & Chien-hsun Chen, “The Prospects for Regional Economic Integration between China and the Five Central Asian Countries”, *Europe-Asia Studies*, 56, 7 (November 2004), p. 1067.

⁶³ Peyrouse, *Economic Aspects of Chinese-Central Asia Rapprochement*, p. 18.

⁶⁴ Ann McMillan, “Xinjiang and Central Asia – Interdependency not Integration” in Michael Clarke & Colin Mackerras, Eds., *China, Xinjiang and Central Asia into the 21st Century: History, Transition and Crossborder Interactions* (London: Routledge, forthcoming 2009); Elliot Wilson, “Astana's Love-In with Beijing”, *Far Eastern economic Review*, 170, 5 (June 2007), pp. 42-45.

Yet there remain major impediments to the development of stronger Sino-Central Asian trade. The most important concerns the lack of adequate infrastructure linking the region to China and ongoing trade barriers such as tariffs and visa restrictions.⁶⁵ The latter issues have been important in driving Chinese support for the efforts of the Central Asian states for membership in the WTO, which currently is limited to that of Kyrgyzstan.⁶⁶ For China in particular investment in developing modern infrastructural links (e.g. roads, railways and telecommunications) between Xinjiang and Central Asia and the lowering of trade barriers are equally strategic as they are purely economic considerations.⁶⁷ This imperative has been clear in Chinese policy since the collapse of the Soviet Union, with Chinese investment in infrastructure both within Xinjiang itself and between the province and the neighboring Central Asian states a major element of Chinese policy between 1991 and 2001.

Since 2001 this has been reinforced and also reflects a key element of the Great Western Development of facilitating economic development in Xinjiang. Some post-2001 developments in this sphere have included:

- Opening of international bus routes between Osh (Kyrgyzstan) and Kashgar (Xinjiang) in May 2002
- Chinese pledge of US\$15 million for the construction of a highway linking Xinjiang and Lake Issyk-Kul in Kyrgyzstan in May 2003
- September 2003 agreement to establish a highway links between Xinjiang and Tajikistan.
- December 2003 announcement of Kyrgyz a deal to sell hydroelectric power to Xinjiang
- Announcement of Chinese government-funded US\$2.5 million feasibility study to construct a Kyrgyz-Xinjiang rail link.
- May 2004 Chinese extension of US\$900 million of credit to the five Central Asian states to finance infrastructure projects involving Chinese companies.
- Trilateral Uzbek-Kyrgyz-China project to link Andijan (Uzbekistan), Osh (Kyrgyzstan) and Kashgar (Xinjiang) by a 1,000 km rail and highway connection⁶⁸

⁶⁵ See "Regional Cooperation Essential to Economic Growth in Central Asia: ADB", *Xinhua*, October 29 2007; "'Silk Road' Confab Delegates Urge Central Asian Nations to Cooperate on Transport", *Beijing Xinhua*, October 27 2004; Raballand and Andresy, "Why Should Trade Between Central Asia and China Continue to Expand", pp. 242-243.

⁶⁶ Peyrouse, *Economic Aspects of Chinese-Central Asia Rapprochement*, p. 17; Norling and Swanstrom, "The Virtues and Potential Gains of Continental Trade in Eurasia", pp. 360-361.

⁶⁷ Garver, "Development of China's Overland Transportation Links with Central, South-west and South Asia", p. 1.

⁶⁸ See Peyrouse, *Economic Aspects of Chinese-Central Asia Rapprochement*, p. 30; Michael Dillon, "Bus Attack Highlights Problems in China-Kyrgyzstan Relations," *Central Asia-Caucasus Analyst*, April 23 2003; "China's Great Game in Central Asia."

Moreover, developments in this realm have also illustrated China's strategy to use Xinjiang's geo-strategic position as a launching pad to establish important linkages not only with Central Asia but also with South Asia, in particular Pakistan and Iran.⁶⁹ While Sino-Pakistani cooperation in the development, improvement and maintenance of the Karakoram Highway – that links the major city of southern Xinjiang, Kashgar, with Islamabad – has been ongoing since the opening of the highway in 1969, it has received renewed attention since 1991.⁷⁰ Most significant in this respect has been Sino-Pakistani cooperation in the development of a deep water port at Gwadar on the Arabian Sea.⁷¹ China's major investment in this project, to the tune of financing some 80 percent of the estimated US\$1 billion construction costs, is clearly driven by the strategic dividends that port's completion could grant Beijing.⁷²

Strategically, Gwadar provides China with access to the Arabian Sea and potential diversification of its oil imports from the Gulf states and Africa through a secure, land-based route to Xinjiang.⁷³ Additionally Gwadar will provide the shortest route for Central Asian oil and gas exports to world markets, while China's involvement in the port could also provide it with the ability to monitor U.S. naval activity in the Persian Gulf, Indian naval activity in the Arabian Sea and check future U.S.-India cooperation in the Indian Ocean.⁷⁴ The Gwadar port also holds the potential to be economically beneficial to not only for Pakistan but also for Xinjiang and Central Asia, with the upgrades of the Karakoram Highway and successful operation of the port estimated to lift Gwadar's cargo trade volume from 200 000 twenty-foot containers in

⁶⁹ See Garver, "Development of China's Overland Transportation Links with Central, South-west and South Asia", pp. 3-5; Tarique Niazi, "China's March on South Asia", *China Brief*, 5, 9 (April 26 2005); Swanstrom, Norling and Li, "China", p. 395; John W. Garver, *China and Iran: Ancient Partners in a Post-Imperial World*, (Seattle: University of Washington Press, 2006), pp. 288-291.

⁷⁰ See Garver, "Development of China's Overland Transportation Links with Central, South-west and South Asia", pp. 3-5; Ziad Haider, "Sino-Pakistan Relations and Xinjiang's Uighurs: Politics, Trade and Islam along the Karakoram Highway", *Asian Survey*, 45, 4 (July/August 2005), pp. 538-539.

⁷¹ Ziad Haider, "Baluchis, Beijing and Pakistan's Gwadar Port", *Georgetown Journal of International Affairs*, (Winter/Spring 2005), pp. 95-103.

⁷² "Pakistan Launches Strategic Port", *BBC News*, March 20 2007, <http://news.bbc.co.uk/go/pr/fr/-/2/hi/south_asia/6469725.stm> (accessed 14 November 2007).

⁷³ Haider, "Baluchis, Beijing and Pakistan's Gwadar Port", p. 98.

⁷⁴ See Haider, "Baluchis, Beijing and Pakistan's Gwadar Port": 98, Niazi, "China's March on South Asia", and Tarique Niazi, "Gwadar: China's Naval Outpost on the Indian Ocean", *China Brief*, 5, 4 (February 15 2005), <http://www.jamestown.org/china_brief/artcile.php?articleid=2372957&printthis=1> (accessed 14 November 2007).

2005 to nearly 300 000 by 2015.⁷⁵ The distance that exports from Xinjiang would have to travel to get to international markets will be halved from 4000 kilometers to China's east coast that they currently have to traverse to 2000 kilometers south to Gwadar.⁷⁶

China's energy security strategy of diversification and increased investment and exploration of its state oil corporations has also continued since 2001. These activities have included:

- The conclusion of a Sino-Kazakh agreement in May 2004 for joint exploration and development of oil and gas resources in the Caspian Sea
- The acquisition of PetroKazakhstan by CNPC in 2005 for US\$4.2 billion
- The completion of the 988 km Kazakh-China oil pipeline linking Atasu in western Kazakhstan and Alashankou in Xinjiang in December 2005
- China's state-owned International Trust and Investment Corporation purchase, for US\$1.9 billion, of a stake in oilfields in western Kazakhstan.
- July 2006 US\$600 million loan to Uzbekistan for the joint exploration of energy deposits in Uzbekistan.⁷⁷

More recently, a joint venture ("Asian Trans Gas") between Uzbekneftegaz and CNPC to build and operate the 530 km section of the 1, 830km Turkmenistan-China natural gas pipeline was reportedly concluded in April 2008, while the following month reports emerged that CNPC had unveiled a plan for a new Kazakhstan-China natural gas

⁷⁵ Swanstrom, Norling and Li, "China", p. 395.

⁷⁶ "New Pakistani Deep Sea Port a Boon for Chinese Trade", *The Star Online*, May 13 2007, <<http://thestar.com>> (November 15 2007).

⁷⁷ For these developments see Inomjon Bobokulov, "Central Asia: is there an alternative to regional integration", *Central Asian Survey*, 25, 1/2 (2006), p. 82; Antoine Blua, "China: Beijing Keen to Pursue Oil Projects with Neighbours," *RFE/RL*, May 26 2004; "Silk Road Revives with Booming Trade, Economic Cooperation Inside SCO Framework", *Xinhua*, June 13 2006; Guo Xuetong, "The Energy Security in Central Eurasia: The Geopolitical Implications to China's Energy Strategy", *China and Eurasia Forum Quarterly*, 4, 4 (2006), p. 123; Stephen Blank, "China Makes Policy Shift, Aiming to Widen Access to Central Asian Energy", *Eurasianet*, 13 March 2006, <http://www.eurasianet.org/departments/business/articles/eav031306_pr.shtml> (September 26 2007); Christopher Len, "Energy Security Cooperation in Asia: An ASEAN-SCO Energy Partnership?", in Mark Hong and Teo Kah Beng, Eds., *Energy Perspectives on Singapore and the Region*, (Singapore: Institute of Southeast Asian Studies, 2007), p. 164; Wilson, "Astana's Love-In with Beijing", pp. 42-45.

pipeline to carry 40 billion cubic meters of gas per year, 30 of which would flow to China, from the Darhan block on the Caspian Sea.⁷⁸

These activities, while reflecting China's need to diversify its sources of energy, nonetheless also reflects the ongoing importance of the oil/gas sector within Xinjiang's economy, a fact demonstrated by a Chinese estimate that the oil and petrochemicals sector accounted for nearly 72 percent of Xinjiang's industrial output in 2002.⁷⁹ China has also sought access to energy sources beyond the Central Asian republics through the development of cooperative ventures with foreign companies such as:

- US\$100 billion contract signed between Sinopec and Iran for the shipment of natural gas to China in October 2004⁸⁰
- Agreement between CNPC and Indian state-owned corporation Oil and Natural Gas Corporation (ONGC) for cooperation in energy procurements in Central Asia in April 2005
- Signing of a Sinopec and Gas Authority of India (GAIL) cooperative venture regarding the Greater Nile Oil Project in Sudan with the former holding a forty percent stake and the latter a twenty-five percent stake.⁸¹

These developments fit within a broader trend in China's "oil diplomacy" in recent times, whereby it has actively pursued multiple avenues for imports and investment in the energy sector from Central Asia, Russia, Latin America and increasingly from Africa.⁸² This dynamic, as one observer notes, has been in part due to Russian and U.S. obstruction of Chinese energy-related endeavors in the region.⁸³ This particular observation has been lent further weight with the issue of greater cooperation in the energy sphere achieving a significant profile during the August 2007 SCO summit, whereby Russia as well as the

⁷⁸ See "Uzbekneftegaz and CNPC form 'Asia Trans Gas' Joint Venture", *Oil and Gas Journal*, 106, 14 (April 14 2008); "China and Kazakhstan to jointly develop Caspian Sea resources", *Energy Business Review Online*, April 15 2008.

⁷⁹ Chien-pung Chung, "The Defense of Xinjiang: Politics, Economic and Security in Central Asia", *Harvard International Review*, 25, 2 (Summer 2003), p. 60.

⁸⁰ Frederick Stakelbeck, "The Growing Tehran-Beijing Axis", *In the National Interest*, (January 20 2005).

⁸¹ See Blank, "China Makes Policy Shift, Aiming to Widen Access to Central Asian Energy"; Xu Tong, "The Energy Security in Central Eurasia", pp. 123-124; "China and India to fight over Kazakhstan", *Energy Business Review Online*, August 16 2005.

⁸² See Xu Yi-chong, "China's Energy Security", *Australian Journal of International Affairs*, 60, 2 (June 2006), pp. 273-274; Peter Brookes, "Into Africa: China's Grab for Influence and Oil", *Heritage Lectures - Heritage Foundation*, 1006, February 9 2007, <http://www.heritage.org/research/Africa/h1006.cfm> (September 25 2007); Ian Taylor, "China's Oil Diplomacy in Africa", *International Affairs* 82, 5, (2006), pp. 937-959. In Africa, China has invested significantly in Nigeria, Sudan and Angola.

⁸³ Blank, "China Makes Policy Shift, Aiming to Widen Access to Central Asian Energy".

significant observer states of Iran, Pakistan and India expressed a positive inclination toward a proposal for the creation of an SCO-focused “energy club”.⁸⁴ China’s enthusiasm for such an undertaking may however be lukewarm at best due to a number of important factors, not the least of which is the tacit Sino-Russian competition for the region’s resources.⁸⁵ One observer has suggested in this regard that the Russian “energy club” suggestion, which was reiterated at the 2 November 2007 SCO prime ministerial meeting in Tashkent, could be construed as a pre-emptive measure to combat China’s aggressive resource acquisitions in the region.⁸⁶

The Strategic Implications of China’s Approach

China’s strategy in Xinjiang and Central Asia has been defined by the endeavor to achieve a “double integration” of Xinjiang with China proper and Central Asia. Beijing has sought to achieve this through the extension of modern infrastructure throughout Xinjiang and the connection of these to neighboring Central Asian states. Yet, as noted above, this strategy has been significantly affected by the implications of the events 9/11 and the subsequent projection of U.S. military and political influence into Central Asia. The impact of this has been contradictory for China’s position with the projection of U.S. political and military influence into four of the five Central Asian states perceived to be a negative consequence of the “War on Terror” as it not only undermine Beijing’s bilateral relations with the region but also the SCO.⁸⁷

Significantly, these developments exacerbated perceptions in Beijing that Washington was bent on the strategic “encirclement” of China, a development that Beijing’s post-Cold War foreign policy sought to avoid.⁸⁸ Indeed, U.S. strategy in Central Asia was perceived in geopolitical terms with Washington’s core goals identified as the containment of Russia, the “encirclement” of Iran and Iraq, the expansion of U.S. influence in South Asia and the “containment” of

⁸⁴ Richard Weitz, “SCO Fails to Solve its Expansion Dilemma”, *Central Asia-Caucasus Analyst*, September 19 2007.

⁸⁵ See Stephen J. Blank, “The Eurasian Energy Triangle: China, Russia and Central Asia”, *Brown Journal of World Affairs*, 12, 2 (Winter/Spring 2006), pp. 53-67; Gawdat Bahgat, “China Expands Energy Mix, Seeks Investment”, *Oil & Gas Journal*, April 23 2007, pp. 20-24.

⁸⁶ For example, Sergei Blagov, “Russia Urges Formation of Central Asian Energy Club”, *Eurasianet*, July 11 2007, http://www.eurasianet.org/departments/insight/articles/eav110707a_pr.shtml (May 28 2008).

⁸⁷ Rumer, “The Powers in Central Asia”, pp. 57-68.

⁸⁸ Gao Fuqiu, “The Real Purpose of the American March into Central Asia”, *Liaowang Magazine*, May 10 2002, English translation <<http://www.uscc.gov/reapur.pdf>>.

China's rise.⁸⁹ Thus, Washington's aim, according to this view, was not only to weaken China's position in Central Asia, and therefore jeopardize the integration of Xinjiang, but also China's wider foreign policy strategy:

China has constantly strengthened its political, security, economic and trade relations with Central Asian countries...China is the "potential enemy" of the United States; and Central Asia is China's great rear of extreme importance. The penetration of the United States into Central Asia not only prevents China from expanding its influence, but also sandwiches China from East to West, thus 'effectively containing a rising China'.⁹⁰

Such perceptions reflect the inter-linked nature of China's interests in Xinjiang and Central Asia, and their connection to and role in Beijing's grand strategy of "peaceful rise". Thus, as we have seen, China's foreign policy in Central Asia has reflected the pre-eminence of the goal of integration for Xinjiang, with an emphasis placed on the establishment of political, economic, and infrastructural links with the Central Asian states. Moreover, it also reflected China's concern for the "safe" expansion of its political, economic and strategic power, a central facet of the strategy of "peaceful rise". Interestingly, the SCO has been increasingly lauded by Chinese media as embodying a new world order of "regional cooperation" characterized by the "Shanghai spirit". However, as one observer has noted, this "new regionalism", as Beijing would have it, can be defined as "open, functional, interest-based cooperation among contiguous states" that differs from the regionalism practiced by the EU which is "closed, identity-based, and ideologically buttressed by liberal democratic values".⁹¹

The SCO, and the underlying principles behind it, therefore reflect China's endeavor to establish multiple regional and global relationships in order to counter U.S. primacy in the international system – a goal achieved to an extent in 2005 and 2006 with the tilt of the Central Asian states toward the SCO and China as a result of the unrest in Uzbekistan and Kyrgyzstan. Moreover, a Chinese commentary prior to the 2007 SCO summit in Kyrgyzstan provided an analysis that further illustrates the strategic importance Beijing attaches to Xinjiang and Central Asia. The article, "SCO Reshaping International Strategic Structure", asserted that: (1) the region was characterized by an emerging balance between China and Russia; (2) as U.S. strategic pressure on Russia mounts, the SCO's importance to Russia has risen making Russia, "even more dependent on help from the SCO" to combat U.S. challenges to Russia's traditional pre-eminence in the region; and (3) securing China's western

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*

⁹¹ Chung, "The Shanghai Cooperation Organization", p. 993.

frontier will play a key role in China's overall foreign policy.⁹² Significantly, the logic subsequently propounded to illustrate this latter point highlights explicitly the inter-linkages that Beijing perceives between the security and development of Xinjiang, its position in Central Asia and its grand strategy:

Even more importantly, as China embarks on the *great enterprise of national resurgence*, the biggest threats to its national security continue to be attempts to damage China's *territorial integrity and interference of outside forces* in its unification process. In this sense, China's strategic focus will remain in the southeast in the foreseeable future, with western China continuing to be the "rear" in China's master strategy for many years to come. *Nevertheless, only if the rear is secured will the strategic frontline be free from worry...*As the squeeze on China's strategic space intensifies, a stable western region takes on additional importance as a strategic support for the country. *The strategic significance of western China is self-evident.*⁹³

China's position in Central Asia and Xinjiang is therefore clearly linked in Beijing's perception to its ability to successfully pursue its strategy of "peaceful rise" or "great enterprise of national resurgence". As the preceding overview of China's strategy in Xinjiang and Central Asia suggests, Beijing is arguably in a stronger position in the region than at any time in the history of China-based state's attempts to control Xinjiang. It has consolidated and extended its mechanisms of political, economic and social control within Xinjiang through such instruments as Han colonization, increased state investment in the petrochemicals industry and modern infrastructure developments. Externally, Beijing has succeeded in leveraging its developing political and economic clout in Central Asia to enlist these states, both in a bilateral and multilateral sense, to resolve long-standing border disputes, develop security and military cooperation and undermine and control pro-separatist movements or organizations amongst the Uyghur diaspora in the region.

Moreover, as the latter part of this article has demonstrated, China has also been successful in absorbing and then countering the effects of the injection of major U.S. influence into the region post-9/11 through the intensification of the major elements of its strategy toward Central Asia. Thus, Beijing played a major role in the reinvigoration of the SCO, assiduously worked toward the revitalization of its bilateral political, economic and military relations with key Central Asian states, and continued its quest to diversify its access to the region's oil and gas

⁹² Li Yong, "Shanghai Cooperation Organization Reshaping International Strategic Structure", *Ta Kung Pao*, August 5 2007.

⁹³ Yong, "Shanghai Cooperation Organization Reshaping International Strategic Structure". My emphasis.

resources. Taken as a whole, China's strategy presents a complex web of inter-linkages between its imperatives of integration and control within Xinjiang, its drive for security and influence in Central Asia and its overarching quest for achieving a "peaceful rise" to great power status. While Owen Lattimore's prediction of 1950 noted at the beginning of this article proved to be pre-emptory, it nonetheless highlighted what has proven to be the key to China's post-1991 strategy. For China's position in Xinjiang, and hence Central Asia, the 'key link', to appropriate a favorite phrase of the Maoist idiom, has proven to be the realization that the region's "geographic template" should not be perceived as an obstacle to integration but as an asset to be utilized in this enduring project.

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Articles from Journals: Phil Williams, “Transnational Criminal Organizations and International Security,” *Survival* 36, 1 (1994): 96.

Books: Patrick L. Clawson and Rensselaer W. Lee III, *The Andean Cocaine Industry* (New York: St. Martin’s Press, 1998)

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