

# CHINA'S NEIGHBOURHOOD POLICY

## ABOUT

The Chinese have long been obsessed with strategic culture, power balances and geopolitical shifts. Academic institutions, think tanks, journals and web-based debate are growing in number and quality and give China's foreign policy breadth and depth.

China Analysis, which is published in both French and English, introduces European audiences to these debates inside China's expert and think-tank world and helps the European policy community understand how China's leadership thinks about domestic and foreign policy issues. While freedom of expression and information remain restricted in China's media, these published sources and debates provide an important way of understanding emerging trends within China.

Each issue of China Analysis focuses on a specific theme and draws mainly on Chinese mainland sources. However, it also monitors content in Chinese-language publications from Hong Kong and Taiwan, which occasionally include news and analysis that is not published in the mainland and reflects the diversity of Chinese thinking.

The French version of China Analysis can be accessed online at [www.centreasia.eu](http://www.centreasia.eu).

### Introduction by François Godement

In less than a decade, China's relations with its neighbours have undergone deep changes. Chinese commentators no longer emphasise the need to maintain a favourable regional environment, a core policy of the Deng Xiaoping era after 1989, when China feared encirclement by the West. Instead, Chinese policies on Asia range from projecting assertiveness on maritime issues, to challenging the post-war order in the Pacific, to spinning a web of win-win economic ties built from trade strength, which could make China the nucleus of regional integration. Beijing believes that it can afford to conduct the disputes and the courtship side by side, since economic interest provides a uniting factor that discourages neighbours from ganging up on China.

This issue of *China Analysis* is mostly about the ties that bind, or, perhaps, the ties that should bind. On the eve of a national conference on China's neighbourhood policy, a large roundtable at China's biggest geopolitical think tank exhibited some nostalgia for the days of quiet diplomacy with Asia and warned China against adventurism. Strikingly, some participants were actually upbeat about the Japanese economy under Shinzo Abe, even though they also dismissed Japan's strategic competence. The most strident opinions came from participants who took a dim view of the United States rather than of China's neighbours, gullible as those neighbours might be in their ready acceptance of American perspectives. The elephant in the room is, of course, China's maritime projection and its tests of its neighbours'

resistance, which the participants simply ignored.

Analysis on China-India relations is hopeful; the renewal of border talks and political contacts are seen as positive steps towards better relations. Again, Chinese analysts appear to be in a state of denial with regard to the serious provocations that took place in Arunachal Pradesh in 2013. The focus of the relationship is the economy, and the US is the enemy lurking at the gate. But on the whole, the analysts take a realist outlook on India's capacity to hedge its bets, and even on its potential to craft a defensive alliance as a way to even the odds with Beijing. Mongolia is seen as an almost perfect neighbour – without any mention of the stormy past relationship between China and Mongolia, or of China's not so distant claims to sovereignty. However, Mongolia's strategic independence is acknowledged, with approval as regards the country's willingness to serve as an intermediary with North Korea, and with some foreboding as to Mongolia's quest for a "third neighbour" to help it escape the uncomfortable proximity of China and Russia. Again, the US, or Japan as its proxy, is seen as the real threat.

Finally, the Shanghai Cooperation Organization (SCO) is portrayed as diplomacy's answer to the Swiss army knife: it does everything. The SCO can provide counter-terrorism, trade along a new Silk Road proposed by President Xi Jinping, energy interconnection, and multilateral diplomacy. This rosy vision may overstate the consistency of the SCO. But it does underscore the Chinese emphasis on a multi-faceted regional diplomacy, within which maritime provocations are only one part of the story.

## 1. China's neighbourhood policy: a CICIR roundtable

François Godement

### Source:

"Current situation in China's surrounding areas and its strategy", *Xiandai guoji guanxi – Contemporary International Relations*, No. 10, 2013. A roundtable held at the China Institutes of Contemporary International Relations (CICIR), with contributions by:

Lin Limin, Director of the Centre for Strategic Studies, CICIR, Beijing.

Zhao Xiaochun, Professor at the Centre for International Strategy and Security Studies, University of International Relations, Beijing.

Lin Hongyu, Director of the Department of International Politics, University of International Relations, Beijing.

Zhu Feng, Deputy Director of the Centre for International and Strategic Studies (CISS), Peking University, Beijing.

Shi Yinhong, Professor of International Relations and Director of the Centre for American Studies, Renmin University of China, Beijing.

Jin Canrong, Professor and Associate Dean of International Relations, Renmin University of China, Beijing.

Chu Shulong, Deputy Director of the Institute of International Strategic and Development Studies and Professor of Political Science and International Relations, Tsinghua University, Beijing.

Li Yonghui, Director of the School of International Relations, Beijing Foreign Studies University.

Li Xiangyang, Director of the National Institute of International Strategy, Chinese Academy of Social Sciences, Beijing.

Feng Zhongping, Vice President, CICIR.

Ji Zhiye, President, CICIR.

Fu Mengzi, Vice President, CICIR.

In October 2013, the Chinese Communist Party (CCP) convened a national conference on China's relations with its neighbourhood. Shortly afterwards, the China Institutes of Contemporary International Relations organised a roundtable on the topic of the "Current situation in China's surrounding areas and its strategy". Extracts from the participants' contributions are published in the October 2013 issue of CICIR's journal, *Xiandai guoji guanxi*.<sup>1</sup> The

<sup>1</sup> *China Analysis* thanks Asia Centre's China analysts, Marc Julienne and Agatha Kratz, as well as Florence Rountree and Abigaël Vasselier from ECFR, who helped translate the original texts of the CICIR symposium before an official English version was published. Their work was of outstanding quality and is greatly appreciated. A translation is now available in the English-language version of the CICIR journal: see "Current situation in China's surrounding areas and its periphery strategy", *Contemporary International Relations*, Vol. 23, No. 6, November/December 2013.

potential for open and frank discussion was limited by the context in which the CICIR debate took place. The CCP's 18th Plenum in November 2013 visibly consolidated power at the top of the party power structures, even though the plenum hardly touched on foreign policy. And President Xi Jinping's speech defining a new "Maritime Silk Road" at the APEC summit in Bali in October 2013 made the leadership's thinking clear and so closed down space for speculation. However, the proceedings of the CICIR conference give an indication of the direction of mainstream Chinese thought on foreign policy. The speakers brought to light very few new facts. But more important than the arguments exchanged, the speeches show that Chinese thought on foreign policy is still divided, with quite a few discordant notes. Even more interestingly, the CICIR journal's editor-in-chief, Lin Limin, acknowledges some of the differences and warns that China's "aspirations" should not exceed its "capabilities", because this has in the past caused disaster for other powers, such as Russia, Germany, and Japan.

Zhao Xiaochun dates China's current *zhoubian* (周边, neighbourhood) policy from 2002, or the start of President Hu Jintao's mandate. Lin Limin, on the other hand, sees continuity with Deng Xiaoping's older precept of lying low and biding one's time. As well as disagreeing on the origin of the policy, the speakers diverge on the geographical area that can be considered China's surrounding area. Some participants focus on China's immediate neighbours and emphasise territorial concerns, the US pivot to the region, and the growth of regional integration. Others extend the concept to take in Russia, and more tenuously, the Middle East and Europe. Others are more interested in discussing global issues and the implications for China of its emergence as a new or renascent great power, with three different "rings" of diplomacy "stretching all the way from Asia to the United States". Despite their different perspectives, the speakers share one common concern: the role of the United States. Even here, though, the speakers differ: some consider the US as a *deus ex machina* that must be examined in isolation, and others look at it in the more benign context of globalisation and international interdependence.

Lin Hongyu's view of China's neighbouring environment is entirely shaped by US actions. He cites a so far unnoticed fact: the alleged overflight of the Boeing XB-37, the US's new space orbiter, above Beijing at the beginning of the crisis over the Air Defence Identification Zone set up by China in the East China Sea in November 2013. His other claim is more commonplace: he says that the US is behind China's trouble with its neighbours. But he adds a new twist. US-China competition over a global currency, together with the US financial and monetary strategy since 2008, provides the key to understanding the conflict between the US and China. Lin says that the dollar and the euro have a shared role to play in Eastern Europe and the Middle East, but that the dollar and the yuan are in direct competition in

Asia. The Chinese currency will likely grow in importance firstly in its regional environment. To forestall this, Washington is setting up a containment strategy to prevent the internationalisation of the yuan by putting pressure on the first island chain and causing tension in the region. The US, Lin says, is trying to wreck economic cooperation between China and its neighbours. Although Lin Hongyu does not seem to realise it, his reasoning bears more than a passing resemblance to pre-war thinking by the likes of Admiral Tojo in Japan, who created a self-fulfilling prophecy of encirclement. Zhu Feng does not go quite as far as Lin Hongyu, but he foresees the escalation of global competition among the major powers: China, Russia, India, and the US.

Shi Yinhong disagrees. His speech, which has been cut down to one page in the published proceedings, puts some of the blame for China's current troubles on adventurist Chinese policies, and he emphasises the risks that China has taken. He is perhaps the only speaker to openly make this claim. All the others construe China's actions as a reaction in self-defence to initiatives taken by other powers.

Even so, Shi is not completely alone. Jin Canrong and Chu Shulong both see China's security environment as essentially benign.<sup>2</sup> Li Yonghui says that rising powers have a critical need for a friendly periphery, which he calls a "strategic periphery belt". He talks about the reasons for the failure of the alliances of the Soviet Union, Germany, and Japan, and he says the flexible alliances of the US are more viable than previous models. He criticises "blank cheque alliances", saying that this form of association led Germany to start World War I, and he warns China against alienating its neighbours. Li Xiangyang says that China's political ideology is "ineffective" because of the growth of democracy, and that it undermines any effort to assert Chinese values among China's neighbours. Feng Zhongping discounts the idea put forward by some of the others that the US is behind China's troubles with countries such as Japan or the Philippines. He says that "focusing on the US does not mean that China should forget its neighbours". If China is serious about its relations with the US, it must tend to its relations with its neighbours.

The commentators also disagree about the ways in which economic trends influence China's standing with its periphery. But they agree on one central point: China's economy is steadily growing and is influencing the rest of the world. Some, including CICIR's new president Ji Zhiye, see China's economic influence as encouraging, offering the country the chance to benefit by setting up cooperation and win-win mechanisms with its neighbours. Others are not so sure: they believe a "third industrial revolution" is under way, driven by energy resources such as shale oil and gas and Japan's invention of a process that can tap

methane from underwater ice blocks, as well as by trade deals such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). All of the speakers see potential in Japanese Prime Minister Shinzo Abe's economic policies and predict an upturn for the Japanese economy. By contrast, they are contemptuous of Japan's regional and defence posture: Lin Limin drily notes that Japan has traditionally failed in its strategic goals. Almost all the speakers take the TPP seriously, even though they think its goals are very ambitious. China's counter-strategy is seen as the Regional Comprehensive Economic Partnership (RCEP), the mega-trade initiative of the Association of Southeast Asian Nations (ASEAN). Some of the speakers think China and RCEP should join up with the TPP, and none of the commentators speak out against this idea.

The biggest contrast is between those who seem infatuated with the notion of a "big power" relationship, a term used

by President Xi Jinping during his meeting with US President Barack Obama in June 2013, and those who prefer a low-profile and gradualist approach Fu Mengzi cites China's Prime Minister Li Keqiang in speaking of the need for China to reject hegemonic temptations. In his final remarks to the roundtable, Lin Limin refers to Deng Xiaoping's "low profile" notion, the concept of a "peaceful rise", and the need to avoid hegemonic behaviour even after China has attained international power.

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<sup>2</sup> Jin Canrong's article is co-written with Duan Haowen, a PhD student at the School of International Studies at Renmin University. Chu Shulong's article is co-written with Tao Shasha, a post-doctorate researcher at the School of Public Policy and Management at Tsinghua University.

## 2. China and India: an uneasy peace

Martina Bassan

### Sources:

Li Li, "An analysis of the reasons for the maturing of China-India relations", *Xiandai guoji guanxi – Contemporary International Relations*, No. 3, 2013.<sup>3</sup>

Wu Yongnian, "Commentary: 'Chinese dynamism' inspired the Indian Prime Minister's visit to China", *Jiefang ribao – Liberation Daily*, 23 October 2013.<sup>4</sup>

Shi Hongyuan, "A comment on defence cooperation between India and the United States", *Xiandai guoji guanxi – Contemporary International Relations*, No. 11, 2012.<sup>5</sup>

Chinese scholarship on China-India relations focuses on ways to preserve China's national interest and to strengthen mutual trust between the two countries. It mostly centres on the border disputes between the two countries and on the growing defence cooperation between India and the United States.<sup>6</sup>

Li Li writes that a "gradual maturing process" (走向成熟的过程, *zou xiang chengshu de guocheng*) has been taking place in China-India relations since 1988.<sup>7</sup> As proof, she points to the fact that the two countries have managed to avoid open conflict over their territorial disputes for decades. Moreover, the two sides have repeatedly tried to find a peaceful solution to the disputes. In a press release after Indian Prime Minister Rajiv Gandhi's visit to China in 1988, the Indian leader announced that both India and China were focused on finding a solution to the border disputes. This visit was the beginning of a new phase of normalisation in China-India relations, and considerable progress has been made since then. A working group on the demarcation

<sup>3</sup> Li Li is an associate research fellow at the Institute of South Asian and Southeast Asian Studies at CICIR. Her research is focused on India and South Asia.

<sup>4</sup> Wu Yongnian is a researcher at the Shanghai Institutes for International Studies.

<sup>5</sup> Shi Hongyuan is an associate professor at Guizhou University of Finance and Economics.

<sup>6</sup> The territorial dispute between China and India dates back to the 1950s. It intensified during the brief Sino-Indian war of 1962. China claims the Indian state of Arunachal Pradesh, which Beijing considers to be part of Tibet, contending that it was illegally given by Tibet to the UK in 1914, when it fell on the Indian side of the McMahon line drawn up under the Simla Accord between China, the UK, and Tibet. Another area of contention is the desert Himalayan plateaux of Aksai Chin. The region is strategically important for Beijing, because it connects Tibet to Xinjiang. India considers Aksai Chin to be an extension of Ladakh, attached to Jammu and Kashmir. In 1963, China also gained back the Shaksgam valley to the north of Kashmir, which was ceded to China by Pakistan. India disputes China's claim to Shaksgam.

<sup>7</sup> Li identifies three phases in China-India relations: the period of friendship until 1962, the "cold period" (冰凉期, *bingliang qi*) between 1962 and 1988, and the period of improving China-India relations since the visit of the Prime Minister of India to China in 1988 and the beginning of a process of normalisation.

of borders was set up at the same time as the Indian leader's visit. Subsequently, two major agreements were signed, in 1993 and 1996. The 1993 agreement, Li says, confirmed that both sides would commit to keeping the peace in the areas near the "Line of Actual Control" at the borders.<sup>8</sup> The 1996 agreement banned all military activities near the border. In 2003, the two countries also implemented a "mechanism for meetings between Special Representatives" (特别代表会晤机制, *tebie daibiao huiwu jizhi*) on border issues. This mechanism resulted in the 2005 Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question Agreement. Li says that the 2005 agreement was a genuine "breakthrough" (突破, *tupo*). In 2006, it was followed by a Joint Declaration by the Republic of India and the People's Republic of China.<sup>9</sup>

Li says that the two countries' efforts to settle the border issue peacefully are unprecedented and should be "obvious to all" (有目共睹, *you youmugongdu*). She says that the failure to arrive at a definitive solution is mainly down to the lack of trust and mutual understanding between the two countries. She believes that this failure of understanding is exacerbated by the malicious assertions made by Western researchers and part of the Indian media. Li accuses these writers of working to create a "confrontational point of view" (对抗视角, *duikang shijiao*). They always present relations between China and India as antagonistic and they "over-apply the concept of 'war between the dragon and the elephant' in interpreting China-India relations" ("龙象之争" 成为他们解读中印关系的惯用标签, *longxiang zhi zheng" chengwei tamen jidu zhong yin guanxi de guanyong biaoqian*). To confront the media hype around the China-India conflict, the political leaders of the two countries have increased the number of high-level meetings and have set up a formal exchange mechanism. They have also encouraged the development of bilateral relations in some areas.

Wu Yongnian also thinks the increased number of high-level meetings is significant. He sees Indian Prime Minister Manmohan Singh's October 2013 visit to Beijing as particularly important. During this visit, Singh announced new economic and financial measures to encourage Chinese investment in India. Wu says that by doing so, the prime minister hopes to strengthen cooperation with China and to leverage "Chinese dynamism" (中国动力, *zhongguo dongli*) to help India's economy out of its current difficulties. The two governments also announced that visa restrictions for Chinese citizens going to India would be loosened. Wu says that the measure is intended not only to promote tourism, but also to increase mutual trust between the two countries.

<sup>8</sup> The "Line of Actual Control" essentially corresponds to the McMahon Line drawn up in 1914. In the agreement, both parties committed to respecting the "Line of Actual Control" without actually stating that it was an explicit recognition of the earlier demarcation of their common borders.

<sup>9</sup> In October 2013, another China-India agreement on border defence cooperation was signed during Indian Prime Minister Manmohan Singh's visit to Beijing; see "China-India border defense deal 'a highlight': FM", *Xinhua*, 24 October 2013, available at [http://news.xinhuanet.com/english/china/2013-10/24/c\\_132827780.htm](http://news.xinhuanet.com/english/china/2013-10/24/c_132827780.htm). Li's article was published before this agreement was made.



Li says that decoupling the sensitive issue of borders from potential cooperation in other areas is aimed at promoting trade and mutual confidence. She says the two countries have invested a great deal in communication and have worked to promote bilateral trade and cooperation in the financial sector, in energy resources, and in technology transfer.<sup>10</sup> They have also stepped up person-to-person exchanges in academia and in tourism. Whether to achieve “short-term expedient harmony” (权宜下的短暂和睦, *quanyi xia de duanzan hemu*) or because of a “long-term political strategy” (运筹中的长远有治, *yunchou zhong de changyuan youzhi*), Li says that the two countries are gradually implementing a new kind of great power partnership. India and China do not consider themselves “adversaries” (对手, *duishou*) or “competitors” (竞争者, *jingzhengzhe*). Instead, they see themselves as true partners, cooperating for the benefit of both sides.

The two countries have also established a degree of military and security cooperation. Li says Chinese Defence Minister Cao Gangchan visited India in 2004 and 2005. In 2006, Indian Defence Minister Pranab Mukherjee came to China. Mukherjee’s visit culminated in the two countries signing a Memorandum of Understanding on defence cooperation. In 2007, China and India instituted a system of dialogue between their defence ministries. The two countries even carried out joint military manoeuvres in 2003, 2007, and 2008. Military dialogue was suspended in 2010 because of a dispute over visas, but talks resumed in late 2011. In September 2012, Chinese Defence Minister Liang Guanglie travelled to India. After that, the two countries revived and strengthened military cooperation. Li says that this cooperation is a sign of the maturity of China-India relations.

Li admits that, although progress has been made, trust between China and India in the military sphere remains low. Because of the difficulties of resolving the border disputes, both China and India are “unwilling to risk relaxing military preparedness” (不敢放松军事准备, *bugan fangsong junshi zhunbei*). And as the two countries’ economies have strengthened, they have new reasons to focus on achieving their own interests. In the long term, this may make competition inevitable.

Shi Hongyuan also talks about the tension between Indian and Chinese interests. He thinks India’s relationship with China cannot simply be evaluated in terms of bilateral relations. A true understanding of the relationship must also take account of the role of the US. Like Li, Shi believes that India aims to become a major power, to play an important role on the world stage, and to create an external environment favourable to achieving its aspirations. However, unlike Li, he thinks India aims to achieve this objective not by relying on China’s economic power, but by using US military might. India could work to contain

<sup>10</sup> The two countries have held six financial dialogues on the global financial crisis since 2006. In 2006, India and China signed a Memorandum of Understanding on oil and gas cooperation and in 2010, they signed a Memorandum of Understanding on green technology cooperation.

China’s expansion in the region by reinforcing its military alliance with Washington.

Shi warns against further strengthening of India-US security cooperation. He says that China must “take precautions” (未雨绸缪, *weiyuchoumou*) to ensure cooperation does not harm China’s security or national interests. Shi says that India’s political leaders believe China will soon represent a real threat to India. India’s armed forces have publicly warned the government more than once about the growing gap between Indian and Chinese military capabilities. A former head of the Indian air force has even said that China represents a worse threat than Pakistan.<sup>11</sup> Indian leaders, according to Shi, hope that India will in the medium term build military strength equivalent to that of China. He says that they believe India must seize this unique and historic opportunity to overturn Asian power structures and create new relations between Asian countries. The Indian government is trying to confront China’s gradual emergence

by strengthening India’s national power. It wants to retain the capacity to compete militarily with China and, if necessary, to increase its ability to “act as a deterrent to China” (对中国构成一定威慑, *dui zhongguo goucheng yiding weishe*). The key to this strategy is stronger relations with Washington. Military and security cooperation with the US will enable India to consolidate its military capacity by acquiring American weapons, diversifying import sources, and gaining access to advanced American technology. Both New Delhi and Washington agree that India must strengthen its hard power if it is to counterbalance China’s moves in the region and prepare for any potential direct confrontation.

Shi says that security cooperation between India and the US in the Indian Ocean and the western Pacific Ocean is aimed at “containing” (牵制, *qianzhi*) China. India-US cooperation has already increased tensions over navigation routes in the Indian Ocean and has created “security challenges” (安全挑战, *anquan tiaozhan*). India’s maritime capacity has grown, which means its activities in the South China Sea and the western Pacific could extend further and take place more often. This could trigger conflict between China and India. On land, India-US security cooperation has already caused friction on China’s western borders. In the future, India will be able to use advanced technological weapons acquired from the US to extend its reach right up to China’s border territories, and “rely on US strength to pressure China” (借助美国的力量向中国施压, *jiezhu meiguo de liliang xiang zhongguo shiya*). This would give India significant leverage in any negotiations with Beijing, and could enable it to force

Because of the difficulties of resolving the border disputes, both China and India are “unwilling to risk relaxing military preparedness”.

<sup>11</sup> Shi cites Harsh V. Pant, “China and India: a rivalry takes shape”, Foreign Policy Research Institute, June 2011, available at [http://www.fpri.org/enotes/201106.pant.china\\_india.pdf](http://www.fpri.org/enotes/201106.pant.china_india.pdf). Neither Shi nor Pant names the official in question.

China to compromise on borders. Shi says that given the increased competition between Washington and Beijing, India's attitude towards the two powers will be decisive in defining the geopolitics of Eurasia in the twenty-first century.

### 3. Mongolia: China's perfect neighbour?

**Antoine Bondaz**

#### Sources:

Wei Lisu and Xia Anling, "An overview of research on Mongolia conducted by Chinese academics over the past 20 years", *Xiandai guoji guanxi – Contemporary International Relations*, No. 4, 2013.<sup>12</sup>

Wu Yun, "Exploratory study of China-Mongolia economic and trade relations in the twenty-first century", *Guoji yanjiu cankao – International Study Reference*, No. 8, 2013.<sup>13</sup>

Zhang Haixia, "The SWOT model applied to economic and trade cooperation between China and Mongolia", *Xiandai jingji xinxi – Modern Economic Information*, No. 10, 2013.<sup>14</sup>

Wang Cong, "The development of the 'silk road economic zone' is a major event", *Yangshiwang ping – CCTV Network Opinion*, No. 1043, December 2013.<sup>15</sup>

Wang Zhaobin, "The China-Mongolia dilemma in the coal trade", *I-Feng – Phoenix*, 9 January 2013.<sup>16</sup>

Yan Xiaodong, "Mongolia's 'third neighbour' diplomacy endangers China and Russia", *Development Research Centre of the State Council*, 31 May 2013.<sup>17</sup>

"China-Mongolia relations are tested by the meeting between Japan's Prime Minister Abe and Mongolia's President Elbegdorj", *Ta Kung Pao*, 1 October 2013.<sup>18</sup>

Russian influence in Mongolia began to decline after the collapse of the Soviet Union. Since then, China has become the most important player in Mongolia's economic development. China is Mongolia's leading trading partner and the main focus of its diplomacy. However, the relationship is asymmetric: Mongolia is not a priority for China, as evidenced by the limited academic literature written on the subject in China.<sup>19</sup> Instead, Mongolia

<sup>12</sup> Wei Lisu is a professor in the Department of International Politics, Central China Normal University in Wuhan, Hubei province. He specialises in Mongolia's domestic politics and foreign policy. Xia Anling is a professor of Marxism at the Huazhong Normal University, Hubei.

<sup>13</sup> Wu Yun is a PhD student at Inner Mongolia University.

<sup>14</sup> Zhang Haixia is a graduate of Heilongjiang University, Harbin, who specialises in relations between China and the former Soviet bloc.

<sup>15</sup> Wang Cong is a researcher on Central Asia at the China Institutes of Contemporary International Relations (CICIR).

<sup>16</sup> Wang Zhaobin is a senior reporter for the Chinese review, *Energy* ("能源" 杂志), specialising in coal and renewable energies.

<sup>17</sup> Yan Xiaodong is an honorary research fellow at the Chinese Academy of Social Sciences (CASS).

<sup>18</sup> *Ta Kung Pao* is China's oldest newspaper, founded in 1902. It is based in Hong Kong and financed by the Chinese Communist Party, and it is generally considered to be a mouthpiece for the country's leadership.

<sup>19</sup> The article by Wei Lisu and Xia Anling points out that between 1992 and 2013, the CICIR published only 11 articles on Mongolia, with the leading Chinese academic journal, *Shijie jingji yu zhengzhi – World Economics and Politics*, publishing only two. The research centre most active in dealing with the subject is the Institute of Northeast Asian Studies, Jilin University.

represents an economic opportunity, mainly useful to China as a source of raw materials.<sup>20</sup>

The special relationship is reflected in the two countries'

Table: China's share of Mongolia's trade

	1990	1995	2000	2004	2008	2010	2011	2012
Total Mongolia Trade (USD bn)	1.6	0.9	1.2	1.9	5.8	6.1	11.1	11.1
China Mongolia Trade (USD bn)	0.03	0.11	0.4	0.7	2.5	3.4	6.5	5.9
China share of Mongolia trade (%)	2%	14%	33%	37%	43%	56%	57%	53%

Source: Wu Yun, "Exploratory study of China-Mongolia economic and trade relations in the twenty-first century", *Guoji yanjiu cankao – International Study Reference*, No. 8, 2013.

China has complex and tense relations with its littoral neighbours, from Japan to the Philippines and Vietnam. By comparison, Mongolia seems to be the perfect neighbour. The economies of the two states complement each other. Mongolia has no disputes with China over the two countries' shared 4,710km border, and the country presents no threat to China's national security. The articles leave out the historical border dispute between China the Soviet Union over the current PRC-Mongolia border. They also ignore past claims to complete sovereignty over Mongolia from the Republic of China and from the PRC, particularly from some members of the Chinese military.

Mongolia is ready and willing to offer its services as a mediator, especially on North Korea, and has no desire to align itself openly with any great power. Even so, China has become concerned that Mongolia is moving closer to the United States and Japan, as a result of the US effort to reposition itself in the Asia-Pacific region and of Japan's proactive diplomacy with regard to Mongolia.

### The post-Soviet honeymoon period

Wei Lisu and Xia Anling review the history of recent China-Mongolia relations. Mongolia became a satellite of the USSR after the proclamation of the People's Republic of Mongolia in 1924. But Mongolia stopped prioritising relations with Russia in 1994. Officially, its leadership spoke of diversifying diplomatic relations, but unofficially, their intention was to focus on relations with China. Mongolia and China signed a "good-neighbour partnership of mutual trust" (睦邻互信伙伴关系, *mulin huxin huoban guanxi*) in 2003 during a state visit to Mongolia by China's President Hu Jintao. The alliance was elevated to a strategic partnership in 2011. Since then, bilateral meetings have increased in frequency, and China has become Mongolia's chief political partner.<sup>21</sup>

close economic ties. Zhang Haixia notes that the countries' economies are complementary: Mongolia has the raw materials that China needs, but to exploit them effectively, it needs Chinese technology and capital investment. Wu Yun writes that China has benefited enormously from Mongolia's greater economic openness and from its willingness to reduce its dependence on Russia. Moreover, Mongolia's move away from Russia has allowed it to dramatically increase its external trade, albeit at the cost of greater dependence on China, which has become its key trade partner since 1999. Trade with China enabled Mongolia to reach an annual trade surplus of \$2.1 billion in 2012, representing nearly 15 percent of its GDP. Raw materials such as coal and, to a lesser extent, wood and animal products, were Mongolia's most important exports. The trade in raw materials is also crucial to some Chinese regions. For example, raw materials account for 52 percent of Inner Mongolia's external trade.

Wu Yun says that Chinese industry has a strong foothold in Mongolia: 5,303 Chinese companies were registered in 2010, representing almost 50 percent of the total number of foreign companies in the country. Direct investment is sizeable: China's investment in Mongolia was worth \$24 billion in 2010, accounting for 51 percent of Mongolia's total foreign investment. China's closest competitors in foreign investment were Canada, with 8 percent of total foreign investment, the Netherlands, with 6.1 percent, and South Korea, with 5.3 percent. The other "great powers" invest very little in the country. Even Burma has put more money into Mongolia than have Russia and the US.

The special economic and trade relationship between Mongolia and China has had a significant and positive impact on Mongolia's economy. The economy has experienced double-digit growth rates since the end of the last decade. However, Mongolia's dependence on the Chinese market also makes it vulnerable. For example, the World Bank lowered its 2013 growth forecast for Mongolia from 16.5 percent to 12.5 percent because of a 24-percent drop in China's demand for coal over the first nine months of 2013.

<sup>20</sup> Evidence of this can be seen in the fact that the website of the Economic and Commercial Counsellor's Office of the Chinese Embassy to Mongolia, available at <http://mn.mofcom.gov.cn/>, is updated frequently, unlike that of the embassy itself.

<sup>21</sup> In 2013, top Chinese officials Wu Bangguo and Yang Jiechi visited Mongolia, in January and May respectively. The Mongolian and Chinese presidents met in June on the sidelines of the Shanghai Cooperation Organisation summit in Bishkek, Kyrgyzstan. Chinese Defence Minister Chang Wanquan visited Mongolia in September and Mongolian Prime Minister Norovyn Altankhuyag came to Beijing in October.



## Structural limitations on Chinese influence

China faces some structural barriers to increasing its influence in Mongolia. Wu Yun points out that competition for access to Mongolia's raw materials has increased, with Russia, Japan, and South Korea all seeking a share in Mongolian resources. In August 2011, South Korea signed a plan for cooperation with Mongolia on mineral extraction, and several foreign mining companies are already present in the Mongolian mining industry.

Wu says that the form of Chinese investment is a problem. Foreign investment projects are few in number, but each of them is substantial. Anglo-Australian mining companies BHP Billiton and Rio Tinto, for instance, have made large investments in the country's mineral sector, notably in the huge Tolgoi coal mine. Chinese investments in the sector have tended to be relatively small, even if they are now growing. This has stopped China from having a presence in the larger mining projects. Equally damaging, Chinese investments have not been strategically focused, especially in comparison to those of Russia. Russia is responsible for less than 2 percent of Mongolia's total foreign investment. But it is a key stakeholder in the joint venture Ulaanbaatar Railway Joint Stock Company, which owns 90 percent of Mongolia's rail transport. Russia has a 49 percent share in the Erdenet Mining Corporation, which controls most of Mongolia's copper and rare earth metals. And it holds 49 percent of Oriental Uranium, the main uranium extraction company in Mongolia. These investments give Russia a privileged position in Mongolia's strategic sectors.

All the authors agree that the investment climate for mining development in Mongolia needs to be improved. Wu Yun says that Mongolian law is complex and volatile. The adoption of a law on foreign investment (外资控制法, *waizi kongzhi fa*) in July 2012 made things even less clear. Wang Zhaobin says that Mongolia has regulations restricting the importation of Chinese labour. This limit caused the massive mining and aluminium producer, the Aluminum Corporation of China (CHALCO), to suspend its investment programmes in the country.

Zhang Haixia points out other barriers to economic cooperation. Mongolia has poor connecting infrastructure at customs and border posts and its rail network is old and inadequate. But the country's low population density, under 2 inhabitants per km<sup>2</sup>, necessitates a relatively high level of infrastructure for ventures to succeed. Meanwhile, the country has a small internal market, with only 2.9 million inhabitants, limiting the potential for trade.<sup>22</sup>

## Initiatives to increase cooperation

Given these structural limitations, some of the authors think that China should rethink its economic relations with

<sup>22</sup> By comparison, Inner Mongolia alone has 4 million citizens who are ethnic Mongolians.

Mongolia. Wu Yun says Chinese companies must improve their image in the country by paying more attention to the environmental and human dimensions of their activities in Mongolia. They could, for example, increase people-to-people exchanges.<sup>23</sup> During Mongolian Prime Minister Norovyn Altankhuyag's visit to Beijing on 22-26 October 2013, a new protocol was signed to add to the 2011 strategic partnership agreement. China's President Xi Jinping stressed three key points, which Wu Yun describes as a "triangle of cooperation" (三位一体、统筹推进, *sanwei yiti, tongchou tuijin*). Xi spoke of the need to establish better cooperation in the development of the mining sector in Mongolia, greater development of infrastructure between the two countries, and more substantial financial cooperation.

Wang Cong thinks one good way to encourage cooperation could be "the Silk Road Economic Belt" (丝绸之路经济带, *sichou zhi lu jingji dai*), which

Xi Jinping first spoke of in a speech in September 2013 at Nazarbayev University in Kazakhstan. In another speech on 24 October 2013, the president spoke of the importance of economic policy in the stabilisation of China's neighbourhood.<sup>24</sup> Mongolia was not initially included in the Chinese conceptualisation of the Silk Road Economic Belt. However, it joined the initiative at the end of 2013 through the efforts of the Mongolian government, particularly during the prime minister's visit in October, and of the National Development and Reform Commission (NDRC) of China's State Council, which organised a working conference on the subject in November.<sup>25</sup>

## China's concerns about Mongolia's "third neighbour" strategy

Former US Secretary of State James Baker coined the phrase "third neighbour" (第三邻国, *disan linguo*) during a

<sup>23</sup> According to Wang Xiaolong, China's ambassador to Mongolia, there were nearly 1.3 million border crossings from Mongolia to China in 2012, and more than 6,000 Mongolian young people are studying in China.

<sup>24</sup> "Speech by Xi Jinping on neighbourhood policy to the Working Conference on Neighbourhood Relations", *Xinhua*, 25 October 2013, available at [http://news.xinhuanet.com/politics/2013-10/25/c\\_117878944.htm](http://news.xinhuanet.com/politics/2013-10/25/c_117878944.htm).

<sup>25</sup> The concept of the "Silk Road Economic Belt" was initially aimed at associating five Chinese provinces (Shanxi, Gansu, Qinghai, Ningxia, and Xinjiang) with the countries of Central Asia. The provinces of Sichuan and Inner Mongolia and the municipality of Chongqing were subsequently added to the list, as was Mongolia. Three "roads" encapsulate the concept: road transport infrastructure and logistics; oil and gas transport infrastructure; and the development of the transnational economy.

visit to Mongolia in 1991. Ever since, Mongolian diplomats have used it to refer to any relationship between Mongolia and a country other than China or Russia. Over the past three years, Mongolia has been reaching out to potential third neighbours.<sup>26</sup> Yan Xiaodong says the strategy signals Mongolia's attempt to "diversify" (多元化, *duoyuanhua*) its diplomatic partners. Mongolia wants to remain "non-aligned" (不结盟, *bu jiemeng*) and "intermedial" (等距离, *deng juli*) in its foreign policy.<sup>27</sup>

Several of the writers raise concerns about Mongolia's efforts to reach out to third neighbours. The writers are afraid that Mongolia will become linked to what they see as an "anti-China" front. US-Mongolia relations were given new energy by the historic visit of US President George W. Bush and Secretary of State Condoleezza Rice to Mongolia in November 2005. As part of its "pivot" to Asia, the Obama administration sent Vice President Joe Biden to visit Mongolia in August 2011, and Secretary of State Hillary Clinton came to Mongolia in July 2012. Economic cooperation between the US and Mongolia is virtually non-existent and military cooperation is limited to the annual UN and NATO Khaan Quest training exercises. But the US regularly underlines the importance of promoting democracy and basing cooperation on democratic values. Writers such as Chen Xiangyang have interpreted this US values-based offensive as an effort to contain China.<sup>28</sup>

Japan's prime minister, Shinzo Abe, has taken steps to build closer relations with Mongolia through his *Erch* initiative (the word *erch* means vitality in Mongolian). In March 2013, Abe visited Ulan Bator and stressed the importance of bilateral cooperation, especially in the energy sector. Japan is the leading provider of development assistance to Mongolia. It wants to develop a trilateral political dialogue between Japan, Mongolia, and the US, based on the idea that the three countries form a community of values. The *Ta Kung Pao* article criticises this Japanese activism, as well as the visits to Japan in September 2013 of Mongolian Prime Minister Altankhuyag and President Tsakhiagiin Elbegdorj. The author believes that Japan wants to use Mongolia to "contain" (围堵, *weidu*) China. Yan Xiaodong thinks Mongolia is developing new "security pillars" (安全支柱, *anquan zhizhu*) to protect itself from Chinese and Russian interference. Yan says that China must at all costs make sure that Mongolia's diplomacy does not "push Russia back to the north and contain China in the south" (北抑俄罗斯、南遏中国, *bei yi Eluosi, nan e Zhongguo*).

Even so, Mongolia does not in itself represent a threat

<sup>26</sup> In 2012, for example, Mongolia became the 57<sup>th</sup> member of the Organisation for Security and Co-operation in Europe (OSCE) and also one of NATO's "global partners".

<sup>27</sup> In July 2010, Mongolia's parliament adopted a new national strategy vision reaffirming its commitment to the basic principles of the country's diplomatic policy.

<sup>28</sup> In an article published on the CICIR website in August 2012. See Chen Xiangyang, "Three obstacles to a deepened cooperation in East Asia", *Renmin Luntan – People's Forum*, 7 August 2012, available at <http://www.cicir.ac.cn/chinese/newsView.aspx?nid=4001>.

to China's national security. And because it is extremely dependent on the Chinese economy, Mongolia cannot turn its back on Beijing to prioritise relations with Washington and Tokyo. Wei and Xia say that Mongolia is trying to use its non-alignment to position itself as a mediator in northeast Asia. Mongolia is, for example, working to solve the North Korea problem through its special relationship with North Korea and its promotion of the Ulan Bator dialogue mechanism (乌兰巴托对话机制, *Wulanbatuo duihua jizhi*). Mongolia's neutral position enables it to seem not to be in China's camp, but at the same time it allows China to support Mongolia's initiatives. Mongolia's President Elbegdorj became in October 2013 the first head of state to visit Pyongyang after Kim Jong-un's accession to power, although he did not actually meet the new North Korean leader. Some commentators have noted the content of Elbegdorj's speech at Kim Il-Sung University, in which he talked about human rights and regime legitimacy, economic liberalism, and Mongolia as a "nuclear-free zone".<sup>29</sup> Others point out the lengths to which Kim Jong-un went to avoid meeting the Mongolian president before meeting Xi Jinping, so as to avoid upsetting his Chinese neighbour. Kim Jong-un's visit to China has not yet taken place.

The year 2014 marks the 65<sup>th</sup> anniversary of the establishment of diplomatic relations between China and Mongolia, and it has been declared the "year of friendship with Mongolia" in China. It represents an opportunity for the two countries to extend their strategic partnership. Mongolia seems more than ever to be an almost perfect neighbour – even if it remains a little too independent for China's complete comfort.

<sup>29</sup> The Mongolian President even said that "no tyranny lasts forever. It is the desire of the people to live free that is the eternal power."

## 4. China's relations with Central Asia

Marc Julienne

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The top priority of China's foreign policy is "neighbourhood diplomacy" (周边外交, *zhoubian waijiao*).<sup>33</sup> Central Asia occupies an increasingly important position in China's neighbourhood. China needs Central Asia to help it achieve three strategic goals: to develop its western regions, to diversify its energy supplies, and to guarantee the security of the Chinese autonomous region of Xinjiang. The Chinese government's diplomatic, economic, and security initiatives in the region are driven by its desire to achieve these objectives.

### Bilateral relations

Multilateral cooperation between China and Central Asia takes place mainly through the Shanghai Cooperation Organisation (SCO), which was established in 2001 at China's instigation. Bilateral cooperation began after China's recognition of the independence of the former Soviet republics in 1991.

China has good relations with each of the five Central Asian countries (Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Tajikistan), especially compared with its relationships with its neighbours to the east and south. Healthy relationships have been sustained in spite of the chronic political instabilities of some of the Central Asian states, such as Kyrgyzstan. Even though China shares over 3,000km of borders with three of the Central Asian

<sup>30</sup> Gao Yusheng is a Chinese diplomat who has served as Chinese ambassador to Turkmenistan and Uzbekistan as well as being the former deputy secretary general at the Secretariat of the SCO. Li Wei is head of the Institute of Security and Arms Control Studies at the China Institutes of Contemporary International Relations (CICIR).

<sup>31</sup> Sun Zhuangzhi is director of the Centre for Shanghai Cooperation Organisation Studies at the Chinese Academy of the Social Sciences (CASS).

<sup>32</sup> Zhao Huirong is an associate professor at the Institute of Russian, Eastern European, and Central Asian Studies at CASS.

<sup>33</sup> The fundamental principles of China's foreign policy are: "the neighbourhood is the first priority, the great powers are the key, developing countries are the foundation, and multilateral forums are the main stage" ("周边是首要、大国是关键、发展中国家是基础，多边是重要舞台", *zhoubian shi shouyao, daguo shi guanjian, fazhanzhong guojia shi jichu, duobian shi zhongyao de wutai*).

states – Kazakhstan (1,700km), Kyrgyzstan (1,000km), and Tajikistan (700km) – border demarcation has not caused any serious diplomatic tension. Zhao Huirong points out that the last border normalisation between China and any of the states in the region was resolved in the border treaty between China and Tajikistan in April 2010.

Relations between China and Central Asia have been firmly established for less than a decade and have strengthened since 2010. Since coming to power in 2012, Chinese President Xi Jinping seems to be intensifying the closer cooperation with Central Asia begun by his predecessor, Hu Jintao. Sun Zhuangzhi sees proof of this greater closeness in the large number of high-level meetings between the region's leaders and the Chinese administration that have taken place since the start of 2013. The president of Kazakhstan, Nursultan Nazarbayev, visited Beijing in April 2013 and the president of Tajikistan, Emomali Rahmon, visited in May. In September, Xi went to Turkmenistan, Kazakhstan, Uzbekistan, and Kyrgyzstan, spending two days in each country. Xi even visited cities other than the region's capitals, which no Chinese president had ever done before.<sup>34</sup>

During these meetings, China signed strategic partnership agreements with Tajikistan, Kyrgyzstan, and even the "permanently neutral" state (永久中立国, *yongjiu zhongli guo*) of Turkmenistan. China had already agreed strategic partnerships with Kazakhstan in 2005 and Uzbekistan in 2012. China has set up bilateral economic cooperation committees with each of the five Central Asian countries to work on increasing opportunities for trade.

Zhao Huirong says China is also developing its cultural diplomacy to the region, focusing mainly on academic cooperation. The Chinese government has increased the number of scholarships available each year to Central Asian students. And Confucius Institutes have been opened in Uzbekistan, Tajikistan, Kyrgyzstan, and Kazakhstan.

### Economic cooperation

Trade relations between China and Central Asia remain limited. However, Zhao Huirong says that trade between China and its five Central Asian neighbours has the potential for considerable growth. Bilateral trade with Kazakhstan represents 70 percent of China's total trade with Central Asia. China-Kazakhstan trade has increased by an average of 36 percent per year over the past decade, reaching \$20.31 billion in 2010. In the same year, bilateral trade with Tajikistan amounted to \$685 million, 249 times the volume in 1992. Trade with Kyrgyzstan came to \$9 billion in 2008, but China's trade with Kyrgyzstan was subsequently very badly affected by the global financial crisis and by Kyrgyzstan's domestic problems. Bilateral trade with Uzbekistan was \$2 billion in 2010, even though

<sup>34</sup> By comparison, Sun Zhuangzhi notes that Jiang Zemin was the first Chinese president to go to Central Asia when he visited the region in 1997, but he visited three countries in two days.

China and Uzbekistan have no common border. Trade with Turkmenistan is low due to poor transport linkages between the two countries. Sun Zhuangzhi says that trade between China and the five countries of Central Asia rose in value from a total of \$460 million in 1992 to \$45.6 billion in 2012.

Zhao Huirong says that, to help mitigate Central Asia's isolation, China is investing in a number of major infrastructure projects in the transport, telecommunications, and energy sectors. China is helping to build a high-speed rail link between Astana and Almaty in Kazakhstan. Roads connecting Xinjiang and Kyrgyzstan (from Kashgar to Irkeshtam and from Kashgar to Bishkek) are being upgraded. China is building tunnels in Shahristan and Chormagazak in the mountainous eastern part of Tajikistan and is giving financial support to the Tukimachi-Angren railway line in Uzbekistan.

The energy sector is also attracting massive Chinese investment. China is the leading importer of Kazakh oil through the China-Kazakhstan pipeline. This pipeline has been in operation since 2006 and its second phase, the Beineu-Bozoi-Shymkent pipeline, is currently being completed. In September 2013, Kazakhstan's state oil company agreed a deal worth \$5 billion to sell the China National Petroleum Corporation (CNPC) 8.33 percent of one of the largest petroleum deposits in the world, the Kashagan oilfield in the Caspian Sea.

Sun Zhuangzhi says that Turkmen President Gurbanguly Berdimuhamedow and Chinese President Xi Jinping launched the Galkynysh (Renaissance) gas field in September 2013. China provided most of the funding for the project. The field will enable Turkmen natural gas to be transported to China along the Central Asia-China pipeline, which has been in operation since the opening of Lines A and B in 2010.<sup>35</sup> Line C is currently being built and an agreement for the construction of Line D was signed at the September summit between the two leaders.<sup>36</sup> In other forms of energy, China is financing high-voltage power lines in Tajikistan (the Khujand-Ayni line) and hydroelectric power stations in Uzbekistan (the Andizhan and Akhangaran stations).

Greater interconnection, both within Central Asia and between the Central Asian states and China, is facilitating increased trade. To continue improving linkages, Xi Jinping proposed the construction of a "Silk Road Economic Belt" (丝绸之路经济带, *sichou zhilu jingji dai*) in a speech at Nazarbayev University in Astana, Kazakhstan, in September 2013. Sun Zhuangzhi thinks the idea has great potential. Rather than establishing yet another multilateral mechanism, the Silk Road Economic Belt could represent a "ground-breaking" model (创新的模式, *chuangxin de*

<sup>35</sup> Lines A and B travel from Turkmenistan through Uzbekistan and Kazakhstan and on to China.

<sup>36</sup> Line C will carry gas from Turkmenistan and Uzbekistan through Kazakhstan to China. Line D will run from Turkmenistan through Uzbekistan, Tajikistan, and Kyrgyzstan to reach China.

*moshi*) for cooperation that could respond to the economic and geostrategic inequalities among the countries of Central Asia.

## Security cooperation

China conducts most of its security cooperation with Central Asia through the SCO. The SCO is not exclusively devoted to security issues. But Gao Yusheng, the former deputy secretary general of the SCO, notes that on the day of its establishment in June 2001, the six member states (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) also signed the Shanghai Convention on Combating Terrorism, Separatism, and Extremism. Security cooperation, therefore, was at the heart of the organisation from its outset.

Gao says that the member states of the SCO are still facing "three forces" (三股实力, *sangu shili*) – the usual phrase

China needs Central Asia to help it achieve three strategic goals: to develop its western regions, to diversify its energy supplies, and to guarantee the security of the Chinese autonomous region of Xinjiang.

used in China to describe the threats of separatism, terrorism, and extremism. Russia has to deal with separatism in Chechnya and the Central Asian states have

problems with terrorism and extremism. China has to cope with separatism, terrorism, and extremism in the region of Xinjiang, in the form of activists agitating for an independent "East Turkestan" (东突, *dongtu*). Gao says the various factions and organisations in each region act and interact according to transnational logic. Since the threats are both "non-traditional" (非传统, *feichuantong*) and "transnational" (不分国界, *bufen guojie*), states cannot deal with them by themselves. The SCO member states need to join together to find a common strategy for dealing with threats to their security.

The Regional Anti-Terrorist Structure (RATS) of the SCO was set up in 2004. Its headquarters are in Tashkent, Uzbekistan, and its current director is Chinese security expert Zhang Xinfeng.<sup>37</sup> Li Wei, a counter-terrorism expert, says that the RATS provides an effective platform for information sharing and judicial cooperation between the members of the SCO. The SCO also organises "anti-terrorism military exercises" (反恐军演, *fankong junyan*) and "law enforcement exercises" (执法力量演习, *zhifa lilian lianxi*), which involve sharing equipment, technology, and information.

Gao says that some Western powers see the SCO as the "Eastern version of NATO" (东方版“北约”, *dongfang ban 'beiyue'*). But Gao says that it is nothing of the kind.

<sup>37</sup> Zhang Xinfeng was China's deputy minister of public security before taking up his position at RATS.



Instead, the SCO is creating a new type of relationship between states with an outlook that is “non-aligned, non-confrontational, and not directed against any other country” (不结盟, 不对抗, 不针对第三方, *bu jiemeng, bu duikang, bu zhendui disanfang*). For China, therefore, the SCO is both a way to promote a new model for cooperation and a tool for maintaining security and stability in north-western Xinjiang, which is necessary for the economic development of China’s western regions.

China seems to be committed to leadership in Central Asia, both bilaterally and within multilateral institutions such as the SCO and the proposed new “Silk Road Economic Belt”. Meanwhile, as Zhao Huirong says, the Central Asian states are seizing the opportunities that China can provide as an emerging global power. At the same time, the Central Asian states are striving at all costs to maintain the regional geopolitical balances that prevent them from becoming strategically dependent on any individual country.

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