REPORT

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PREVENTING VIOLENT CONFLICT. BUILDING SAFER LIVES

Central Asia at a crossroads

Russia and China's changing roles in the region and the implications for peace and stability

'China-Tajikistan Friendship Vehicle' in front of flags promoting Russia-Tajikistan partnership. Dushanbe, Tajikistan.

June 2015

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Central Asia

This map is intended for illustrative purposes only. Borders, names and other features are presented according to common practice in the region – Saferworld takes no position on whether this representation is legally or politically valid.

Executive summary

CENTRAL ASIA IS AT THE EPICENTRE OF PROFOUND GEOPOLITICAL CHANGES. China's economic expansion into the region continues apace. In April 2015, it announced the injection of US$62 billion of capital into the New Silk Road – or 'Silk Road Economic Belt' – a vast infrastructure project of roads, railways, ports, and pipelines stretching across Central Asia towards Europe. This backs up the reported $100 billion worth of deals signed by President Xi Jinping with four Central Asian states in 2013, and underscores the growing importance of this region for China. It offers energy, natural resources, and new markets for Chinese exports, as well as providing a vital conduit to Europe.

Meanwhile, to the west of Central Asia, Russia is flexing its muscles. Recent events in Ukraine, and before that in Georgia, have been viewed by many as Moscow seeking to reassert a dominant role in its former sphere of influence. The significance of Ukraine events for Central Asia should not be over-stated, but the repercussions may be far-reaching. Russia could potentially apply the same intervention logic – to protect ethnic Russians or identified Russian interests – to other states in its neighbourhood. This has caused unease in neighbouring regions, including Central Asia. Taken together with Russian initiatives to engage the region in a closer economic embrace, there are concerns that Russia will seek to reassert itself here too.

A range of conflict issues within the Central Asian states as well as the dynamics between states will be the primary determinants of peace and stability in the region. Nevertheless, the changing roles of Russia and China also have significant implications. How will the two very different dynamics – China's economic expansion to the east, Russia's increased assertiveness to the west – affect Central Asia? And do the opportunities presented for the five states in the region – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan – outweigh the risks?

Thus far, Russia and China have co-existed relatively harmoniously in the Central Asian space, and more broadly the two states appear keen to maintain a show of good relations. For example, President Xi Jinping sat alongside President Vladimir Putin at the Victory Day parade in Moscow in May 2015 – a ceremony avoided by most western leaders on account of the situation in Ukraine. However, will the *modus vivendi* that has existed between Russia and China in Central Asia be sustainable if push comes to shove? Crucially, for a region that has been beset by instability and conflict since the end of the Soviet era, how will these shifting geopolitical dynamics impact upon prospects for peace and stability?

To address such questions, Saferworld undertook research in Central Asia, in Russia, and in China. The aim was to unpack the different elements – commercial, diplomatic, and military – of China and Russia's engagement with Central Asian states. And then

to consider what motivations – economic, security, and geopolitical – underpin their roles. Saferworld also examined how the increasing engagement of China and Russia is perceived within Central Asian countries and how it is affecting bilateral relations. This report summarises the findings of that research, and analyses the implications for peace and stability in Central Asia.

The starting point was to consider the current state of fragility in Central Asia. Drawing on Saferworld's existing analysis and programmes in the region, the report highlights a range of internal threats to stability, including poor governance, weak rule of law, divided societies, resource competition, drug trafficking, and widespread poverty. Add in the threat of spillover effects from the ongoing conflict in Afghanistan, especially following the withdrawal of the International Security Assistance Force (ISAF), and the fragility of peace and stability in the region is all too apparent.

Russia is the traditional regional power in Central Asia and, despite its diminished influence in the post-Soviet era, it remains the pre-eminent military and political actor. However, the recent dramatic downturn in the Russian economy – the rouble depreciated by almost 50 per cent against the US dollar in 2014 – is having a profound impact on the economies of Central Asian states, especially Kyrgyzstan and Tajikistan, both heavily dependent on remittances. Russia has sought to bolster its economic influence in the wider region through the Eurasian Economic Union (EEU), intended to create a common trading bloc among a range of former Soviet states. The inclusion of Kazakhstan and Kyrgyzstan within this bloc can be seen as an attempt to shore up economic solidarity in Central Asia, faced as it is with the inexorable expansion of Chinese trade and investment.

Russia has the military capacity to respond to major security threats in the region, and an assumed responsibility deriving from the Soviet era and continuing strong bilateral relations. It continues to invest heavily in military facilities in Central Asia, while it makes use of the Collective Security Treaty Organisation (CSTO) to facilitate and legitimise the pursuit of its interests in the region – much as China utilises the Shanghai Cooperation Organisation (SCO). Nevertheless, Russia has shown a reluctance to respond to outbreaks of violence within the region over the past decade, suggesting an unwillingness to intervene unless its own territory or perceived interests are at stake.

China sees its principal role in Central Asia as economic: this is its main tool as well as a potential lever. As with its expanding presence in other parts of the world, China's engagement is driven primarily by its economic development needs. To sustain high rates of domestic economic growth, China needs new markets and new resources, especially energy resources. Central Asia offers substantial hydrocarbon resources, as well as new markets for Chinese exports; importantly it also provides an alternative overland route to Europe and its markets.

China's strategy towards Central Asia is also shaped by its domestic security outlook. It is concerned that instability in Central Asian states may spill over into China's north-western region of Xinjiang, where China has long been attempting – with only partial success – to eradicate a secessionist movement by the Uyghur ethnic minority. China's security policy underscores its heavy investment in Central Asia, the rationale being that this will fuel economic development in the region – thus reducing the prospect of unrest in countries neighbouring Xinjiang – and in turn reduce the threat to China's own stability and territorial integrity.

Thus far, China has appeared content to cede pre-eminence to Russia when it comes to matters of direct involvement in the politics or security of Central Asian states. In official statements, China acknowledges and respects Russia's deep bond with, and dominant role in, the region. And, for the time being, this seems to suit China well, as it provides a relatively stable environment for its economic expansion, without it having to take on a major security management role. However, Russia is inevitably apprehensive, not just about China's economic expansion, but also about its military

modernisation programme, which will allow it to develop and project new capabilities in its border areas, including Central Asia.

China meanwhile offers an attractive model for Central Asian states. The combination of strong state authority and free market capitalism is undoubtedly attractive to Central Asian leaders looking to develop their economies, while keeping a firm lid on dissent and social unrest. China's export of this model through the Silk Road Economic Belt offers a welcome alternative to both Russian and Western economic models. Moreover, the advent of a major new trading partner has reduced Central Asian states' economic dependence on Russia. This is all the more important at a time when rouble-based remittances from Russia – a mainstay of the Kyrgyz and Tajik economies – are declining drastically in value.

Nevertheless, Central Asian states should not simply be seen as pawns in the shifting balance of power in Central Asia. After many decades under Moscow's thumb, they are keen to establish themselves as independent nations. China's increasing presence and influence in the region – despite being outwardly benign and focused on economic integration – has created unease about its longer-term intentions. Chinese attempts to lease tracts of land in Tajikistan and Kazakhstan, for instance, have generated considerable antipathy and anti-China feeling among local populations. Meanwhile, Kazakhstan – Russia's most important ally in the region – is showing waning enthusiasm for the EEU and, along with the other Central Asian states, a conspicuous absence of support for Russia's actions in Ukraine.

In light of these trends and dynamics, what are the implications for policy actors concerned with peace and stability in Central Asia? And in particular, what entry points can be identified for engaging with Russia or China on conflict prevention and management in the region?

From China's perspective, Russia remains the principal security actor in Central Asia and it plays down its capabilities to engage in security management in the region. However, there is a noticeable upwards trajectory in China's capacity and apparent willingness to engage. It has offered limited amounts of equipment and training for Central Asian border guards, and established closer links with local security authorities. These initiatives reflect Chinese concerns about Uyghur dissidents and other anti-state elements using bases in ungoverned (or poorly governed) parts of Central Asia.

For now, any Chinese engagement on conflict-related issues would likely be done in a manner that recognises Russian interests. Indeed, China is unlikely to engage on conflict issues in Central Asia without first consulting Russia. However, even if Central Asian states continue to look to Russia as their principal guarantor of security, in the longer term it is likely that they will start looking to Beijing for greater security support. Meanwhile, at a local level, China might be willing to play a broker role to protect its interests in the region, whether that relates to Chinese citizens or economic interests.

So, while policy actors should not look to China to take a leadership role in conflict management in Central Asia, its growing interests in the region do offer an opportunity for engagement, with potential to advance regional security efforts. Stability in Xinjiang and the long-term development of the province are critical issues for the Chinese government. Given its geographical proximity, fostering a more stable and secure Central Asia is a key part of this. Engaging with Chinese policy actors about Central Asia with an understanding of these concerns will help to identify common ground and entry points where China may be willing to cooperate on conflict-related issues.

China is investing a great deal in the Silk Road Economic Belt, and its success is linked to President Xi Jinping's leadership. Supporting this initiative, or at least establishing ways of working with it, offers one way to encourage China to play a greater role in stabilising the region. Moreover, Europe is at the other end of the Silk Road Economic Belt into which China is pouring such substantial resources. So, European policy actors have an opportunity to engage with China on a project that it sees as key to its

domestic national interest as well as providing a link between East and West. Therefore the Silk Road Economic Belt represents a potential confluence of interests between China and Europe.

China's recent engagement in the Afghanistan peace process may also offer scope for constructive engagement and dialogue with a range of actors, including from the West, about the broader security dynamics in the region, and ways of addressing the risk of conflict spillover into Central Asia. Notwithstanding the domestic considerations that may underpin Russian, Chinese, and Central Asian official representations of the Islamist extremist threat, there is a shared concern to contain the threat of militant groups exporting violence from Afghanistan into Central Asia, including Xinjiang.

What is certain in an uncertain region is that China and Russia will increasingly be the principal players in Central Asia. The role for other leading countries and international organisations [United States, European Union (EU), United Nations (UN)] is likely to be secondary and limited by comparison, especially given the final ISAF drawdown from Afghanistan. The coming years will be a period of further transition and possible turbulence in the region, with various pressure points, for instance, around presidential successions in Kazakhstan and Uzbekistan. Against this backdrop and the geopolitical shifts described above, the relationship of the two principal external actors in Central Asia may evolve into one of increasing rivalry and competition, rather than the pragmatic cooperation that has characterised it up to this point.

This report highlights these and related trends within the Central Asian region, including how they relate to local conflict dynamics. It is intended to contribute to debates about how to support peace and stability in this shifting geopolitical context. Saferworld will use the report to inform and catalyse dialogue with a variety of policy communities: in China, Russia, Western policy capitals, and within Central Asia. China in particular is going through a period of policy development and adaptation as it increasingly engages in conflict-affected states, and this provides a strategic opportunity to engage with the Chinese policy community and to help shape a more conflict-sensitive approach in contexts such as Central Asia. What space there is for such debate within Russia is questionable at the time of writing; but every effort should be made to enhance mutual understanding among the key external actors in order to maximise prospects for peace and stability in this pivotal region.

1

Introduction

1.1 **Overview**

CENTRAL ASIA HAS LONG BEEN VIEWED as a crucible of geopolitics where rival Great Powers compete for influence. A shifting balance of power, both globally and within the wider region, is changing the external dynamics and bringing new opportunities – but also new pressures. China's economic expansion westwards is one such dynamic. Russia's attempt to reassert its paramount role in the former Soviet territories is another. Recent events – notably Russia's actions in Ukraine and the withdrawal of ISAF from Afghanistan – are likely to have particular repercussions for the region.

Meanwhile, the five Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan have a history of instability within and between their territories, and most of them exhibit some degree of political, economic and/or social fragility. They are vulnerable therefore to turbulence from surrounding countries, such as Afghanistan. Past international attempts to reduce conflict in the region have been only partially effective. The changing geopolitical dynamics present further risks of instability and potentially violent conflict – but also offer opportunities to consolidate peace, as new actors have growing influence over Central Asian governments.

This report is one of the main outputs of a research project examining the implications for peace and stability of the shifting geopolitics in Central Asia, with a focus upon Russia and China. The aim of the report is to raise awareness of the risks to peace and stability arising from the ongoing reconfiguration of external actors and influence in the region. While it assesses the roles of Russia and China in particular, it is situated within a broader Saferworld project focusing upon 'Rising Powers and Conflict Management in Central Asia'. The project is supported by the UK Economic and Social Research Council as part of its Rising Powers and Interdependent Futures Programme.[1]

As well as deepening understanding of Russia and China's engagement in these contexts and of the underlying motivations, the current report explores how this is impacting upon conflict dynamics. The purpose is not simply to sound an alarm, but rather to contribute to policy debates about how to support peace and stability in Central Asia in this changing context. It is intended to improve mutual understanding among key external actors in a turbulent and conflict-affected region, where strategic competition is only likely to increase. More specifically, it aims to inform constructive engagement and dialogue among Central Asian, Russian, Chinese, and Western policy actors about different ways to prevent, manage, and resolve conflict.

1 www.risingpowers.net/projects/conflictmanagement

1.2 **Rationale**

The world order is changing – whether expressed as a shift from a unipolar to a multi-polar or indeed to a zero-polar world. In part, this reflects shifts in the balance of global economic power. IMF (International Monetary Fund) figures released in October 2014 revealed not only that China is now the world's largest economy [when measured at purchasing power parity (PPP)], but also that the seven largest emerging markets – China, Brazil, Russia, India, Mexico, Indonesia, and Turkey – are now bigger in terms of GDP (gross domestic product) than the long-established G7 group of industrialised nations (again when measured at PPP).[2]

The rise of these countries as global economic actors is changing the landscape in much of the developing world, including Central Asia. To sustain high levels of economic growth, most of these rising powers need access to resources from a range of developing countries. Increasing engagement abroad is driven by other factors too, including the need to secure supply lanes, the search for new export markets, and concerns over territorial integrity and national security. The emergence – or re-emergence – of major new players in conflict-affected regions such as Central Asia requires that policy-makers, both in rising powers and in the West, reassess their approaches to the region.

The continued presence of instability in Central Asia highlights ongoing governance challenges and raises questions about the effectiveness and sustainability of past and current international approaches to conflict management. The engagement of Russia and China in Central Asia – economically, diplomatically, and from a security perspective – reflects an overriding concern for regional stability; but it is based on a different set of norms from those of Western actors (and also from each other). Moreover, although Western responses have been subject to a degree of critical analysis and scrutiny, the role of China and Russia in Central Asia and their impact on peace and stability in the region is relatively poorly understood.

China is globally the most influential of the rising powers, due primarily to its economic growth and expansion. The success of China's economy depends upon its access to overseas markets and resources, and China has become a major investor in many parts of the developing world, including Central Asia. The massive injection of Chinese resources – through investment and trade – into the region over the past decade means that Beijing has growing political leverage in the countries concerned.

Russia has been the historical hegemon in Central Asia, and retains a pre-eminent role in many respects. It is still looked to by many Central Asians as the guarantor of their security, and is regarded by other powers as the foremost external actor when it comes to military and political matters. More broadly, Moscow is seeking to reassert its erstwhile influence in Russia's traditional 'near abroad'.

This report seeks to raise awareness of the fact that conflict dynamics in Central Asia are changing as a result of these shifting geopolitics. It considers the dynamics of China's growing economic role in Central Asia at the same time as Russia assumes a more interventionist role in its neighbourhood. How will these two trajectories play out? Are they reconcilable or will they lead to increasing competition – economically and perhaps in other spheres – between Russia and China? Add to the mix the repercussions for Central Asia of events in Ukraine, as well as the withdrawal of ISAF from Afghanistan, and it is clear that there are manifold external pressures on the region. Bearing in mind the political, economic, and social fragility of several of the Central Asia states, what are the implications for peace and stability?

2 www.imf.org/external/pubs/ft/weo/2014/02/

1.3 Methodology

Saferworld produced a series of background papers in 2013, assessing the roles of four key non-Western actors involved in Central Asia: Russia, China, India, and Turkey.[3] These papers prepared the ground for more in-depth research on the roles of China and Russia, combining policy research in capitals with field research in the Central Asian region.

The current report draws on a variety of sources, including a range of interviews as well as the latest political analysis and media reports. Semi-structured interviews were conducted in 2013 and 2014, both within Central Asia and in Russia and China. Fifty-five interviews were held in Kyrgyzstan and Tajikistan with a cross section of national stakeholders, including government officials, politicians, business people, and civil society and community representatives. Interviews focused upon key research areas, including local perceptions of the roles of Russia and China in Central Asia, and of the various interests – economic, security, geostrategic – that shape their engagement.

A further 28 interviews were held in Moscow, Beijing, and Shanghai with policy think tanks, academics, business people, and journalists in order to deepen understanding of the policy contexts in Russia and China. Interviews were also conducted with international stakeholders, including diplomats, multilateral agencies, INGOs, and think tanks. Interview transcripts were reviewed and analysed to inform this report. The report also draws upon Central Asia conflict assessments, Russian and Chinese policy statements regarding the region, and relevant articles and academic publications.

The report is structured in four sections: the introduction; an assessment of the Central Asian context, considering major conflict issues and recent dynamics; Russia's role in Central Asia and its impact on peace and stability; and China's role in Central Asia and its impact on peace and stability. Although written by different authors, the Russia and China sections take a similar approach, examining the nature and extent of these countries' engagement in Central Asia, looking at a broad spectrum of engagement including economic, security, and diplomatic, as well as bilateral and multilateral approaches. Based on this, they consider what impact Russia and China's role is likely to have upon conflict drivers and dynamics in the region.

As noted above, the purpose of this report is to inform and stimulate dialogue among Chinese and Russian policy actors as well as within Central Asia. Therefore the report has been translated into Chinese and Russian and published in these languages as well as English; it will also be disseminated widely in the Chinese and Russian policy communities. Saferworld will organise policy seminars in China and Russia to consider the research findings, and to foster debate about the implications for peace and stability and how best to address them.

1.4 Background

Saferworld is an international non-governmental organisation that has for the past 25 years been working to prevent and reduce violent conflict in conflict-affected regions around the world. A key focus of Saferworld's work is to examine how international actors engage in conflict-affected states, to highlight the implications for peace and stability, and to promote dialogue among the various stakeholders. Since 2010, Saferworld has expanded this work from a focus mainly on Western actors – for instance, the United Kingdom and EU – to consider also the role and influence of rising powers. In recent years Saferworld has, for example, undertaken research and promoted policy dialogue on the role of China in Nepal, Sri Lanka and South Sudan; on Turkey's role in Somalia; and undertaken similar studies examining the growing role of rising powers in conflict-affected states.

3 Saferworld (2013), 'Shifting geopolitics in Central Asia', October, www.saferworld.org.uk/resources/view-resource/770-shifting-geopolitics-in-central-asia

2

The Central Asian context: conflict issues and dynamics

2.1 **Overview**

IN ORDER TO UNDERSTAND how the changing roles of Russia and China may affect peace and stability in Central Asia, it is important to set the scene by describing the context in which these rising powers are engaging. This section provides a summary description of the five Central Asian states, with an assessment of key political, socio-cultural, economic, and related aspects of the context that drive or shape conflict dynamics in the region.

For the purposes of this paper, we define Central Asia as comprising the five former Soviet Socialist Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Their population sizes range from the populous Uzbekistan (approximately 30 million) to the geographically largest but sparsely populated Kazakhstan (16.5 million) to the smallest Tajikistan (8 million) and Kyrgyzstan (5.5 million). Ethnically, the region is composed of Uzbek, Kazakh, Tajik, Turkmen, Kyrgyz, Russian, Uyghur, Korean, Tatar, and Dungan populations.[4] The majority of the region's population is Sunni Muslim and each country also has a relatively small Russian Orthodox minority.

All the Central Asian republics became independent in 1991 after the collapse of the Soviet Union. They had been politically and economically fully integrated into the Soviet Union since 1918 and, before then, part of Tsarist Russia's Turkestan. In the 24 years since independence, the states have faced multiple challenges linked to overcoming political obscurity and economic isolation, repercussions from the conflict in Afghanistan, as well as being positioned geopolitically between Russia and China. The section below analyses key conflict issues in the region and provides a snapshot of conflict dynamics in 2015.

2.2 **Governance**

All five Central Asian states are nominally democratic, although they may also be regarded as being 'on the spectrum' of authoritarianism, with Kyrgyzstan at the most democratic end of the scale and Turkmenistan at the other. In all five states, politics has tended to be dominated by a former Soviet-era elite, political opposition activity

4 http://worldpopulationreview.com/countries/

is limited, and there have been repeated concerns about the extent to which elections have been free and fair. Government decision-making generally takes place behind closed doors, and state institutions have been associated with corruption and embezzlement. In Kazakhstan, Uzbekistan, and Turkmenistan – where revenue from natural resources has been used in part to ensure that basic economic and social needs of citizens are met – there is a degree of political stability. Nevertheless, for the region as a whole, there is a sense that governments are largely detached from the needs of their citizens.

The space for civil society and political opposition to act as a check and balance has been limited in all Central Asian states since independence, with the exception of Kyrgyzstan.[5] The current trend in the region is for the authorities to emulate Russia's approach of closing this space further, for example, by enacting a 'foreign agents' law on non-governmental organisations, and by clamping down on all political opposition.[6]

This reflects the broader approach of Central Asian governments, which is generally to prevent their citizens from expressing grievances rather allowing space to express and address them. The problem is that this can build up social, political, and economic pressures, with potentially explosive effects. If and when the lid is taken (or forced) off – as happened in Kyrgyzstan in 2005 and 2010, and in Uzbekistan in 2005[7] – there is a serious risk of conflict.

Various upcoming events in the region can be identified as potential pressure points. Due to the old age and reportedly poor health of some of the region's leaders, the presidential successions in Uzbekistan and Kazakhstan will be critical moments. No succession strategy has been made public in either country, with the consequence that – unless the presidents' associates can put aside their regional and business rivalries, and quickly agree on a successor – the sudden demise of either president could trigger significant instability.[8] Kyrgyzstan's parliamentary elections in late 2015 may be another such pressure point, if the elections are not perceived to be free and fair, or if powerful political actors are dissatisfied with the outcome.

The weak rule of law in most Central Asian states means that civil as well as social and economic injustices are a common feature of everyday life in Central Asia, with wealth and influence – rather than agreed and enforceable laws – often used to resolve disputes and grievances. As the most publicly visible part of law enforcement, the police and security services are sometimes feared, mistrusted, or viewed as ineffective in protecting the population from crime. This applies to some degree in all five Central Asian states, with the highly repressive state of Turkmenistan at one end of the spectrum and Kyrgyzstan at the other.

2.3 **Identity**

It does not appear that nation-building policies since independence have brought about a unifying and inclusive national identity or a strong national ideology to replace the USSR's socialism in any of the five Central Asian states.[9] This, among other historical factors, means that other identities – often ethnic or religious – are more meaningful for many Central Asian people; and so it is often these other identities that shape people's attitudes, behaviour, and the way they make decisions. This means that there are a number of complex (and sometimes competing) societal divisions, which can act as fault lines during times of tension and instability.

5 www.rferl.org/content/political-space-for-central-asia-opposition/26879510.html

6 www.article19.org/resources.php/resource/37793/en/central-asia:-draft-amendments-to-the-legislation-regulating-the-activities-of-ngos-should-guarantee-freedom-of-association

7 Kyrgyzstan experienced two violent revolutions in 2005 and 2010; an attempted uprising was violently suppressed in Uzbekistan's Andijan region in 2005.

8 www.bne.eu/content/story/great-succession-game

9 www.rethinkinstitute.org/files/Fedorenko%20-%20Central%20Asia%20Nationalism.pdf

The fact that national borders do not match the ethnic composition in any of the states means that there are a number of ethnic minorities in each state. Since Soviet times, government and state institutions have largely been dominated by titular ethnic groups, and the affirmative-action policies of the Soviet Union have increasingly given way to exclusion and discrimination over the last two decades. Authorities usually manage to keep a lid on inter-ethnic tensions in the stronger authoritarian states, but recent inter-ethnic violence in southern Kazakhstan shows that these fault lines exist beneath the surface there too.[10] In Kyrgyzstan, the two main ethnic groups – Kyrgyz and Uzbek – used to dominate the political and economic spheres, respectively. However, observers say that ethnic Uzbeks have not recovered from having their shops and businesses taken over by Kyrgyz groups during the 2010 inter-ethnic violence, and large numbers of ethnic Uzbeks emigrated since the violence, or never returned after fleeing it.[11] This situation lays the foundations for further inter-ethnic violence.

Tribalism and clan membership also play a role in identity formation and loyalties in Central Asia – and therefore in power and resource sharing. Uzbek politics and power are seen to be dominated by President Islam Karimov's Samarkandi regional allies. In Tajikistan, the legacy of the civil war has meant that the northern Sogd region and the mountainous Gorno-Badakhshan are largely excluded from power. In Kyrgyzstan, power has shifted between North and South (both culturally and geographically divided by mountains) between revolutions, and these dynamics played a considerable role in the violence in 2005 and 2010. There was some hope of bridging the North-South divide, as well as other regional and clan divisions, after the overthrow of President Bakiyev in 2010, but this has yet to materialise. Kyrgyz politics continue to be characterised by power struggles among the provincial clans, and political regionalism.[12]

Central Asia's relatively secular version of Sunni Islam has often been seen as a unifying factor for much of the region, both within and between states. However, the increasingly overt expression of this religion – through headscarves, mosques, *hajj*, and beards – has exposed new societal fault lines between religious and secular society. There are several reasons for an apparent increase in religiosity across Central Asia, including the evolution of post-independence national identities, the work of Muslim missionaries from Turkey, Saudi Arabia, and Pakistan, and youth fashions.

These developments are, however, increasingly being conflated with radicalisation and extremism, and are perceived as a threat by secular parts of Central Asian society.[13] As the increased religiosity generally manifests along ethnic lines – with ethnic Uzbeks and Tajiks, for example, expressing their faith more overtly through their outward appearance – while the secularists often represent state institutions, this emerging division is likely to exacerbate existing tensions.

The presence of these various societal divisions – and the limited capacity or willingness of states in the region to discuss them openly and find ways of bridging the divides – means that they are likely to continue to shape the way that future conflicts or violence play out whenever the general pot of grievances boils over.

2.4 **Economic issues**

Some of the Central Asian states – Kazakhstan, Turkmenistan, and Uzbekistan – have considerable hydrocarbon and mineral resources (oil, gas, gold and minerals) and there are significant variations in the economic status of the five states. Nevertheless, the majority of Central Asia's people suffer from poverty, unemployment and lack of economic opportunity; and the region's two poorest countries, Kyrgyzstan and Tajikistan, are in dire financial straits. With the partial exception of Kazakhstan, the

10 www.eurasianet.org/node/72006
11 www.rferl.org/content/four-years-after-ethnic-violence-a-glimmer-of-hope-in-kyrgyzstan/25423822.html
12 thediplomat.com/2014/03/kyrgyzstan-the-next-ukraine/
13 www.isn.ethz.ch/Digital-Library/Articles/Detail/?lng=en&id=93902

resource-rich states have not used their accumulated wealth to generate widespread economic or social development. Uzbekistan and Tajikistan are significant cotton producers, but their processing and manufacturing facilities are underdeveloped.[14] All five states are affected by a large-scale dilapidation of basic human and physical infrastructure – roads, power plants, hospitals, and schools, as well as the last generation of Soviet-trained specialists who kept all of this running.[15] The rapid deterioration of infrastructure contributes to deepening poverty and alienation from the state.

Emigration and labour migration, mostly to Russia, has become a common survival strategy for ordinary Kyrgyz, Tajik and (to a lesser extent) Uzbek families. Approximately one-third and one-half of Kyrgyzstan and Tajikistan's GDPs, respectively, come from remittances sent home by labour migrants. This emigration has in the past served as an important pressure valve for grievances against the state; however, Russia's economic downturn and intensification of policies to reduce immigration mean that many Central Asian migrant workers have not gone or will not go to Russia in 2015 – instead joining the many other unemployed workers at home.[16] The socio-economic pressures arising from a large number of unoccupied young (mostly) men could have serious implications for stability in Kyrgyzstan, Tajikistan, and Uzbekistan.

2.5 **Natural resources**

While Turkmenistan, Kazakhstan and (to a lesser extent) Uzbekistan control the region's hydrocarbons, nearly all of Central Asia's water sources are located in mountainous Kyrgyzstan and Tajikistan. During Soviet times, these resources were simply transferred between republics; since independence, however, the hydrocarbon-rich states have demanded payment for oil and gas, while refusing to pay for water. As Kyrgyzstan and Tajikistan control the region's water but have no real energy-generation capacity other than hydropower, they are dependent on the downstream countries selling them gas and oil in the winter.

This means that at times of tension between the leaders of the five states – historically mostly between Kyrgyzstan, Tajikistan, and Uzbekistan – these natural resources are used as leverage against neighbours, and any disagreement may have direct impacts upon the region's mainly agricultural populations. If, for example, Uzbekistan decides to withhold gas supplies (as was the case for southern Kyrgyzstan in 2014)[17], Kyrgyzstan and Tajikistan are forced to release most of their reservoir stores throughout the winter to produce hydropower, with the consequence that water for irrigation will be scarce in the following agricultural season.

At the local level, water scarcity and electricity shortages fuel resentment towards governments, who are seen to mismanage these, but also cause tensions with communities in neighbouring countries, with whom they share irrigation and water channels. Downstream countries oppose any attempts by the upstream countries to expand their hydro-electricity capacity through the construction of dams (for instance, the Rogun dam in Tajikistan and Kambarata-1 in Kyrgyzstan) because these may increase their vulnerability to water shortages.[18] Recent research suggests that the effects of climate change are likely to aggravate tensions between Central Asian states over water resource management in the medium to long term.[19]

Despite decades of negotiations and efforts to promote cooperation, prospects for more collaborative efforts by the region's leaders to resolve common natural resource problems are not encouraging. Possibly emboldened by the support promised to them

14 www.timesca.com/news/14824-tajikistan-to-double-domestic-cotton-processing-in-2015
15 www.crisisgroup.org/en/regions/asia/central-asia/201-central-asia-decay-and-decline.aspx
16 www.eurasianet.org/node/71471
17 www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=42912&cHash=1ee0f2edbe5b9af0b8dd63dc70b0c114#.VPcV8i7p0Xg
18 www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=42754&no_cache=1#.VO8zxS7p0Xg
19 http://jpr.sagepub.com/content/49/1/227.short

by Russia under the EEU, Tajikistan has declared its intention of completing the Rogun dam construction despite opposition from Uzbekistan, while Kyrgyzstan has threatened to cut off ties with both Uzbekistan and Tajikistan as a result of disputes over natural resources and borders.[20]

2.6 **Border management**

Complex lines of border demarcation, the presence of enclaves and exclaves, and the general transformation of administrative borders to international borders have been sources of tension between Central Asian states since independence. Inter-state disputes over land have to a large extent been eliminated by the long process of demarcating and delimiting Central Asia's borders over the last two decades. However, access to pasture and arable land remains a source of tension in the territories between Kyrgyzstan and both Tajikistan and Uzbekistan, where there is still disputed land.

This tension is focused in particular on a 100km stretch of land between Isfara district in Tajikistan and Batken district in Kyrgyzstan. Conflict is played out mostly at the local level, with tensions and skirmishes occurring on a regular basis, but national-level decision-making also affects the situation. Kyrgyzstan regards the use of its land in sparsely populated Batken *oblast* by Tajik citizens from the population-dense Sogd *oblast* as an encroachment and threat to its territorial integrity, and has responded by increasing infrastructure development in the region, and with policies to restrict Tajik citizens' use and purchase of vacant land.

Such policies heighten tensions at the local level, when citizens feel their freedom and livelihoods are threatened by the neighbouring state. Often these tensions are compounded by the lack of consultation between neighbouring authorities and – where consultations or agreements have been made between authorities – poor communication of these agreements to local populations. There have also been border tensions over the approximately 300km stretch of disputed land between Kyrgyzstan and Uzbekistan; however, these are less visible on a day-to-day basis because of the strongly fortified nature of the Uzbek border.[21]

Since 2014, observers have warned of increased tension along borders between Kyrgyzstan, Tajikistan, and Uzbekistan.[22] Such disputes are unlikely to be resolved without a more effective process of demarcation and delimitation with inter-state cooperation and compromise, combined with local cross-border consultation and negotiation, as well as a border management system that enables people to trade and travel without fear. Despite some signs that Uzbekistan is currently ready to collaborate with its neighbours, history suggests that longer-term changes in this area are unlikely.[23]

The management of borders between Central Asian states also plays a role in driving tensions both locally and at the national level. At the local level, the presence, behaviour, and attitudes of border guards – usually young, inexperienced conscripts – often exacerbate tensions between border communities. There are frequent incidents related to border crossings due to a lack of transparency about legal border crossing requirements, corruption and lack of awareness of rights and procedures among citizens. Local communities almost unanimously report bad relations with border guards and police, and often accuse them – particularly those belonging to neighbouring states – of harassment, intimidation, and extortion.

At the national level, the opening and closing of borders is used as a tool for responding to threats perceived to be coming from within neighbouring states or for manipulating

20 www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=42912&cHash=1ee0f2edbe5b9af0b8dd63dc70b0c114#.VPcV8i7p0Xg

21 www.rferl.org/content/jajal-abad-uzbek-kyrgyz-bordr-guards-death/26689990.html; (4/3/2015); www.rferl.org/content/kyrgyzstan-uzbekistan-border-shooting-hunters/26801084.html

22 www.rferl.org/content/six-detained-for-illegal-border-crossing-in-kyrgyzstan/26880016.html

23 http://thediplomat.com/2015/02/uzbekistan-karimovs-impending-unconstitutional-reelection/

decision-making around contentious issues. For instance, Uzbekistan periodically closes its borders with Tajikistan in order to prevent materials for the Rogun dam reaching their destination; in 2005 and 2010 Uzbekistan and Kazakhstan closed their borders in response to political upheaval in Kyrgyzstan; and in 2014 Kyrgyzstan closed its borders with Tajikistan in response to border incidents.

The challenges of border management in Central Asia – including corruption and the barriers created to cross-border trade – mean that the region remains vulnerable to transnational threats such as organised crime and drug trafficking. In response to perceived threats to national security – for example, from militants from Afghanistan after the withdrawal of ISAF troops – Central Asian governments are coming up with new border solutions, which may have the effect of exacerbating conflict and insecurity. For example, the creation of young, armed volunteer battalions in Kyrgyzstan and Uzbekistan to patrol border regions is likely to increase insecurity for local citizens, while creating new opportunities for corruption.[24]

2.7 **Organised crime**

Organised crime networks are involved in trafficking drugs, people, firearms, explosives, and precious materials, such as gold and aluminium, through Central Asia.[25] Around 30 per cent of the heroin manufactured in Afghanistan is estimated to be smuggled through Central Asian states on its way to markets in Russia and Eastern Europe. It is reported that there are links between state actors and drug traffickers in all five states, with impacts, to a lesser or greater degree, on domestic politics in all cases.[26]

Analysis of the 2010 violence in Kyrgyzstan indicates that criminal gangs played a significant role, and suggests that they are unlikely to support a transfer of political power that will undermine their influence.[27] The sporadic violence in eastern Tajikistan's Gorno-Badakhshan region since 2012 is allegedly related to competition between government forces and local warlords over control of smuggling routes.[28] The crime-state nexus heightens the likelihood of political instability becoming violent, because of these groups' access to weapons and 'muscle', while also undermining prospects of governance reform.

2.8 **Extremism**

There is no clear evidence at present that organised criminal networks are linked to violent extremist groups in the region, such as the Islamic Movement of Turkestan and Islamic Jihad Union.[29] There is also no doubt that the threats of violent extremists and 'terrorists' in Central Asia, and of the 'spillover' of instability from Afghanistan, are disproportionately represented in the narratives of governments in their explanations of the region's problems – both in order to justify oppression, and to attract international support. Russia and China's vocal support for this narrative is lending some credibility to such fears,[30] although observers have also noted how the perceived threat of Islamic extremists plays to Russia's interest in increasing its security presence in the region.[31]

24 www.theguardian.com/world/2014/oct/16/kyrgyzstan-uzbekistan-civilian-militias-border-security

25 www.unodc.org/unodc/en/organized-crime/assessments.html

26 Lewis D (2010), 'High Times on the Silk Road: The Central Asian Paradox', *World Policy Journal* **27** (1, Spring 2010), pp 39–49; http://muse.jhu.edu/journals/world_policy_journal/v027/27.1.lewis.pdf

27 www.operationspaix.net/DATA/DOCUMENT/4508~v~The_Role_of_Organized_Crime_and_Drug_Trafficking_in_Kyrgyzstans_Ethnic_Crisis.pdf

28 www.eurasianet.org/node/68393

29 https://www.opendemocracy.net/od-russia/john-heathershaw-david-w-montgomery/%E2%80%98muslim-radicalisation-of-central-asia%E2%80%99-is-dangerous-1

30 www.rferl.org/content/russia-afghanistan-militants-central-asia-tajikistan-uzbekistan-turkmenistan/26768392.html

31 www.eurasianet.org/node/71561

While there have been very few actual incidents of violence by extremist groups in Central Asia, there is some cause for concern about the existence of cells of such groups within the region.[32] There has been an undeniable increase in the level of Taliban activity near the Afghanistan-Tajik border;[33] and there have also been reports of militant groups – the Islamic Movement of Uzbekistan (IMU), the Islamic State (IS), and the Taliban – becoming active near the Turkmen border over the last year.[34] Furthermore, it is estimated that 2,000–4,000 Central Asian citizens have gone to Iraq, Syria and Afghanistan to join IS and the Taliban; and there are fears that some will return with the intention of bringing their violent form of Wahhabist teachings back to the region.[35] However, it seems unlikely that the relatively small number of jihadists will find sympathisers among Central Asia's mostly moderate Muslims, or indeed that the militant leaders in Iraq, Syria, or Afghanistan will agree to prioritise support for violence in Central Asia in the near future.[36]

The greater threat in fact is the Central Asia-wide policy of indiscriminate repression of any Islamic group that promotes a form of Islam that differs from the moderate version accepted and promoted by the state. Anyone who wants to practice Islam independently or link it to a particular political philosophy risks being targeted as a criminal or 'terrorist'.[37] This is why political Islamic groups, such as Hizb ut-Tahrir and Tablighi Jamaat, are banned (almost) everywhere in the region and why many followers of these groups are currently in prison.[38]

The likely continuation of this policy means that, although the threat of violent extremism is currently fairly low, it may increase in the medium to long term. In addition, the way that the threat of violent extremism is framed in some Central Asian states risks undermining internal peace and security. For example, claims by Kyrgyz authorities that the majority of Kyrgyz citizens fighting for Islamic State are ethnic Uzbeks risks undermining improvements in relations between ethnic groups in Kyrgyzstan since the violence of 2010, and contributes to a deterioration of inter-community trust.[39]

32 http://carnegieendowment.org/2014/08/13/jihadism-in-central-asia-credible-threat-after-western-withdrawal-from-afghanistan
33 www.eurasianet.org/node/71561
34 www.rferl.org/content/afghanistan-islamic-extremists-turkmenistan/26893845.html
35 www.crisisgroup.org/en/regions/asia/central-asia.aspx
36 www.rferl.org/content/kyrgyz-claim-islamic-state-allocated-70-million-destablize-central-asia/26805854.html
37 http://carnegieendowment.org/2014/08/13/jihadism-in-central-asia-credible-threat-after-western-withdrawal-from-afghanistan
38 www.crisisgroup.org/en/regions/asia/central-asia/B097-central-asia-islamists-in-prison.aspx
39 www.rferl.org/content/isis-kyrgyzstan-kyrgyz-uzbeks-syria-fighters-islamic-state/26905648.html

3

Russia's role in Central Asia and impact on peace and stability

3.1 **Background**

RUSSIA'S PLACE IN THE WORLD is a critical factor in contemporary global affairs. The way in which Russia engages with its former Soviet neighbours and how they respond will shape the security landscape in Eurasia, and has wider ramifications for international relations and the balance of global power. Russia's relations with Ukraine – and in particular its intervention in Ukraine in 2014 through the *de facto* annexation of Crimea and support for rebel fighters in eastern Ukraine – have dominated that landscape and the current strategic agenda, and will continue to do so. Central Asian states have looked on with concern as events have unfolded in Ukraine in 2014 and 2015. It remains to be seen whether the actions Moscow has taken there are indicators of future attempts to reassert its influence elsewhere in the neighbourhood, and notably in Central Asia, or whether they mark some kind of watershed and are signs of Moscow's weakening position – which of course poses its own set of challenges.[40]

An earlier Saferworld report (*Russia's role and interests in Central Asia*, October 2013) provided some of the historical background on Russia's approach towards Central Asia.[41] The report highlighted several points regarding current relations between Russia and Central Asia. The first was that Moscow has found it hard to come to terms with its post-Soviet role – the perception and indeed reality of its diminished influence in neighbouring countries that were formerly part of the USSR. Over the past 25 years, relations between Russia and the five Central Asian states have fluctuated. Nevertheless, as emphasised in the 2013 report, obituaries about the demise of Russia's place in the region would be premature. And developments over the subsequent 18 months suggest that Russia's desire to strengthen its hand in Central Asia is intensifying.

The earlier report assessed that in what is a highly complex and changing context, Russia seemed likely to remain for now the most prominent external power in Central Asia, in terms both of its high-level political relationships and its security cooperation in the region. However, Moscow has slowly and reluctantly come to terms with its new role in the region, recognising that it is now one player among others. Above all, it is China's role and significance as an economic actor that continues to grow steadily and

40 See, for example, Center for Strategic and International Studies (CSIS) – Briefing Memo, 1 January 2015; and *The Diplomat*, 9 January 2015.

41 Saferworld (2013), 'Russia's role and interests in Central Asia', October.

relentlessly throughout Central Asia. This is evident in the fact that, as of 2010, Russia was no longer the number one trading partner of the five Central Asia countries as a whole; and specifically in Kazakhstan, Kyrgyzstan, and Turkmenistan, Russia has been overtaken by China.

As highlighted in the previous section on the Central Asian context, this region already faces a range of internal threats to stability, through weak and corrupt governments, divided societies, drug trafficking and its corrosive effects on state institutions, radicalised groups, and widespread poverty. Added to this, Russia's moves on Ukraine and their repercussions are an important part of the backdrop when considering Russia's role in Central Asia, with ramifications for stability in the region. Given the fallout from Ukraine and the damage done to Russia's standing in the international arena, as well as shifting attitudes in its neighbourhood, what are the implications specifically for Russia's engagement and strategy in Central Asia?

One reason for assessing these implications is to test whether Russia's approach to Central Asia in 2015 and beyond will mark a significant shift, with new factors coming into play. Or will it essentially remain in the mould of what has evolved during the period since 2000 when Vladimir Putin came to power?[42] That is to say, an approach towards Central Asia that has been characterised as navigating the murky waters of 'managed instability', preferring to deal with neighbouring states that are weak enough to be influenced but strong enough to stay afloat.[43] Others would argue that Russia's approach is changing and will continue to change and acquire a new intensity. Quite apart from factoring in the impact of Ukraine events, circumstances in and beyond Central Asia are arguably driving a more hands-on approach by Moscow towards the region.

In either case – 'business as usual' or a new focus driven by a shifting landscape – the fact remains that Central Asia is critical to President Putin's aim of establishing Russia as the leading player in the Eurasia heartland. However, it faces a number of challenges to this position, which include both internal and external factors. At home, a decade and a half after President Putin came to power, Russia finds itself in mid-2015 at a particularly challenging juncture: economically, as a result of the collapse in global oil prices and of Western sanctions; geopolitically, from the confrontation with the West over Russian actions in Ukraine; and politically, with President Putin – although still very popular in Russia – the focus of growing criticism. Meanwhile, there is the external prospect of China translating its powerful economic influence in Central Asia into a broader strategic presence in the region.[44]

3.2 **The economic context**

The place to start in updating any assessment of Russia's role in Central Asia – both in terms of how it is viewed and what its objectives are – is the economy. In short, the Russian economy is in a critical situation and could all too easily become worse. The economic challenges stem from a combination of factors, including: accumulated problems from a failure to address structural reforms; the effects of the dramatic fall in oil prices; and the impact of Western sanctions. The problems are so deep as to suggest this is a narrative that has far from played out.

During 2014, the value of the Russian rouble depreciated by over 45 per cent against the US dollar and other leading currencies[45]. Capital flight from Russia hit record levels in 2014, with a net outflow of $151.5 billion. According to data released by the Central Bank in Moscow, more money left Russia on balance in the final quarter of 2014 than in the whole of 2013, as the rouble's collapse sucked Russia into its worst

42 *Op cit* Saferworld.
43 Lang J, Popescu N (2015), 'Central Asia: the view from Russia', EUISS, January, Issue Alert.
44 Bobo Lo (2015), 'Frontiers New and Old: Russia's Policy in Central Asia', *Russie.Nei.Viisions* (82) January.
45 *The Moscow Times* (2014), 13 December.

economic crisis since the 1990s.[46] That partly reflects the havoc wrought on the Russian economy by falling oil prices and Western sanctions.

As one of the world's largest oil producers and with a poorly diversified economy, Russia is particularly exposed to the dramatic fall in the oil price. Having fallen to below $50 per barrel in March 2015, the actual oil price represents half the figure that was projected in Russia's budget forecast for 2015. Sanctions imposed by Western nations as a result of Russian actions in Ukraine in 2014 have exacerbated the economic challenges; though they are not the chief cause of the downturn in the Russian economy, which stems from wider factors, as noted above. Adding to the overall pressures as both cause and effect, inflation in Russia has been running at around 17 per cent.

The estimated figure for capital flight from Russia in 2014 was nearly three times higher than the $61 billion that Russia lost in 2013, and also surpassed the previous high set during the global crisis of 2008. Russia reportedly used more than one-fifth of the country's Central Bank reserves in 2014 in attempts to prop up the rouble on international markets, drawing heavily on its foreign currency reserves.[47] The Central Bank also raised its interest rates six times during 2014 in an attempt to halt or at least slow the decline in the rouble. In 2015, the ratings agencies Fitch, Standard & Poor's, and Moody's all downgraded Russian sovereign debt to just above junk status, which is likely to further reduce foreign investment.[48]

These factors have combined to have a marked impact on projections for Russia's economic growth. In mid-January 2015, the World Bank downgraded its forecast for Russia's economy to a 2.9 per cent contraction in 2015 (having predicted in December 2014 that it would shrink by only 0.7 per cent).[49] On 19 January 2015, the European Bank for Reconstruction and Development (EBRD) predicted that Russia's economy would shrink by 4.8 per cent in 2015, a sharp revision of the 0.2 per cent contraction the EBRD forecast in September 2014. In reality, Russian GDP is estimated to have contracted by 4 per cent in the first quarter of 2015, as a result of falling oil prices, economic and financial sanctions, flawed policies, and capital flight.

3.3 **Economic impacts on Central Asia**

What does this changing economic context mean for relations between Russia and the Central Asian states? Although none has been immune to the effects, the sharp fall in the rouble in 2014 and early 2015 has hit Central Asian states in different ways. The states can be divided into hydrocarbon exporters (Kazakhstan, Turkmenistan, and Uzbekistan), and oil and gas importers (Kyrgyzstan and Tajikistan). Self-evidently, oil exporters like Kazakhstan – albeit with its middle-income and emerging market status – are also having to absorb the recent sharp drop in oil prices, which has slowed its own growth projections.

The region's two poorest countries, Kyrgyzstan and Tajikistan, are already in dire financial straits.[50] Tajikistan's per capita GDP is less than one-tenth of that in Kazakhstan, and it is the poorest of all the former Soviet states, its already weak economy further undermined by poor financial management. Since Kyrgyzstan and Tajikistan depend on Russia as a major source of investment and remittances, the impact of Russia's economic downturn has been particularly hard on these two countries. Russia's slow-

46 *The Times* (2015), 19 January.

47 *Bloomberg* (2014), 16 December. The Central Bank's foreign reserves include both reserves used to support the rouble and foreign currency assigned to the two sovereign wealth funds (the Reserve Fund and the National Wealth Fund). The reserves in the first category, which before the crisis stood at around $510 billion, were estimated to have fallen to below $400 billion by December 2014 (the first time the reserves had gone below that figure since August 2009). The Russian government did not spend much from the sovereign wealth funds in 2014, but that is changing in 2015, and the deficit will be partly covered by drawing down the Reserve Fund, which had $88 billion in it at the end of 2014. For comments on this section of the report, the author is grateful to Alex Nice.

48 *Reuters* (2015), 29 January; and *The Guardian* (2015), 21 February.

49 *Financial Times* (2015), 20 January.

50 www.crisisgroup.org/en/regions/asia/central-asia/201-central-asia-decay-and-decline.aspx

down is felt through the reduced volumes of cash remittances sent home by migrant workers. Tajikistan tops global tables for the highest dependence on remittances, which account for around 50 per cent of the country's GDP; while for Kyrgyzstan, the figure is 30 per cent of GDP. The fallout from the depreciation of the rouble is all too plain: it buys fewer dollars to send home.

In addition, the decline in informal job opportunities available to migrant workers in Russia due to the worsening economic climate, plus the intensification of policies to reduce migration from Central Asia, mean that many migrant workers have not gone, or will not go, to Russia in 2015 – instead joining the many other unemployed workers at home.[51] The new socio-economic pressures arising from the swelling ranks of an unoccupied younger generation (predominantly male) could have serious implications for stability in Kyrgyzstan, Tajikistan, and Uzbekistan.

The weakening of the Russian rouble is also putting pressure on local currencies across the region, feeding quickly into inflation. Tajikistan and Kyrgyzstan have again been particularly hard hit, with the weakening rouble pushing down local currencies, sometimes by double-digit figures. Central banks in Kyrgyzstan and Tajikistan have dipped into limited reserves to ease their currencies' slides. Nevertheless, local currencies have followed the rouble downward, and the costs of imported essentials have risen, providing a strong reminder of their dependence on Russia. As a consequence of these various pressures, food prices in Bishkek, for example, have risen by 20–25 per cent over the past year.[52]

An arguable exception to these effects and trends in Central Asia is Turkmenistan, which is partly sheltered from the market's vagaries because it sells its chief export – natural gas – to China at a fixed price. However, that has been of little benefit to ordinary citizens in Turkmenistan, where the familiar divide between a rich elite and the vast majority of poor people remains as wide as ever.

Even in relatively strong and independent Kazakhstan, the effects of Russia's economic downturn have been palpable, with the local currency, the tenge, devalued by nearly 20 per cent in February 2014. However, the more significant devaluation of the rouble is making Kazakh goods less affordable to Russian citizens, which reduces sales and manufacturing growth.[53]

Overall, the economic slowdown in Russia has potentially long-term implications for investor confidence in Central Asia – although this trend may be less likely to affect China's approach towards the region. GDP growth projections have fallen markedly across Central Asia, albeit not yet to the levels seen during the 2008–9 financial crisis. However, this is where the Ukraine factor and how things develop in 2015 may have significant implications for the region, particularly if it turns into a worsening scenario in Ukraine.

It is clear then that the economic situation in Russia has had a range of adverse effects, to a lesser or greater degree, on all of the Central Asian states. It also has an important indirect effect on Russia's approach to Central Asia. With the Russian economy stagnating, the regime is constrained to look for non-economic ways of bolstering its legitimacy and popular support domestically. Demonstrating that Russia remains a powerful actor in the Central Asia region, and bringing new countries into Russia's 'sphere of special interests', provides an alternative way for the regime to gain legitimacy and support, despite its economic woes.

51 www.eurasianet.org/node/71471
52 *Eurasianet Blog*, October 2014.
53 *Radio Free Europe/Radio Liberty* (2014), 12 December.

3.4 The Eurasian Economic Union

A key tool deployed by Russia to demonstrate its continuing influence in its neighbourhood, including Central Asia, is its flagship project, the Eurasian Economic Union (EEU), also referred to as the Eurasian Union.[54] Some would say that 2014 was a transformative year for Eurasian integration and the EEU. While it is part of an expected development that stems from the tri-partite Customs Union first implemented by Russia, Kazakhstan, and Belarus in 2010, the political and economic union that the EEU represents could have significant implications for relations in Russia's neighbourhood and for regional dynamics. What started off as a relatively simple customs union in early 2014 has been transformed into a single economic space that includes Russia, Kazakhstan, Belarus, Armenia – and from May 2015 has added Kyrgyzstan into the fold (the agreement to include Kyrgyzstan in the EEU was signed in December 2014). Russia, for its part, has declared that it will allocate up to $1.2 billion to the EEU over the next two years: a $500 million fund, a $500 million credit, and a further $200 million, to enable quicker integration of the Central Asian states into the Union.

From another angle, the expansion of the EEU into Central Asia has arguably come at the cost of internal frictions, which have crept into relations between Russia and both of the other two core members, Belarus and Kazakhstan. Strains have been apparent in the Moscow-Minsk relationship for some time.[55] Meanwhile, Kazakh President Nursultan Nazarbayev, one of Putin's key allies in the region, sought to dilute some of the political provisions of the EEU before agreeing the treaty (signed by the leaders of Russia, Kazakhstan, and Belarus in May 2014). This stemmed in part from an early outcome of the Customs Union, which had the effect of flooding the Kazakh market with Russian goods, making it even harder for Kazakh producers to compete.

The EEU also means that Kazakhstan is more exposed to the knock-on effects of sanctions imposed on Russia by the EU, and Astana criticised the decision by Moscow to impose 'counter-sanctions' on Western produce into Russia. Although Kazakh food exports to Russia increased to replace some of the food imports from EU countries hit by the 'counter-sanctions', the sanctions have also caused damaging delays for various Kazakh oil projects. With frictions behind the scenes, there were also reports of 'tit-for-tat' import bans in March 2015, with Astana reportedly pulling Russian meat, cheese, and dairy products from supermarket shelves over alleged health-code violations, which prompted media criticism in Moscow.[56]

Elsewhere within Central Asia there has also been waning enthusiasm for the EEU. The concerns and nervousness about Russian aims and intentions behind the EEU need to be viewed in the context of Russian actions in Ukraine. President Nazarbayev warned in an August 2014 TV interview that "if the rules which were earlier established in the treaty are not fulfilled, then Kazakhstan has the complete right to end its membership in the EEU. Astana will never be in an organisation which represents a threat to the independence of Kazakhstan".[57] These blunt comments that Kazakhstan would reserve the right to leave the EEU if the rules were not adhered to can be seen to reflect Kazakh concerns about Russia's actions in Ukraine, especially as Nazarbayev's remarks came a day after President Putin made comments to the effect that Kazakhstan was an 'artificial state' created and maintained by President Nazarbayev.[58]

54 To clarify the terminology, the 'Eurasian Union' refers to several entities. It designates a Customs Union, initiated in 2006 and launched in 2010, that includes Russia, Kazakhstan and Belarus, and which developed in 2013 into a Common Economic Space of the three countries. The term is often used to refer to the Eurasian Economic Commission (formerly the Customs Union Commission) which is the Executive of the Customs Union. It also refers to the Eurasian Economic Union, a new institution launched on 1 January 2015. The underpinning treaty of the Eurasian Economic Union was signed in Astana in May 2014. The project is partly viewed as an attempt to reboot another initiative, the Eurasian Economic Community (EurAsEc) which largely failed following its launch in 2000. The EurAsEc – comprising Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Belarus, and viewed as the forerunner of the Customs Union and the single Economic Space in Eurasia – was officially wound up on its 14th anniversary in October 2014. The various components and affiliations of EurAsEc, such as its Inter-Parliamentary Assembly, also ceased to exist. Most of the existing structures and elements were however merged with the EEU. For instance, the EurAsEc Court will constitute the bulk of the Eurasian Economic Union Court, located in Minsk. Its legacy – a 'paper mountain' of agreements – includes the signing of over 215 multilateral cooperation agreements and treaties in a range of economic and development spheres affecting the five core members.

55 *Forbes* (2015), 'Belarus – no longer Putin's dependable ally?', 24 January.

56 *Kommersant* (2015), 13 April; *Moscow Times* (2015), 13 April.

57 *Op cit* Khabar TV.

58 See later section in this report on 'Ukraine Effects', and also footnote 33.

Faced by these challenges, a main consideration is whether the EEU will amount to more than a façade or even survive in the medium to long term.[59] And although Russia was keen to affirm its financial support for the expansion and consolidation of the Union, questions remain over what impact the economic pressures in and on Russia will have for its commitment to the EEU project.

3.5 The security context

Russia's overriding concerns in its neighbourhood, including Central Asia, centre on four main areas: military security; regime consolidation; protection of the Russian language and ethnic Russians (arguably used as a convenient pretext); and the project of the EEU. Russia remains the most powerful security actor in Central Asia. With significant military assets based in the region, Russia has the means to react to a crisis, together with an assumed responsibility to manage security. This is borne out of bilateral relations with the Central Asian states rather than under the auspices of regional multilateral agreements, such as the CSTO or SCO.

Tajikistan and Kyrgyzstan have been and remain the main focus of Russia's security engagement in Central Asia. Moscow has committed to spending over $1.5 billion to bolster the Kyrgyz and Tajik militaries,[60] with around two-thirds of this sum going to the Kyrgyz military. In the military sphere, Russia's bilateral security cooperation with Tajikistan involves the deployment of one of its largest military contingents abroad, the 201st Motorised Rifle Division. About 7,000 troops are deployed at the military base near Dushanbe, in three regiments. In October 2012, a bilateral agreement was concluded between Dushanbe and Moscow, which provides for rent-free basing for Russian forces until 2042.

In Kyrgyzstan, an extension of the Russian military facilities at Kant has taken those arrangements through to 2032. The new agreement will run from 2017 and provide for an integrated Russian military base in Kyrgyzstan, combining all the various facilities at Kant and elsewhere in the country.[61] Russia has written off substantial Kyrgyz debts, amounting to $489 million, and has done similarly in the case of Tajikistan. Kyrgyz debts were also converted into a capital holding for Russia, in Dastan, one of Kyrgyzstan's only military-industrial enterprises. By such means, Russia has used debt cancellation and substantial aid to lever these military security arrangements into place.

In the defence sphere, the Russian authorities have succeeded in keeping or regaining a number of Soviet-era military and research installations in Kazakhstan, Kyrgyzstan, and Tajikistan. The most important ones in the post-Soviet space are in Kazakhstan, and they constitute a major element of the Russian defence system. Since the 1990s, Astana has given Moscow the use of several firing ranges in exchange for military equipment, technical maintenance, and officer training. Furthermore, Moscow rents, for example, the Baikonur space complex from Astana (70 per cent of Russian rocket launches take place there), as well as missile test-firing ranges in the regions of Karaganda, Zhambul, Aktube, and Kyzl-Orda.[62] Russia does not have any military facilities in either Turkmenistan or Uzbekistan.

Another aspect related to these bilateral military arrangements is the issue of Russian military units drawing foreign personnel into their ranks. Significantly, a Russian presidential decree, signed by President Putin in January 2015, granted foreigners the right to serve in the Russian military. It remains to be seen whether this will lead to a growing number of recruits from Central Asian states being hired into the Russian army.

59 Schenkkan, N (2014), *Foreign Affairs*, 'Why the Eurasian Union might not survive 2015 – Eurasian Disunion', 26 December, www.foreignaffairs.com/articles/armenia/2014-12-26/eurasian-disunion

60 *Ibid*.

61 *Defence News* (2012), 20 September.

62 Laruelle M (2009), 'Russia in Central Asia: Old history, new challenges', *EUCAM*, September.

In principle, the recruits would be able to serve for at least five years without Russian citizenship. As of today, Russian forces already include about 300 foreign soldiers.[63]

In the multilateral security sphere, the loose organisation and requirements of frameworks such as the Commonwealth of Independent States (CIS), CSTO, and SCO allow for flexible security arrangements in which some members can choose deeper integration while others can opt out of initiatives. The drawback is that many of the arrangements nominally adopted by these multilateral structures do not end up being implemented, either because members do not ratify the necessary national legislation to bring them into force, or because they do not provide adequate financing to operationalise them.

From a Russian standpoint, attempts to create stronger regional institutions in Central Asia have their own drawbacks. While such efforts could make these institutions more effective instruments of Russian power, they also risk alienating other members, who typically either pay lip service to the outlined obligations and then decline to enforce them; or escape them by exiting the institutions. Uzbekistan, for instance, which has been historically reluctant to integrate into any framework that involves Russia and Kazakhstan, suspended its membership of the CSTO in June 2012.

Another significant aspect of the security context is Islamic extremism, and the perceived threat it poses. Saferworld's 2013 report on *Russia's role and interests in Central Asia* highlighted the impact of ongoing violence and instability in the Middle East region. In this regard, it is important to note the increasing number of Central Asian citizens that were arrested in the second half of 2014 and early 2015 on suspicion of taking part in militant activities in Syria as part of the IS or al Qaeda affiliated armed groups. Overall, between 2,000–4,000 Central Asians are estimated to have travelled to Iraq and Syria – as well as to Afghanistan – to fight with IS or the Taliban in recent years.[64]

According to Zamir Kabulov, President Putin's Special Representative for Afghanistan, a small group of IS militants was preparing to attack Central Asia and Russia from northern Afghanistan, although no timeframe was referred to.[65] Statements of this kind, whether well-sourced or ill-founded, feed a set of perceptions and even a sense of paranoia in some circles in the region (see context analysis above). The risks of Islamic extremism are undoubtedly a challenge, both for Moscow and for the leadership of Central Asian states. However, as mentioned above, arguably the greater threat lies in the Central Asian-wide policy of indiscriminate repression of any Islamic group in the region that promotes a form of Islam different to the moderate version espoused by the state. The risk is that repressive policies by Central Asian governments may, in the medium to long term, provoke the very escalation of Islamic extremism that the authorities in Central Asia and Moscow seek to avoid.[66]

From a broader perspective, Russia's security involvement in Central Asia is vital to its plans for the region. With concerns about insecurity emanating from Afghanistan, Russia is determined to strengthen its southern perimeter and the CSTO. However, while multilateral arrangements, such as the CSTO, have a role to play in Moscow's eyes, there is a strong sense that bilateralism still dominates and has the pre-eminent place in the security sphere. With the emphasis on bilateral ties with Kyrgyzstan and Tajikistan, military cooperation and economic support/leverage go hand-in-hand.

Nevertheless, there are limits to Russia's willingness to engage, and its overall stance in the security sphere in the region presents something of a paradox. Despite having the means and assumed responsibility to engage, it has shown a reluctance to intervene militarily in Kyrgyzstan or Tajikistan, and appears only willing to do so if Russian

63 See Alexander Golts (2015) 'Russia to hire more foreign troops in forces shake-up', cited in BBC News, www.bbc.co.uk/news/world-europe-30682465, 5 January.

64 *Radio Free Europe/Radio Liberty* (2015), 17 February.

65 Kabulov warned of the IS threat during an interview with Interfax at the end of 2014 (29 December).

66 www.crisisgroup.org/en/regions/asia/central-asia/B097-central-asia-islamists-in-prison.aspx

territory or key interests are at stake. This was seen during and after the 2010 Osh pogroms in Kyrgyzstan, when Russia failed to respond, as it did not view the violence as a direct threat to its own interests.[67]

3.6 Russia and regional multilateral mechanisms

As can be seen from the above, Moscow seeks to make practical and creative use of multilateral mechanisms, such as the EEU and CSTO, to facilitate and legitimise the pursuit of Russian national interests. In a way, these multilateral mechanisms can be seen to perform roughly analogous roles to the Warsaw Pact and COMECON (Council of Economic Assistance) during the Cold War. What matters from Russia's perspective is that these latter-day incarnations support the core strategic aims of a post-Soviet Eurasia dominated by Moscow.[68]

This is borne out by Russia's attitude towards the China-dominated SCO. For Russia, the SCO's inclusive aspect counts against it. It is sometimes viewed as useful by Russia for challenging the legitimacy of Western institutions and policies. However, Russia has little interest in seeing the SCO become an effective vehicle for regional integration because it would be integration on terms decided by others, notably China. China's influence, with the SCO under *de facto* Chinese leadership, is at odds with President Putin's vision for Eurasia. Thus, Moscow has obstructed Beijing's efforts both to establish a SCO Free Trade Zone[69] and to establish a SCO Development Bank, given the likely dominance of China within these arrangements. From Moscow's perspective, any efforts by Beijing to create a SCO Free Trade Zone would be a potential competitor to the Customs Union or EEU – and a threat to national markets, given the lower price of Chinese goods.[70]

3.7 The Ukraine effects

At a geopolitical level, events in Ukraine in 2014 and 2015 have raised important questions about Russia's future approach to Central Asia. According to some regional commentators, Central Asia is viewed as the 'next place' where the Kremlin might seek to use leverage, partly through the Russian diaspora, to exert its authority.[71] Furthermore, with the advent of the EEU, Kazakhstan and other Central Asian countries are inevitably set to be focal points of the Russian-led initiative.

While Ukraine is not the focus of this paper, it is important to consider the implications of Ukraine events for Russia's role and interests elsewhere in its neighbourhood, including Central Asia. 2014 has been called a 'black year' for European and international security,[72] and it was certainly a moment of huge strategic significance. Furthermore, what has happened – and is happening – in Ukraine appears part of a long-term dynamic that is far from played out.

Russian moves at the root of the conflict in Ukraine have been in clear violation of international law.[73] Alluding to the challenges this poses, the British Foreign Secretary

67 Central Asia Policy Forum (2012), 'The Future of Russia's involvement in Central Asia', George Washington University, December.

68 *Op cit* Bobo Lo.

69 Zhao H (2013), 'China-Russia Relations in Central Asia', The Asan Forum, 22 November, www.theasanforum.org/china-russia-relations-in-central-asia/

70 *The Diplomat* (2015), 23 March.

71 Wilson Center, Kennan Institute (2014), 'Russia opens a Pandora's box', 8 July.

72 NATO Secretary General Jens Stoltenberg, 30 Jan 2015, delivering a speech on the annual report for 2014, in which he cited Russia's actions on Ukraine and violent extremism in the Middle East as the most serious threats).

73 Those contraventions ranged from the non-intervention provisions of the UN Charter to the 1997 Treaty of Friendship, Cooperation and Partnership between Russia and Ukraine. Specifically, in the course of the annexation of Crimea on 21 March 2014, Russian violations of international law include: non-intervention provisions in the UN Charter (peaceful settlement of disputes, refraining from the threat or use of force against the territorial integrity of any state); the Helsinki Final Act of 1975 (and especially the principle of inviolability of borders; the 1990 Paris Charter (the tenets of which are that borders of countries are not rewritten by force and all states enjoy equal security and equal rights to choose their own alliances); the 1997 Treaty of Friendship, Cooperation and Partnership between Russia and Ukraine (which requires Russia to respect Ukraine's territorial integrity).

said in a 10 March 2015 speech, "we are now faced with a Russian leader bent not on joining the international rules-based system which keeps the peace between nations, but on subverting it. President Putin's actions (…) fundamentally undermine the security of sovereign nations" in the neighbourhood.[74] Seen in this light, recent events in Ukraine may be seen to reveal what kind of Russia faces its neighbours, and the wider implications for international security. None of that is lost on Russia's close neighbours, especially in Central Asia.

It would be a mistake to overstate the Ukraine effects on the Central Asia context – but, by the same token, the fallout should not be underestimated. The main factors affecting peace and stability in the region remain the internal dynamics within and between Central Asian states, and the range of internal conflict issues that confront them, as described above. However, that is not to deny a new disquiet or level of concern that will have crept into perceptions about Russia's role and intentions in the broader region. This includes nervousness over Russian intentions generally; deep concerns over the economic fallout from the crisis hitting the Russian economy and its wider effects; questions about what this means for Russian-led projects in the region such as the EEU; and the specific issue of remittances.

Perhaps the greatest impact of Ukraine events on perceptions of Russia – both within Central Asia and more widely – is to make Russia unpredictable. President Nazarbayev, traditionally a close ally of Moscow and with whom President Putin has forged a close working relationship, made no attempt to disguise his disquiet over the steps taken by Russia in Crimea in early 2014. In March 2014, the Kazakh Ministry of Foreign Affairs stated that it was deeply concerned about the current situation in Ukraine. The carefully worded statement urged all sides to renounce the use of force and to resolve the crisis through negotiations "based on respect towards the fundamental principles of international law". To this coded criticism, the Kazakh Ministry added that "further escalation of tensions may lead to unpredictable consequences at both regional and global levels".[75]

Tensions in the Moscow-Astana relationship were compounded when President Putin made remarks on 29 August 2014 about Kazakhstan being an 'artificial state'. He said "Kazakhs had no statehood" previously, and – although he went on to eulogise President Nazarbayev as Russia's "closest strategic ally and partner" – he referred to his ability to "create… and maintain" a state on a territory that had never had a state before.[76] At best, the reported remarks were unwise, given the uncomfortable parallels and echoes that Ukraine has with Kazakhstan, where ethnic Russians account for an estimated 23 per cent of the Kazakh population.

President Putin's remarks certainly appeared to cause offence in Kazakhstan,[77] and subsequent attempts in both Moscow and Astana to smooth over the situation left little doubt about the dim view taken by the Kazakh leadership. The day after Putin's comment, President Nazarbayev made the above-mentioned statement about Astana reserving the right to end its membership in the EEU "if the rules which were earlier established in the treaty are not fulfilled, (…) Astana will never be in an organisation which represents a threat to the independence of Kazakhstan".[78]

Broader regional disquiet with Russia's actions in Ukraine was further evident when, at the SCO Summit in Dushanbe in September 2014, President Putin failed to win consensus for a supportive statement on Ukraine.[79] And earlier, in the UN General

74 www.gov.uk/government/speeches/foreign-secretary-intelligence-and-security-speech, 10 March 2015.

75 mfa.kz (2014), 3 March; also, the Uzbekistan MFA put out a similar statement on its website a day later, on 4 March, noting that the events in Ukraine create "real threats to sovereignty and territorial integrity (which) cannot but arouse deep alarm and concern in Uzbekistan", (mfa.uz, 4 March 2014).

76 *Tengri News* (2014), 'RF President Vladimir Putin on Kazakhstan and its future', 30 August, http://en.tengrinews.kz/politics_sub/President-Vladimir-Putin-of-Russia-on-Kazakhstan-and-its-future-255793/

77 One parallel drawn is that 23.7 per cent of Kazakhstan's population are Russian compared with 17 per cent in Ukraine. Around 40 per cent of Kazakhstan's population are Russian speakers.

78 President Nazarbayev interview to Khabar TV, broadcast on 31 August 2014. A presidential staffer said he had actually recorded the interview on 24 August, apparently 'before' President Putin made his comments on 29 August about Kazakhstan being an 'artificial state'.

79 Eurasianet.org (2014), 14 Sept.

Assembly vote in March 2014 that condemned the annexation of Crimea, it was notable that Kazakhstan conspicuously abstained rather than supported Russia.[80]

The broader context of what has happened in Ukraine clearly raises uncomfortable questions elsewhere around Russia's neighbourhood. In particular, do Russian actions over Crimea and in eastern Ukraine draw a line that keeps the focus only on that front; or do they presage an uncertain and unsettling period all the way round Russia's periphery? Furthermore, and partly tied to that, what are the prospects and implications for the Customs Union and EEU, the latter of which formally came into being on 1 January 2015?

That said, the earlier cautionary point needs to be reiterated: namely, that care should be taken not to overstate the Ukraine effects in the Central Asian region. The main thing to stress is that internal and other dynamics at play in Central Asia (see next section) will continue to be the dominant drivers in shaping developments in the region – which will vary according to the relative strengths, weaknesses, and other variations within and between those states – and the different priorities Moscow attaches to them. Moreover, underpinning everything, the political leaders and elites in Central Asia are experienced 'geopolitical balancers' and are likely to remain so.

3.8 **Relations between Russia and Central Asian states**

A recent report by the Russian International Affairs Council noted that Moscow's policy towards Central Asia, given the lack of cohesion in the region, should be largely based on designing Russian strategies on a country-by-country basis.[81] The most important, though not straightforward, relationship for Moscow in Central Asia is with Kazakhstan, given the country's core role and importance in the region – and specifically the strong personal relationship between Presidents Putin and Nazarbayev. It is not only a critical bilateral relationship but also the cornerstone of Putin's larger vision for Central Asia and the wider Eurasian continent. Kazakhstan is the core state in any integration project in the region. Put another way, how Kazakhstan manages its relations with Russia over the next five to ten years is going to be one of the defining regional issues.[82]

Driving Russian policy in Kazakhstan are the activities of four major Russian energy companies: Lukoil, Gazprom, Rosneft, and Transneft. These companies allow Moscow to keep Astana within Russia's sphere of interests and help prevent Beijing from dominating Kazakhstan's economy. The leading Russian investor in Kazakhstan is Lukoil, which operates seven projects and has a stake in the cross-country pipeline, the Caspian Pipeline Consortium.[83]

Kazakhstan, for its part, looks to steer a careful course between Moscow and Beijing. Nevertheless, as the Foreign Policy Concept of the Republic of Kazakhstan for 2014–20 makes clear, under the Treaty on Good-Neighbourliness and Alliance in the 21st Century, Russia will remain Kazakhstan's primary partner.[84]

As noted earlier, and notwithstanding the upbeat titles of official documents, there is an increasingly acrimonious undertone to the Russia-Kazakhstan relationship, as a result of ill-advised public statements in 2014. At a political level, there is dismay and even anger felt in Astana at the resonance of a range of bullish statements made in 2014 by President Putin. One example is Putin's remarks to Russian ambassadors and

80 *New York Times* (2014), 27 March.

81 Russian International Affairs Council (RIAC) (2013), 'Russia's interests in Central Asia', (10).

82 Kazakhstan Foreign Minister Yerlan Idrisov said in early March 2015 that Astana is preparing a bilateral Russia-Kazakhstan border delimitation document to submit to the UN. He said the step is being taken because of the situation in Ukraine: "One of the most painful points in the Ukraine crisis is the fact that there was no delimitation agreement between Russia and Ukraine. Therefore, we think that we are making a very important step in ensuring that we finish this process with Russia and then submit the document to the UN so that in any situation we can appeal to them." (Source, Silk Road Reporters, 7 March 2015).

83 *Op cit The Diplomat* (2015), March.

84 www.kazembassy.org.uk/index.php/en/?option=com_content&view=article&id=1248&Itemid=1187&lang=en

government officials at a 1 July 2014 meeting at the Kremlin when he stated: "I would like to make it clear to all: our country will continue to actively defend the rights of Russians, our compatriots abroad, using the entire range of available means – from political and economic to operations under international humanitarian law and the right [of compatriots abroad] to self-defence".[85] Given the sizeable ethnic Russian minority in Kazakhstan, President Nazarbayev is determined to dispel any notion that ethnic Russians are unwelcome in the country, especially to pre-empt any suggestion that a 'Ukraine scenario' could happen in his country.

On the diaspora issue, the counter to this – some would argue – is that Russian populations in Central Asian countries are declining and that the cultural context is changing.[86] However, more broadly, the legacy of the Soviet Union remains strong both in terms of the attachments people have formed to Soviet culture and the continuing socialisation of Central Asians in the post-Soviet Russian cultural sphere.[87] By way of example, Russian TV stations continue to be widely watched across the region, and this inevitably influences Central Asian attitudes and perceptions. As one Central Asian interlocutor remarked, "I think [Russia and Central Asia] cannot escape from each other: we are here, Russia is next door, we still speak Russian, everyone watches Channel One, because we have got a very poor TV… And what's most interesting is that they will listen to Putin instead of Atambayev on New Year's night".[88]

While the cultural dimension is important in terms of local perceptions, it is the security dimension, and its interface with commercial opportunities, that continues to be Moscow's main concern and focus in Central Asia. It is no surprise therefore to see Moscow redoubling its efforts, through military sales, to underline its importance and relevance to states in the region.

In the traditional mix of bilateral and multilateral relations, Moscow continues to prioritise differentiated bilateral approaches. Russia-Uzbekistan relations have been mixed or even tense at times since the end of the Soviet Union. The regime of Uzbek President Karimov has always been a difficult partner for Russia, but the Kremlin has recently been looking to forge closer ties again with Uzbekistan. This is illustrated by President Putin's visit to Uzbekistan in December 2014. Putin's one-day visit to Tashkent on 10 December was partly a show of support for Karimov ahead of parliamentary and presidential elections in Uzbekistan, scheduled for late December 2014 and March 2015 respectively. President Karimov, who turned 77 in January 2015, duly won the presidential elections on 29 March 2015 with over 90 per cent of votes cast, from a reported turnout of 91.08 per cent, giving him his fourth consecutive term as president.[89]

During the Tashkent visit in December 2014, the Russian side agreed to write off $865 million out of a total of $890 million of Uzbekistan debts to Russia. That reportedly opens the way to Russia to expand sales of arms and military equipment to Uzbekistan.[90] President Karimov made appropriately upbeat remarks in his assessment of Russia's role in the region: "Russia has always had interests in Central Asia, and its presence has always been stabilising".[91] Karimov proposed that Tashkent and Moscow should discuss "ensuring peace and stability in the Central Asian region" following ISAF's withdrawal from Afghanistan, noting that "the Afghan problem (was) far from being finally settled". For his part, President Putin said "Russia took confidently the leading place among trade and economic partners for Uzbekistan and it seeks to keep that position". He added that Uzbekistan was "one of Russia's priority partners in the

85 Russian Federation MFA website, President Putin speech to RF Ambassadors, 1 July 2014: www.mid.ru/bdomp/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/6328ab19489b523b44257d09001c3de6!OpenDocument

86 Radio Free Europe/Radio Liberty (2011), 28 September; and *op cit The Diplomat* (2015), January.

87 Heathershaw J, Owen C, 'The Myth of 'Rising Powers' and the prospects for Post-Western IR: the case of Russia in Central Asia', University of Exeter; paper presented at the ASN World Convention, Columbia University, 23–25 April 2015.

88 Saferworld interviews in Kyrgyzstan and Tajikistan, November 2013.

89 EurasiaNet.org (2015), 29 March.

90 *Deutsche Welle Russian Service* (2014), 11 December; EurasiaNet.org (2014), 12 December.

91 *TASS* (2014), 10 December.

region", which Russia viewed as a "matter of fact, because Uzbekistan is the most populous country in Central Asia".

Reflecting on this development, a Moscow-based analyst, Arkady Dubnov, observed that Moscow's effort to strengthen its influence in Uzbekistan had its own logic, unrelated to the Kremlin's perceived 'Eastern tilt'.[92] His assessment, shared by others, is that the US is likely to lose interest in Central Asia as a result of its troop withdrawals from Afghanistan. Furthermore, Washington opted not to make Tashkent a major beneficiary of its military aid. Thus, Uzbekistan was forced to resume military technological cooperation with Russia and to solicit its support in addressing potential threats from Islamic radicals – threats that the Uzbek leadership has sought to play up for its own political reasons. At the same time, Tashkent is keen to avoid being drawn into the Kremlin's sphere of geopolitical ambitions, despite growing pressure on it to join the Customs Union.[93]

Kyrgyzstan, in the period since the election of President Almaz Atambayev in 2011, has developed increasingly close relations with Russia in the political, security, and economic spheres. As noted above, Russia significantly upgraded its military and security links through a new basing agreement, and increased funding, equipment, and training for the Kyrgyz military and security forces. Russia has also increased its influence through investments in strategic sectors of the Kyrgyz economy. In April 2014, Gazprom took over Kyrgyzstan's ailing gas distribution network and has committed to some $500 million in investments in energy infrastructure in 2015–17. Russian state companies have also promised major investments in hydroelectric projects, with the long-term potential for energy exports. While China remains Kyrgyzstan's key trading partner, these strategic investments provide the basis for a long-term institutionalised economic relationship with Russia.

Economic ties have been further cemented by Kyrgyzstan's recent accession as a member of the EEU, which has been supported by $1 billion of Russian funding to help Kyrgyzstan meet entrance requirements and restructure its economy.[94] There was some local opposition to joining the EEU, particularly from Kyrgyz businesses concerned about the impact of the EEU on trade with China; however, local opinion polls suggest that there remains strong popular support for closer ties with Russia. According to a 2014 poll, 71 per cent of Kyrgyz favoured joining the EEU, and 87 per cent favoured retaining a Russian military base in the country.[95]

Meanwhile, in Turkmenistan, reports suggest that the leadership in Ashgabat has been particularly worried about the worsening security situation on the other side of the country's 744-kilometre border with Afghanistan[96]. And in a measure of precisely how concerned Ashgabat has become that Afghan radical forces might carry out an incursion into Turkmenistan, it has reportedly allowed Russian and now Uzbekistani military personnel to provide assistance in fortifying Turkmenistan's border.[97] The same report also suggests that Ashgabat has approached Washington for military assistance. If this is the case, that would represent a significant departure from Turkmenistan's constitutionally established neutrality and its 'go-it-alone' practice over the past two decades. It also prompts questions about Russia's future intentions in this regard.

92 *Eurasia Outlook* – Panel discussion at Carnegie Center, note posted 16 December 2014.
93 *Ibid*.
94 Lewis D, 'Reasserting Hegemony in Central Asia: Russian Policy in Post-2010 Kyrgyzstan', paper presented at the ASN Convention, Columbia University, New York, 23–25 April 2015.
95 Trilling, D (2014), 'Kyrgyzstan, Tajikistan Full of Putin Fans, New Poll Says', 11 August, www.eurasianet.org/node/69471
96 *Eurasia Daily Monitor* (2015) 12 (59), 31 March.
97 *Ibid*.

3.9 **Russia-China interface**

The evolving relationship between Russia and China is obviously a critical dynamic in shaping the future of Central Asia. Although traditional competitors in the region, Russia and China have sought to avoid treading on each other's toes and have in general found a *modus vivendi* thus far.

The following section of the report describes the points of convergence and divergence between China and Russia on the region. China's main role is through the huge economic leverage it retains through investment projects and trade in all countries of the region, while Beijing is prepared to cede on security issues to Russia. This, however, will be an important space to watch. The two countries do have different priorities and strategies in Central Asia and, as China's role and influence expands, it is doubtful whether the current tacit acceptance of each other's spheres of dominance (Russia in the security sphere, China in the economic) is sustainable.

More generally, Moscow is in two minds about whether China represents predominantly an opportunity or a risk – or even a threat to Russia. In the Central Asian context, both powers have thus far managed to achieve their goals without clashing abrasively with one another. However, Russian concerns are barely disguised about China's economic rise and its military modernisation programme, which will allow it to develop and project new capabilities in China's border areas, including Central Asia. While it cannot counter Beijing's economic expansion, Moscow's aim to reassert its role in the region by expanding the EEU is at odds with Beijing's plans to strengthen the SCO, and does not envisage any significant Chinese security presence.

Thus far, to reiterate, Russia-China cooperation in Central Asia has been workable partly because Beijing seems to have regarded keeping Central Asia under Russia's security and political umbrella as being in China's interest. However, in the longer term, China could well prove problematic for Russia's traditional role and future vision for Central Asia. If China's leadership were to expand the range of its engagements in Central Asia so that it became more involved in the political and military spheres – and not just in the economic one – then Beijing's interests would clearly come into conflict with Moscow's.

What could trigger such an alteration of the current relatively harmonious dynamics between Russia and China? Competition between the two powers for control over Central Asia's natural resources is likely to intensify, and unless dexterously managed this could have an adverse effect on relations, especially given the risk of Central Asian leaderships playing one power off against the other. As highlighted earlier in the report, another issue that could expose differences between the two is the issue of succession politics in the region. Given the old age and reportedly poor health of some of the region's leaders, the presidential successions in Uzbekistan and Kazakhstan are potential crisis points. The sudden demise of either president could trigger significant instability.[98] This in turn could bring underlying rivalries between Russia and China to the fore, so the political successions may have much wider repercussions.

It is also worth noting the different strategies adopted by Russia and China towards their neighbourhoods, including Central Asia. To support China's growth and modernisation, President Xi Jinping appears concerned to promote a stable and prosperous regional environment.[99] While competing territorial claims in the South China Sea have caused tensions, and relations with Japan remain fraught, for the most part China has sought to bolster neighbouring countries, on the basis that their economic growth is in China's interests. In contrast, President Putin's notion of national security is to surround Russia with what Karel de Gucht, the EU Trade Commissioner, described as a string of economic 'black holes' (such as Ukraine and Belarus) and 'frozen conflicts' (including in Transnistria, Abkhazia, and South

98 www.bne.eu/content/story/great-succession-game
99 http://edition.cnn.com/2014/04/12/opinion/ukraine-putin-niblett/
100 *Ibid*.

Ossetia).[100] Where China's strategy is premised on the necessity of a stable neighbourhood, according to this view Putin seeks to manufacture a compliant and dependent one.

Against this backdrop, a key consideration looking ahead is the 30-year gas deal signed between Russia and China on 21 May 2014, worth an estimated $400 billion, and starting in 2018 – part of the so-called 'Eastern Vector' trade focus for Russia.[101] Both countries will be responsible for building new infrastructure to enable the transport of the natural gas: Russia will spend an estimated $55 billion to build a pipeline from Siberia (the 'Power of Siberia' pipeline), while China will spend about $20 billion on infrastructure within its borders.

The gas deal reflects in part President Putin's determination to show the US and Europe that Russia has 'other options'. In the agreement, signed between Russia's Gazprom and China's National Petroleum Corporation after a decade of negotiations, 38 billion cubic metres (bcm) of Russian gas will be delivered to China annually. The gas price that Beijing secured in the deal was not disclosed, though it is speculated that China managed to obtain a favourable price. Russian representatives insisted that the price would vary according to the global market price of oil, making the deal closer to what Moscow wanted than to what Beijing had been asking for, though those claims have not been corroborated.[102] However, if correct, the dramatic slump in global oil prices will obviously be to Russia's disadvantage.

Noteworthy in all of this is that Gazprom announced in early 2015 that it will cut gas imports from Turkmenistan and Uzbekistan by almost 11 bcm. As a result, in less than a decade, Russia has moved from being virtually the monopoly buyer of Central Asian gas (prior to the construction of the Central Asia-China pipeline), to effectively becoming a competitor to Turkmenistan and Uzbekistan for the Chinese market. This is revealing about the relative economic and political strength of Russia and China. The Central Asia-China pipeline represents a powerful show of financial and political muscle by China.[103]

It is clear then that the future Russia-China relationship in Central Asia will be influenced by a range of factors, including global geopolitics, domestic politics within the Central Asian states, and energy resource competition. Despite progress in economic, diplomatic, and military cooperation between Moscow and Beijing, the current *modus vivendi* in Central Asia is unlikely to be sustainable in the longer term. The options would appear to be either more proactive collaboration between Russia and China, or else the region will serve as a platform for growing rivalry and confrontation.

3.10 **Conclusions**

In this section we consider the implications of Russia's evolving role in Central Asia, including how it relates to conflict and security dynamics in the region.

A shifting balance of power

Russia has historically been the predominant actor in Central Asian politics. Its access to the leadership of the Central Asian states is unparalleled. However, Central Asians often grumble about being treated patronisingly by Moscow, in contrast to the fanfare and ceremony with which they are received in Beijing. Russia does not invest in soft power in Central Asia to the extent that it could, relying instead on the legacy of the Soviet past.

101 *New York Times* (2014), 'China and Russia Reach 30-Year Gas Deal', 21 May.
102 *Washington Post*, AP (2014), 21 May.
103 *Oil & Gas Eurasia* (2015), 17 February.

Moscow continues to view China's growing presence in Central Asia as both opportunity and risk – and it is unclear which outweighs the other in Russian eyes at present. However, the relative success of the Russia-China interface thus far should be acknowledged. President Xi Jinping's presence alongside President Putin at the 70th Anniversary Victory Day parade in Moscow on 9 May, 2015 – an occasion that most western leaders avoided because of Russia's role in the Ukraine crisis – indicates a reluctance to rock the boat. This was the largest display of Russian military force in the post-Soviet period, and for the first time the parade also saw Chinese troops taking part in the march through Red Square.

Nevertheless, Moscow is closely watching the development of the Silk Road Economic Belt, which would strengthen China's role in the region and threaten the greater influence that Russia seeks through the EEU. For the time being, however, China seems to regard Central Asia as a second-tier foreign policy priority, and has shown less interest than might be expected in capitalising on its economic power in the region for increased political leverage.

An ambiguous security role

A paradox lies at the heart of Russia's role in the region. Security is the main lens through which Russia looks at Central Asia. Russia views the region as a set of risks to be contained, whether that involves risks from conflicts over water management, inter-ethnic tensions, or unresolved border issues. Nevertheless, it appears reluctant to act when tensions erupt within or between Central Asian states. Moscow is inclined to deal with its own interests in Central Asia, rather than expose itself to risks that may arise if it really took on the role of regional 'policeman'.

Russia's marked reluctance to intervene proactively, for example under CSTO auspices, during or after the Osh events in June 2010, underscored the view that caution and self-interest are Moscow's watchwords in Central Asia.[104] Even if there had been an appetite for intervention in Kyrgyzstan, Moscow's assessment seems to have been that it would almost certainly have been misinterpreted; and the Russian calculation was probably that non-intervention had no direct political cost. A similar pattern or stance was in evidence over Andijan, Uzbekistan (2005), Rasht, Tajikistan (2010), Khorog, Tajikistan (2012), or in border incidents in and around Isfara, Tajikistan (2014).[105]

Multilateral formats and facades

In some ways, Russia sees Central Asia as a collective construct with certain common features. However, the emphasis of Russian diplomacy and security engagement is on bilateralism, with a patchwork of individual bilateral relationships of varying importance. This shapes the way it views and uses the various multilateral mechanisms in the region.

There are still more questions than answers about the viability of the EEU. Some internal misgivings are already evident among those states that have signed up to the Russian-led project. Given the range of economic challenges Russia is currently going through, it is not yet clear whether the benefits of EEU membership for Central Asian states will outweigh the costs. Other longer-standing multilateral formats, such as the CSTO, to an extent serve their purpose from Moscow's perspective. The CSTO is partly a vehicle to bolster Russia's sense of political significance and security dominance in the region. However, the overriding impression is that the organisation suffers from a lack of common vision and remains largely ineffective. The CSTO's Rapid Reaction Force, for instance, has never been deployed to carry out an intervention.

104 For a fuller discussion of these issues, see Matveeva A, 'Russia's changing security role in Central Asia', *European Security*, February 2013.

105 Saferworld interviews in Kyrgyzstan and Tajikistan, November 2013.

The risks of succession

It is likely to remain the case that bilateral relations will constitute the main focus for Russian interaction and dealings in the region, with Kazakhstan very much in prime position. The recent presidential elections in Uzbekistan (March 2015) and in Kazakhstan (April 2015) each resulted in the expected resounding victories for the incumbents, Presidents Karimov and Nazarbayev. Nevertheless, they also prompt questions as to whether these might be the last occasions when the two elderly heads of state are in a position to contest the leadership in Astana and Tashkent respectively, with the next elections due in 2019 or 2020. The issue of succession politics in Uzbekistan and Kazakhstan will become ever more pressing, and could well expose rivalries, not just within those countries but also reflected in key differences of interest between Moscow and Beijing.

The Ukraine 'wild card'

The repercussions for Central Asia of Russia's actions in Ukraine – still very much an ongoing and unresolved situation – should neither be over-stated nor downplayed. However, as strains in the Kazakhstan-Russia relationship illustrate, they have the potential to undermine the current balance of power in the region. Russia's apparent prioritisation of geopolitical aims over diplomatic and security relations with Central Asia states suggests that the latter have been given less focus. It is certainly easier to discern a series of ad hoc actions and reactions, rather than a clear long-term Russian strategy in respect of Central Asia.[106]

An unpredictable future

What is certain is more uncertainty. As well as China's growing role, a range of other variables affect Russia's role in the region, including: the future direction of Russia's economy and also its domestic politics; political succession outcomes in Kazakhstan and Uzbekistan; the security situation in Afghanistan; the wider 'Ukraine effects'; and Russia's relations with the West, in particular with the US. These factors all combine with the sense of Moscow's unpredictability, alluded to earlier, to make it difficult to predict with any great confidence the extent and nature of Russia's future engagement in and with Central Asia.

106 *Op cit* Bobo Lo.

4

China's role in Central Asia and impact on peace and stability

4.1 **Background**

THE BIRTH OF FIVE INDEPENDENT CENTRAL ASIAN STATES IN 1991 fundamentally changed the geopolitics of the region. Re-established borders superimposed on a patchwork of regional, ethnic, and religious identities divided communities, disrupted long-standing trade patterns, and created tensions and conflict that persist to this day.[107] China's presence in this complex environment – through its economic expansion and growing influence – has important implications for peace, security, and development.

In the post-Soviet era, relations between China and the Central Asian states were initially focused on security. China, Russia, Kazakhstan, Tajikistan, and Kyrgyzstan started negotiations on border demarcation and disarmament as early as 1992. China then took a leading role within this group of countries to form an institutional framework for ongoing discussion on these themes with the creation of the 'Shanghai Five' group in 1996. This later developed, with the inclusion of Uzbekistan, into the SCO in 2001. The focus of the SCO and its forerunners, in keeping with a main preoccupation of Central Asian leaders, as well as those in China, has been on combating extremism and 'terrorism', given the perceived threat to regional stability. Decades of instability in neighbouring Afghanistan have fuelled these concerns.

If 1996 was the defining moment for security cooperation between China and Central Asia, 2002, following the announcement of China's 'Going Out' policy,[108] was the year that economic engagement took off. Between 2002 and 2012, total bilateral trade between China and Central Asia increased year-on-year by an average of 36.4 per cent, significantly higher than the average annual increase of China's total international trade.[109] China's total trade with the five Central Asian states increased from $2.39 billion

107 These states existed as (quasi) autonomous Soviet Socialist Republics – but effectively within one system, so the hardening up of borders at independence created significant divisions.

108 Jiang Zemin's 2002 report to the 16th National Party Congress spoke of the importance of Chinese companies 'going out' to invest abroad and increase exports of goods and labour. Central Asia, alongside Africa, the Middle East and South America had earlier been identified as priority areas. See: Jiang Zemin (2006), *About Socialist Market Economy*, (Central Literature Publishing House, Beijing), p 385.

109 Li D (2014), 'Economic Cooperation and Trade between China and the Central Asia: Status Quo and Challenges', *Oil Observer*, 6 April, http://oilobserver.com/case/article/555

in 2002[110] to $50.28 billion in 2013,[111] surpassing Russia by a significant margin as the region's main trading partner.[112]

Chinese formal economic engagement has taken a range of forms. Chinese 'policy bank'-led[113] investments in oil and gas pipelines, and in railways and roads, have been primarily designed to link China to the region's substantial natural resources and to increase access to regional and European markets. But beyond this, hundreds of Chinese companies already operate in Central Asia, while Chinese entrepreneurs have made similar inroads into the informal sector with an influx of traders and middlemen bringing low-end consumer merchandise for sale within the region and beyond.[114]

As a consequence, China has become increasingly engaged in Central Asia and has a growing presence in the region. It also now has significant economic interests to protect, and related security concerns. This section of the report examines factors driving China's increasing engagement in Central Asia; how this is affecting the region in terms of economic, political, and security dynamics; and what the implications are for future relations between China and Central Asian states, and with Russia.

4.2 The policy context

Much has been written about the evolution of foreign policy decision-making in China since the days of Mao Zedong and Zhou Enlai, when external engagement was limited and decision-making was highly centralised. Undoubtedly, China's leadership has become more technocratic and decision-making more inclusive, empirically based, and reliant on a widening and increasingly competent bureaucracy. These trends support a more nuanced – and arguably interest-based – foreign policy. Nevertheless, a distinctively Chinese outlook on foreign affairs has been retained, including the core principles of respecting state sovereignty and 'non-interference' in the internal affairs of other countries. In very broad terms, these principles tend to steer Chinese engagement down narrow bilateral lines with governments at a senior level, rather than a multifaceted approach with a wider range of actors.

Although the official rhetoric remains consistent in relation to China's standpoint on foreign affairs, the more complex and multifaceted China's international relations become, the more stretched these principles appear in practice. It is increasingly hard to reconcile China's global economic expansionism, which entails protecting Chinese interests overseas, with a non-interventionist foreign and security policy.[115] This stretch is evident in Sudan and South Sudan, for instance, where China has become actively engaged in conflict management[116], and in South-East Asia where China has brokered talks between the Myanmar government and the Kachin Independence Organization.[117] The disconnect between China's foreign policy rhetoric and practice reflects a set of policies in transition and the difficulties of coordinating an expanding number of actors.[118] Such dissonance between rhetoric and practice is also evident in China's relations with Central Asia.

110 Chinese Academy of International Trade and Economic Cooperation (CAITEC) (2003), White Paper on Foreign Trade and Economy 2003, Citic, p 289.

111 *Xinhuanet* (2014), 'China's International Trade exceeds USD 4 trillion for the first Time in 2013', 10 January, http://news.xinhuanet.com/fortune/2014-01/10/c_118914142.htm

112 UNDP (2014), *Central Asia Trade and Human Development*, April, pp 17–18.

113 'Policy bank' is the term used for three main state owned banks (namely the Agricultural Development Bank of China, China Development Bank, and the Export-Import Bank of China), which – in response to government direction – finance economic and trade development, and state-invested projects.

114 Petersen A (2013), 'How Chinese Merchants Are Transforming Central Asia', in *The Atlantic*, 2 December, www.theatlantic.com/china/archive/2013/12/how-chinese-merchants-are-transforming-central-asia/281957/

115 China has recently moved to draft a new Counter Terrorism Law which, although focused on domestic matters, provides a mechanism for Chinese security forces to engage abroad. See Martina M (2015), 'Draft Chinese law paves way for counter-terror operations abroad', *Reuters*, 27 February, http://in.reuters.com/article/2015/02/27/china-military-idINKBN0LV0QK20150227

116 Tao D (2014), 'South Sudan: Beginning of Change for China in its "Non-Interference" Principle?', 11 November, http://taoduanfang.blog.caixin.com/archives/78781; also see: Wang Y (2015), 'China mediates conflict in South Sudan', in *Phoenix Weekly*, 27 February, www.ifengweekly.com/detil.php?id=1688

117 Sun Y (2014), 'China, the United States and the Kachin Conflict', Stimson Center, Issue Brief No. 2, January.

118 Pantucci R (2015), 'Chinese Security Management and Responses in Central Asia', commissioned by Saferworld, January; Mariani B (2013), 'China's Role and Interests in Central Asia', Saferworld, pp 4–5.

4.3 Drivers of engagement

There are essentially three drivers that motivate and inform China's Central Asia strategy:

- **Internal security concerns:** specifically preventing the development of a cross-border environment in Central Asia that might foster the growth of separatist movements, particularly among the Uyghur ethnic group in China's western province of Xinjiang.
- **Economic expansion:** the need to sustain national economic growth through developing production, markets, and the resource base both domestically and internationally.
- **Geopolitics:** specifically the perceived need to counter, or achieve balance with, other major players in the region, particularly Russia and the US.

Addressing these in turn, China is undoubtedly concerned about stability in Xinjiang Province, and its western regions in general. On the one hand, Xinjiang has a substantial Uyghur population, as well as significant minority Kazakh, Kyrgyz, Tajik and Tartar communities; on the other hand, there are Uyghur diaspora communities throughout Central Asia: mostly in Kazakhstan but also in Kyrgyzstan, Tajikistan, and Turkmenistan. Therefore many Chinese analysts view Xinjiang as a part of Central Asia from a security perspective.[119]

Ethnically driven separatism in the Central Asian states is viewed by China as a threat that can easily spill over into Xinjiang. This suggests that, aside from implementing a series of significant domestic security clampdowns, the Chinese government's concerted push in recent years to develop this economically backward corner of the country,[120] combined with an influx of Han Chinese into a province that was previously majority Uyghur and Muslim,[121] was primarily a response to concerns about internal instability. Economic development would, according to this perspective, weaken the drivers of radicalisation and extremism in Xinjiang.

The second driver links Chinese strategy towards Central Asia to the broader imperative of maintaining recent economic growth rates, a critical factor in the leadership retaining legitimacy and therefore control in China.[122] This is not to suggest that Central Asia alone holds the key to this: trade with Central Asian states in 2013 constituted only 1.2 per cent of China's total international trade.[123] However, diversification of both the resource base and routes to market has been a long-standing priority. Xinjiang has significant mineral and hydrocarbon deposits as well as being a bridge, both geographically and culturally, into the markets and resources of the Central Asian states.

In 1986, China's government authorised Xinjiang to resume border trade, mainly with the Central Asian republics, after a 19-year suspension following the Sino-Soviet split. Meanwhile, investment within Xinjiang accelerated after China's reform and opening up in 1978, and especially since 2000, when the 'Western Development Strategy' was adopted. This has resulted in double-digit GDP growth within the province over the past 37 years. Following the launch of China's 'Going Out' policy in the late 1990s/early 2000s, trade and investment with the Central Asian states has taken off in a similar fashion, with trade with the region multiplying 100-fold in just 20 years.

The third driver paints China's relationship with Central Asia on a broader canvas, with concerns about the regional balance of power to the fore. There is of course a long history of 'Great Game' competition between powers in this region, given its pivotal strategic location and rich resources. Current dynamics are shaped by recent develop-

119 Godehardt N (2014), *The Chinese Constitution of Central Asia: Regions and Intertwined Actors in International Relations*, (Palgrave Macmillan, London), p 173.

120 Since the early 1990s the Chinese government has created special economic zones, made major investment in infrastructure and transport links, and launched major initiatives including the Tarim Basin Project aimed at increasing agricultural output.

121 Between 1949 and 2008 the proportion of Han Chinese in Xinjiang rose from 6.7 per cent (220,000) to 40 per cent (8.4 million), representing the largest demographic change to occur in a major region of China since the founding of the PRC. For more details please see: Howell A and Fan C. Cindy (2011), 'Migration and Inequality in Xinjiang: A Survey of Han and Uyghur Migrants in Urumqi', in *Eurasian Geography and Economics* **52** (1), pp 119–139.

122 Mitchell G, (2014) 'China in Central Asia: The Beginning of the End for Russia?', *Slovo* **26** (1), pp 18–31, p 19.

123 China's international trade volume in 2013 reached $4.16 trillion, while its trade volume with the five Central Asian states amounted to $50.28 billion. See: *op cit* Xinhuanet (2014).

ments, such as the demise of the Soviet Union and subsequent re-emergence of Russian influence in the region over the past 25 years; the impact of a sizeable US military presence in Afghanistan from 2001–14, with military bases in Kyrgyzstan and Uzbekistan;[124] and Chinese fears of encirclement heightened by the US 'Pivot to Asia' policy and maritime disputes in the South China and East China Seas.

All of the drivers presented have their merits as different lenses through which to view China's past and present engagement in Central Asia. To focus on one at the expense of the others would be to over-simplify a complex situation that has ebbed and flowed – with different issues gaining prominence at different times – and would perhaps imply the existence of a grand strategy towards the region, which is difficult to substantiate. Indeed, coming back to the question of the characteristics of Chinese foreign policy, one can identify a tendency towards approaches that marry principle with pragmatism.

4.4 **Economic**

Regardless of debates as to which driver predominates, China is today a major economic player in the Central Asian states, and by extension it has considerable potential leverage in at least some of these states. The economic relationship operates at different levels, and is diversified across a number of different sectors. Bilateral trade has accelerated, particularly since 2002, and continues to grow.

China's bilateral trade data with Central Asian states in 2013 (value unit: US$ 1,000)[125]

Country	Trade Value	Export Value (China as exporter)	Import Value (China as importer)	Year-on-year of 2012 %		
				Trade Value	Export Value	Import Value
Kazakhstan	28,594,340	12,545,870	16,048,470	11.3	14.0	9.3
Kyrgyzstan	5,137,620	5,075,350	62,270	-0.5	0.0	-30.0
Tajikistan	1,958,010	1,869,260	88,750	5.5	6.9	-18.5
Turkmenistan	10,034,800	1,141,550	8,893,250	-3.3	-32.8	2.5
Uzbekistan	4,550,970	2,613,230	1,937,740	58.3	46.5	77.5

Trade in hydrocarbons is a major part of China's economic expansion. Central Asia, principally Kazakhstan and Turkmenistan, now accounts for more than ten per cent of China's oil and gas imports.[126] China has made major investments in the region to secure a significant, though by no means dominant, share in a competitive market.[127] It is in the hydrocarbon sector that China most obviously comes up against both Russian and wider international interests. Russia held a dominant position up until 1991, when its monopoly of the oil trade was broken up – mainly by Western companies such as BP, Chevron, and ExxonMobil – following the independence of Central Asia states. However, Russia's control of the gas pipeline infrastructure to the region allowed it to retain control of gas exports from Turkmenistan, which has the largest reserves in the region, until a pipeline from Turkmenistan to China was completed in 2009.

124 The US military had bases at Manas near Bishkek in Kyrgyzstan from 2001–14 and Karshi Khanabad ('K2') in Uzbekistan from 2001–05. The closure of the Manas base coincided with the drawdown of the ISAF force in Afghanistan, but also followed sustained pressure to close it from the Kyrgyz government. The K2 base closed in 2005 as a result of strained relations between Uzbekistan and the US following the massacre by government forces of protesters in the city of Andijan.

125 Ministry of Commerce of China (2014), 'Overview of China's bi-lateral Trade Value with European Countries in 2013', 7 March, http://ozs.mofcom.gov.cn/article/date/201403/20140300510511.shtml

126 In 2013, China imported 4 per cent of its total oil from Kazakhstan (the eighth largest exporter to China), and received 88.22 per cent of its pipeline gas supplies from Turkmenistan, 10.45 per cent from Uzbekistan and 0.56 per cent from Kazakhstan. US Energy Information Administration (2014), 'Country Analysis China', 4 February, www.eia.gov/countries/cab.cfm?fips=ch; and White M, Phua D (2014), 'Natural Gas Imports into China – Prospects for Growth', *King & Spalding's Energy Newsletter*, 10 September, www.energylawexchange.com/natural-gas-imports-china-prospects-growth/

127 Notable investments include: the $4.2 million acquisition of PetroKazakhstan by CNPC in 2005, the development of the Atyrau-Alashankou pipeline by CNPC and Kazakh company KazMunaiGaz bringing oil into Xinjiang, which was completed in 2009; and more recently the completion in 2009 of a 1,830km gas pipeline connecting the eastern gas fields of Turkmenistan to the Chinese grid.

China is therefore a relative newcomer to Central Asia's hydrocarbon sector; although, with a burgeoning demand and significant investment capital at its disposal, its share stands to increase significantly. China, for example, took advantage of the 2008 global financial crisis to penetrate further into the sector, offering loans to cash-strapped countries to secure energy deals while competition was relatively light.[128] How Central Asian states view China's expansion and increasing control over their resources is another question. Turkmenistan, for example, has been a strong supporter of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project, which would reduce the country's dependence on China and Russia for its gas exports.[129]

China has sought resources more widely in Central Asia, recently developing an interest in the non-hydrocarbon mining sector in both Kyrgyzstan and Tajikistan.[130] More controversially, China has recently sought agricultural land concessions in both Kazakhstan and Tajikistan. The 2010 announcement by President Nazarbayev of Kazakhstan that China wanted to lease a million hectares of farmland led to public protests.[131] A similar decision by the Tajik government in March 2011 to lease agricultural land to China was deemed too politically unpalatable to share with the local media.[132]

However, China's developing economic relationships in Central Asia are not based solely on resource extraction. The economic development of the region in general, with Xinjiang as a hub, is also a significant priority. Xinjiang continues to be a major focus of economic development within China itself. Xinjiang needs markets in its immediate periphery with which to trade, and Xinjiang and the rest of China need alternative routes to markets further afield if they are to break their reliance on sea lanes to the east and south. The priority afforded to stimulating the economy of Xinjiang is exemplified by the current government policy that prosperous Chinese provinces 'adopt' Xinjiang prefectures and donate a percentage of their GDP, as well as freely donating human resources and technical expertise.

Thus Xinjiang is being promoted by Beijing as a regional hub, and the Central Asia states offer an economic hinterland to fuel Xinjiang's development. China appears to be giving increasing direction to policy banks, encouraging investment in transport and communications infrastructure to connect Xinjiang to Central Asia and to develop the region more generally. For example, the roads on either side of the two main border crossings into Kyrgyzstan have recently been upgraded by Chinese companies; a new rail route into Kazakhstan was inaugurated in 2012; and, although currently stalled due to local political considerations, China has ambitious plans for the development of a railway line across Kyrgyzstan to Uzbekistan.

Beyond this, Chinese investments have often sought to respond to national government priorities in the region under a broader developmental rubric. In Tajikistan, for example, China has developed the road and tunnels from Dushanbe to Khujand, and provided other significant infrastructure in and around the capital. As in other regions of the world, Chinese infrastructure companies appear to have taken advantage of initial loan funding to get established in Central Asia, and are then able to compete vigorously for local work and expand their market share, often to the detriment of local contractors.

128 China signed a $10 billion 'loan for oil' deal with Kazakhstan in April 2009, provided a further $10 billion loan in June 2009 to the SCO to help struggling members through the economic downturn, and committed $4 billion to Turkmenistan for the development of the South Yolatan gas field.

129 Tanchum M (2015), 'A Breakthrough on the TAPI Pipeline?', in *The Diplomat*, 20 March, http://thediplomat.com/2015/03/a-breakthrough-on-the-tapi-pipeline/; also see: Daly J. C. K. (2014), 'Late to the Game, India Eying Central Asian Energy', Silk Road Reporters, 21 August, www.silkroadreporters.com/2014/08/21/late-game-india-eying-central-asian-energy/

130 Kabar (2014), 'Chinese Companies have 79 Licenses for Gold Deposits in Kyrgyzstan', 23 June, http://kabar.kg/eng/economics/full/2095; and also: Central Asian Countries Geoportal, 'Mining Experience, Tajikistan', www.cac-geoportal.org/en/index.php/mining-experiences/mining-experiences/mining-ex-tj

131 Petersen A, Barysch K (2011), 'Russia, China and the Geopolitics of Energy in Central Asia', Centre for European Reform, pp 45–46.

132 *Op cit* Pantucci (2015), p 16.

The Silk Road Economic Belt concept, first proposed in September 2013 by President Xi during a visit to the region, has provided a political framework for the further acceleration of China's economic expansion and integration into Central Asia. This concept now forms part of a broader master plan comprising one belt (the Silk Road Economic Belt through Central and Western Asia to Europe), one maritime road (the 21st Century Maritime Silk Road passing through the Strait of Malacca to India, the Middle East and East Africa) and two economic corridors (the China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor).

As a central area of the Silk Road Economic Belt, Xinjiang's geographic and strategic importance has increased. The annual China-Eurasia Expo – staged in Urumqi, Xinjiang's regional capital, since 2011 – is rapidly becoming the public cornerstone of the Silk Road Economic Belt policy.[133] The event seeks to catalyse inward investment and trade collaboration along the length of the 'economic belt', but it very much positions Central Asia, including Xinjiang, as the hub of this. The Expo has been afforded a high profile, with senior Chinese leaders as well as leaders from across the region attending, and it has led to the signing of some notable agreements.[134]

Besides these formal investments in the region, more organic patterns of economic development have for some time been creating links between China and Central Asian states. A significant amount of trade between China and Central Asia has, for example, already been driven over the years by Chinese small traders and SMEs (small and medium enterprises), bringing generally low-value consumer goods into Kyrgyzstan and Kazakhstan in particular, which are then traded on within the region and beyond. This has given rise to a significant Chinese diaspora community in Central Asian countries.

Chinese economic expansion in Central Asia is not uncontested. In 2010, Russia formed the Eurasian Customs Union with Belarus and Kazakhstan, and from January 2015 this became the EEU. Treaties aiming for Armenia's and Kyrgyzstan's accession to the EEU were signed in late 2014. Armenia formally joined in January 2015 and Kyrgyzstan's accession treaty was due to come into force in May 2015. The EEU, an initiative to create a broad economic alliance among former Soviet bloc states, may well impact on Chinese trade in the region. The lucrative trade in Chinese goods brought through Kyrgyzstan for sale to the wider region is thought to be one area that might suffer, although porous borders and a thriving black market may limit the impact of the EEU in this regard.[135] However, the recent rouble depreciation makes further economic integration with Russia significantly less attractive.[136]

4.5 **Political and cultural**

China can be seen to have been relatively conciliatory in its approach to the region. At the beginning of the post-Soviet era, there were numerous unresolved border issues between China and the Central Asian states. The majority of these have been resolved, with China agreeing apparently generous terms with bordering countries, which did not necessarily reflect the power imbalance between the parties. It has been argued that this reflected a degree of insecurity within the Chinese leadership at the time, unwilling to overplay its hand in an environment where ethnic identities and loyalties are mixed. Put another way, the leadership sought to gain legitimacy at the expense of

133 Prior to the China-Eurasia Expo, the Urumqi Foreign Economic Relations and Trade Fair had been held annually since 1992. In 2011, this event was upgraded to the First China-Eurasia Expo.

134 *Xinhuanet* (2011), 'Turkish Industrial Park to be established in Urumqi', 2 September, http://news.xinhuanet.com/2011-09/02/c_121956021.htm , and also http://news.xinhuanet.com/2012-09/03/c_112943390.htm

135 Marat E (2014), 'Kyrgyzstan, Exporters of Chinese Goods against Kremlin's Regional Arrangements', China in Central Asia, 4 September, http://chinaincentralasia.com/2014/09/04/kyrgyzstan-exporters-of-chinese-goods-against-kremlins-regional-arrangements/

136 Panda A (2015), 'Central Asia's Ruble Awakening', in *The Diplomat*, 3 February, http://thediplomat.com/2015/02/central-asias-ruble-awakening/

territory in an attempt to nullify potential separatist claims.[137] This was especially as China was looking for political allies at a time when its international reputation had been damaged by the Tiananmen Square events in 1989.

China's sensitivity, or strategy of 'good-neighbourliness', continues in current relations and has been further emphasised with a recent focus in Beijing on 'neighbourhood' or 'periphery' diplomacy.[138] There is little evidence to suggest that China has used its increasing economic influence to exert overt political pressure within Central Asian states. There have been a few isolated incidents, such as the break-up by Kyrgyz police of a Falun Gong protest outside the Chinese Embassy in 2005,[139] as well as general requests for Central Asian neighbours to play a more active part in fighting Uyghur separatism,[140] but there is little other evidence of a more assertive Chinese role.

This lack of assertiveness has not prevented the emergence of a general concern within the region about increasing indebtedness and demands that might come from China at some future stage. Whereas the rhetoric at the governmental level remains warm and respectful, studies suggest a mixed picture when it comes to attitudes within Central Asian populations towards the growing Chinese presence and influence in the region, with evidence of both sinophobia and sinophilia. Overall, there is a sense of unease and a fear of the unknown in Central Asian attitudes towards China. There is greater cultural affinity between Central Asian and Russian populations, and arguably with the West too, than there is with China. According to surveys, Central Asians have higher levels of trust in Russia than in China.[141] One marker for the future, however, might be the extent to which young people in the region have embraced new opportunities to study the Chinese language, as the basis for future economic opportunities.[142]

Chinese observers acknowledge a relatively unfavourable national image of China even as its presence in the region grows, and attribute this to a combination of historical factors, such as Soviet-era anti-China propaganda, China's increasing economic footprint in the region, and the growing presence of Chinese immigrants in Central Asia. Chinese scholars also cite a lack of cultural affinity and understanding of each other's values as factors hindering a positive perception of China in the region.[143]

China has taken various steps to increase its soft power in the region in recent years. Confucius Institutes have been established in each Central Asian state, offering Chinese language training as well as a window on Chinese culture. In 2013, China announced a ten-year plan to provide 30,000 government scholarships to SCO member states, and to invite 10,000 teachers and students from these countries' Confucius Institutes to China for study tours.[144] China Central Television and Xinjiang Television now broadcast in Central Asia. Taken together, these initiatives reflect China's desire to be better understood beyond the formal purview of state-to-state relations.

137 Fravel M. T. (2005), 'Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes', in *International Security* 30 (2), pp 46–83.

138 'Neighbourhood diplomacy' was emphasised by President Xi when describing China's policy towards Central Asia during his visit to the region in September 2013. In October 2013, a conference on China's 'periphery diplomacy' was held in Beijing, which emphasised the strategic significance of diplomatic engagement with neighbouring countries. By developing closer ties with neighbouring countries, with more friendly political relations, stronger economic bonds, deeper security cooperation, and closer people-to-people contacts, the aim of periphery diplomacy is to maintain a favourable external environment conducive to China's development and stability. Neighbourhood diplomacy was stressed again at the Central Conference on Foreign Affairs in November 2014.

139 Rotar I (2005), 'Kyrgyzstan: Chinese Pressure Achieves Falun Gong Deregistration', *Radio Free Europe*, 22 March, www.refworld.org/docid/46891914d.html

140 *Xinhuanet* (2013), 'Xin Jinping held talk with Kazakh President Nazarbayev', 7 September, http://news.xinhuanet.com/world/2013-09/07/c_117272640_2.htm

141 Laruelle M, Peyrouse S, (2009), 'China as a Neighbor: Central Asian Perspectives and Strategies', Central Asia-Caucasus Institute & Silk Road Studies Program, Johns Hopkins University-SAIS, Institute for Security and Development Policy, Sweden, p 177.

142 *Ibid*, pp 180–181.

143 Zhao H (2014), 'Russia, the US, China and the European Union in Central Asia: Comparison and Interrelations of their Respective Policies', *Journal of Xinjing Normal University*, No. 4, www.faobserver.com/NewsInfo.aspx?id=10549 ; Guo Q (2014), 'China's National Image in Central Asia: Practices, Challenges and Recommendations', in *Xinjiang Social Sciences*, No. 1, www.faobserver.com/NewsInfo.aspx?id=9852 ; Ni J (2006), 'China's Cultural Communication and Image Building in Central Asia', in *International Communication*, No. 12, pp 39–41.

144 Wu X, Zhang Y (2014), 'Xi proposes a 'new Silk Road' with Central Asia', *China Daily*, 8 September, http://usa.chinadaily.com.cn/china/2013-09/08/content_16952304.htm

4.6 **Security**

The SCO, under *de facto* Chinese leadership, continues to be the main focal point for security cooperation within the region and, from China's perspective, serves as a tool to enhance regional stability. Initial measures to build trust between members have been followed by establishing a clearer purpose, premised on a collective commitment to tackle the 'three evils' of terrorism, separatism, and extremism. This has entailed establishing institutional capability in the form of an SCO Secretariat in Beijing and the Regional Anti-Terrorist Structure (RATS) in Tashkent. Meanwhile, the SCO has latterly adopted a more outward-looking posture and a broader array of themes for political cooperation.

The possible expansion of the SCO to include India, Iran and Pakistan as full members by the July 2015 summit may give the grouping more weight, and move it towards its aspiration of ensuring regional stability without relying on extra-regional actors (particularly the US). As President Xi stated in his address to the 2014 summit, the SCO "should take it as our own responsibility to safeguard regional security and stability, enhance our ability to maintain stability, continue to boost cooperation on law enforcement and security, and improve the existing cooperation mechanisms."[145]

The expansion in the aspirations and potentially also the membership of the SCO, coinciding with ISAF's drawdown from Afghanistan, suggests that China may regard continued instability in the wider region as more of an active responsibility. As many commentators have pointed out, China has the incentive and potentially also the means to bring about positive change in Afghanistan. It is keen to ensure the stability of its developing economic belt and to prevent further radicalisation of Uyghur populations in the region. At the same time, China has leverage over Pakistan, its long-standing regional ally. Recent diplomatic initiatives indicate China's willingness to play a role in the Afghan peace process. In February 2014, Chinese Foreign Minister Wang Yi visited Kabul, the first such visit in many years[146]; the new Afghan President Ashraf Ghani visited Beijing in October 2014;[147] and in November 2014 the Chinese Minister for Public Security, Guo Shengkun, paid an official visit to Afghanistan.[148] Meanwhile, although never officially confirmed, it was reported that a Taliban delegation visited Beijing in November/December 2014.[149] In February 2015, the first round of China-Afghanistan-Pakistan Trilateral Strategic Dialogue was held in Kabul for practical cooperation projects to promote bilateral interactions and cooperation between Afghanistan and Pakistan.[150] Meanwhile Wang Yi, during a recent visit to Islamabad, expressed China's readiness "to play the role of a mediator in Afghanistan and to provide necessary facilitation at any time if required by various parties."[151]

145 http://news.xinhuanet.com/english/china/2014-09/13/c_126981598.htm

146 Wang Yi reiterated in several meetings with senior Afghan officials China's willingness to enhance cooperation in the security field, for example on counter-terrorism, the fight against the East Turkistan Islamic Movement (ETIM), and transnational crimes. China offered training and material assistance to Afghan military and police and asked Afghan authorities to take measures to protect Chinese institutions and personnel in Afghanistan. Foreign Ministry of China (2014), 'Wang Yi Holds Talks with Foreign Minister of Afghanistan Zarar Ahmed Moqbel Osmani', 23 February, www.mfa.gov.cn/ce/cecz/cze/zgxw/t1131891.htm ; also MFA (2014), 'Wang Yi Meets with Afghan President's National Security Advisor Rangin Dadfar Spanta', 23 February, http://il.china-embassy.org/eng/zgxw/t1131892.htm

147 President Ghani paid a state visit and participated in the Ministerial Conference of the Istanbul Process on Afghanistan. President Xi Jinping pledged China's support for the peaceful reconstruction in Afghanistan and enhanced cooperation on law enforcement and security, combating the 'three evil forces' and drug crime. See: MFA of China (2014), 'Xi Jinping Holds Talks with President Ashraf Ghani of Afghanistan, Stressing China Values Developing China-Afghanistan Strategic Cooperative Partnership and Hopes Afghanistan Achieve Enduring Peace and Stable Development', 28 October, www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1205547.shtml

148 During this visit, the two sides agreed to enhance intelligence sharing and border management, and conduct joint law enforcement operations to combat transnational threats such as illegal immigration, trafficking in persons, illegal arms and drugs. China committed to hold workshops focused on counter-terrorism and counter-narcotics. Guancha (2014), 'Afghan President Ghani met with Chinese Minister for Public Affairs Guo Shengkun',1 December, www.guancha.cn/Neighbors/2014_12_01_302103.shtml

149 MFA of China (2015), 'Foreign Ministry Spokesperson Hong Lei's Regular Press Conference', January 6, www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1225965.shtml

150 The discussions focused on political, security, counter-terrorism and economic matters, including visits to China of delegations of senators, media, diplomats, and think tanks from Afghanistan and Pakistan, as well as infrastructure projects aimed at strengthening economic integration between Afghanistan and Pakistan. See: MFA of China (2015), 'Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference', 10 February, www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1236313.shtml

151 CCTV (2015), 'Wang Yi: China ready for facilitation in Afghanistan', 13 February, http://english.cntv.cn/2015/02/13/VIDE1423793761927475.shtml

China's focus within the SCO on responses to 'terrorism' and extremism is informed in part by the deteriorating security situation in Xinjiang.[152] There have been a number of incidents over recent years, including the 2009 rioting by Uyghurs in Urumqi, which claimed almost 200 lives; a suicide attack in Tiananmen Square attributed to 'Uyghur terrorists'; violence in Kashgar blamed on religious extremism in 2013; and the 2014 Kunming railway station attack linked by authorities to 'terrorists' from Xinjiang. These all point to an upsurge in what has been a long-standing conflict between the Chinese authorities and Xinjiang's Uyghur population.

This has led to an increasing security clampdown in Xinjiang, with the launch, for example, of several 'strike hard' campaigns over recent years; but there is little evidence that this has led to any significant change in China's outward security posture with regard to the Central Asian states. China has encouraged SCO members to adopt a common position, and has tested military and security force inter-operability and joint effectiveness in border areas.[153] Nevertheless, this appears to have stopped short of China bolstering the capabilities of Central Asian forces in any significant way, let alone expanding its security presence beyond its borders.

However, in a potentially significant development, there have been reports that China is about to adopt its first counter-terrorism law. Although primarily aimed at combating terrorism domestically, Article 76 of the draft law is reported to provide a formal mechanism for China to carry out operations abroad, allowing military or state security officials to operate abroad, with host country approval.[154]

Publicly available information about financial or technical support from China to Central Asian states in the security realm is very limited. However, what there is suggests that the main focus of Chinese support has been on Kyrgyzstan and Tajikistan. Kyrgyzstan is viewed by China as the weakest link in security terms, given its substantial Uyghur population, weak government, and long borders with China. As far as Tajikistan is concerned, China's main concern relates to the threat of instability spilling over the border from Afghanistan.[155] In both cases, the evidence suggests that security-related support has been limited so far, but more significant support may be in the pipeline.[156]

Despite China's concerns about stability in these two countries, it has shown little willingness to intervene or mediate during incidents of violence, such as the 2010 riots between majority Kyrgyz and minority Uzbeks in Kyrgyzstan during which nearly 500 people died, or the uprising in the Rasht valley of Tajikistan in 2010. In the wake of the unrest in Kyrgyzstan, China did put out official statements expressing that it was "deeply concerned over the developments of the situation" and calling for the "early restoration of order and stability in the country".[157] The Chinese Embassy also organised an evacuation of Chinese nationals from the affected areas, and China subsequently provided $1.18 million in humanitarian aid to Kyrgyzstan (plus $440,250 in humanitarian aid to Uzbekistan for the resettlement of refugees from Kyrgyzstan). However, China refrained from any more substantive engagement.

152 See: *China West News* (2015), 'Meeting on Political and Legal Work of Party Committee of Autonomous Region convened', 10 February, www.xjfzb.com/contents/6/69349.html; and also Li X (2014), 'Analysis on Situation in Xinjiang and Policies of Maintaining Stability', July, www.21ccom.net/articles/zgyj/dfzl/article_20140731110346.html

153 The SCO's 'Peace Missions' have involved joint military exercises between all six member states. These have expanded in size and scope since they started in 2007. Although justified ostensibly as exercises in countering terrorism, these have involved testing a full range of military capabilities and are seen by some as a mechanism by which China can test its capability more generally under a multilateral cover.

154 *Op cit* Martina M (2015).

155 *Op cit* Pantucci R (2015), p 19.

156 There are reports that China is in the process of selling air defence systems to Kyrgyzstan and has pledged significant amounts in military support to Tajikistan. See Kucera J (2015), 'Has China Made Its First Big Military Sale In Central Asia?', Eurasianet, 6 February, www.eurasianet.org/node/71971 ; also see Sina (2014), 'Russian News Agency reported that Chinese Army would provide CNY 1000 million to Kyrgyz Army', 5 September, http://mil.news.sina.com.cn/2014-09-05/0932799345.html; Kucera J (2014), 'China Boosts military Aid to Kyrgyzstan, Tajikistan', Eurasianet, 5 September, and Kucera J (2014), 'China promises Tajikistan 'Hundreds of Millions of Dollars' in military aid', Eurasianet, 1 April, www.eurasianet.org/node/68216

157 See remarks of Foreign Ministry's spokesperson on the situation in Kyrgyzstan on 9 April, 19 April, 19 June, 30 June and 7 July 2010, available at: www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/

Russia remains the most important security actor in Central Asia. With significant military assets based in the region, Russia has the means to react to a crisis as well as an assumed responsibility, based on bilateral relations with the Central Asian states rather than multilateral agreements, such as the CSTO or SCO.[158] Whether China's relative passivity in the region from a security perspective reflects its principle of non-interference or a strategic decision to leave this domain to Russia is debatable. For the time being at least, where interests broadly coincide, Russia taking on this role plays to Chinese interests. China can continue to expand economically without having to assert itself from a security perspective to protect these expanding interests.

4.7 **Conclusions**

In this final section we consider the implications of China's evolving role in Central Asia for conflict and security dynamics in the region. First, we highlight factors that can be expected to encourage closer and deeper relations between China and Central Asian states.

An alternative model

The combination of strong state authority and free market capitalism is undoubtedly attractive to leaders of Central Asian states looking to develop their economies while keeping a lid on dissent and social unrest. The export of this model, through the Silk Road Economic Belt and otherwise, offers a welcome alternative to both Russian and Western economic approaches and to the prescriptions of institutions such as the World Bank and IMF.

Mutual benefit

Chinese investment in the region has supported national economic development, and has for the most part reflected well on national leaders in the eyes of their citizens. At the same time, this growing engagement in the region is creating a bridgehead for Chinese enterprises to reach new markets, as well as increased leverage for China when seeking favourable terms for the resource expropriation needed to sustain economic growth.

Reduced dependence on Russia

The advent of a major new trading partner in the form of China means that Central Asian states are less dependent on Russia, which in turn increases their negotiating power. This is all the more important at a time when Russia's economy is in crisis and rouble-based remittances – critical in economies such as Kyrgyzstan and Tajikistan – are declining in value.

A shared outlook on security

Central Asian governments largely share Beijing's concerns about ethnic separatism and religious extremism, as well as the threats of transnational crime and terrorism. Much of this stems from fear of violence and instability in Afghanistan spreading across the region. A particular concern is that Islamic insurgents from Central Asian countries or from Xinjiang may gain sanctuary, as well as financial and technical support, in Afghanistan. Central Asian states have adopted the threat discourse and rhetoric of China, for example referring to the 'three evils of terrorism, extremism, and separatism'. Such rhetoric can be seen to be deployed to justify the repression of activists and dissidents, as well as to garner international support.

158 Oliphant C (2013), 'Russia's Role and Interest in Central Asia', Saferworld, October.

A shared outlook on sovereignty

Central Asian states, cognisant of their own fractured societies, largely share China's position on sovereignty and non-interference. China has generally praised Central Asian leaders, and rarely voiced criticism of their handling of internal or inter-regional disputes. Significantly, President Putin failed to obtain the support he expected from China and Central Asian states at the 2014 SCO Summit with regard to Russia's actions in Ukraine. This reflects a shared concern not to encourage or legitimise irredentism on their own territories.

Despite these pull factors, one should not assume too swift or close an embrace of China by the Central Asian states. There are a number of factors that militate against such a relationship.

Exchanging one hegemon for another?

Central Asian states are not simply pawns in the shifting balance of power in Central Asia. They are undoubtedly keen to establish themselves as independent nations after many decades of control from Moscow. China's increasing influence, despite being outwardly benign and focused on economic integration, has created unease about China's longer-term intentions. This is feeding nationalist discourses in some Central Asian states, and an increasing dissonance between official and public attitudes towards China.

Understanding local contexts and sensitivities

All Central Asian states suffer from a degree of instability as a result of their recent history, with Tajikistan and Kyrgyzstan showing particular signs of fragility. If Chinese investment in such contexts is not undertaken in a sensitive manner, it may increase tensions among local communities and undermine stability. China's plan to develop a railway line from China through Kyrgyzstan to Uzbekistan is one example. The project is perceived by some in Kyrgyzstan to offer very little to the Kyrgyz, while exacerbating the fault line between the North and South of the country referred to in the earlier section on conflict issues.[159] As noted above, China's attempts to lease land in Tajikistan and Kazakhstan have also generated considerable antipathy.[160]

This highlights the point that economic development on its own does not necessarily reduce instability, particularly if such development is not broad-based and inclusive. Furthermore, large-scale economic investment can, if not delivered in a sensitive way, reinforce existing divisions and entrench economic exclusion. Despite significant positive benefits, such investments can encourage corruption and declining levels of accountability, contribute to increasing inequality, and increase the risk of violent conflict.

Differing incentives to collaborate

Beneath the joined-up rhetoric in the official sphere, particularly around combating 'terrorism', China and the Central Asian states have very different reasons to collaborate and support multilateral initiatives such as the SCO. For China, the SCO has been used as an instrument for developing Sino-Central Asian relations and to ensure that China has a voice in regional security cooperation. For poorer countries, such as Kyrgyzstan and Tajikistan, the primary goal is to secure funding and political support. For Kazakhstan and Uzbekistan, the SCO is one element in a significantly more multi-

159 The politics behind this project are complex, with local concerns compounded by geopolitical considerations, specifically opposition from Russia that foresees competition with the trans-Siberian railway and is concerned that it would be built to the Chinese gauge, making it incompatible with the Russian railway network. See: Yu B (2014), 'China-Russia Relations: Putin's Glory and Xi's Dream', *Comparative Connections*, January.

160 *Op cit* Petersen A, Barysch K (2011), pp 45–46.

dimensional foreign policy,[161] with both countries having well-established relations with international partners outside the immediate region.

Given the geopolitical backdrop to relations between China and the Central Asian states, with Russia the historical hegemon in the region and still the dominant security actor, we conclude by considering trends in China's relations with Russia in the region.

A marriage of convenience?

Thus far, China has appeared content to cede pre-eminence to Russia when it comes to matters of security in Central Asia. During a speech on regional security in Kazakhstan in 2013, President Xi Jinping stated that "China will never intervene in internal affairs of Central Asian countries, seek leadership in regional affairs, or operate sphere of influence."[162] This has been interpreted by Chinese commentators as China acknowledging and respecting Russia's deep bond with, and dominant role in, Central Asia.[163] For the time being this seems to work well for China as it provides a relatively stable environment for economic expansion without China having to take on a major security management role.

An anti-West bloc?

Russia and China have a common interest in reducing Western influence in Central Asia. Neither wishes to see significant Western military capabilities on their doorstep, nor to see Central Asian governments influenced towards Western models of governance. And both would prefer not to have to compete with the West for the region's resources. Sustained and expanded Russia-China collaboration in Central Asia would undermine Western influence. Furthermore, if it was effective in addressing issues such as transnational crime and drug trafficking in the region, and in fostering greater stability in Afghanistan, it would remove key reasons for the West to intervene.

China's muted and cautious reactions to the conflict in eastern Ukraine exemplify its concern not to undermine this strategic anti-West relationship with Russia. Despite Russia's actions in Ukraine seemingly contradicting the core tenets of Chinese foreign policy – in particular, respect for territorial integrity and sovereignty, non-aggression, and non-interference in other countries' internal affairs – China has refrained from condemning Russia's actions in Ukraine, including its annexation of Crimea, for fear of offending Russia.

Increasing competition

Despite advances in economic, diplomatic, and military cooperation between China and Russia, the two countries have very different priorities and strategies in Central Asia. Russia, the pre-eminent security actor in Central Asia, is inevitably apprehensive about China's economic rise but also about its military modernisation programme, which will allow it to develop and project new capabilities in China's border areas, including Central Asia. While it cannot compete with China's economic expansion, a resurgent Russia under President Putin is determined to reassert its role in the Central Asia region. The expansion of the EEU (described above) can be seen in part as an attempt to counter the influence of the SCO, especially given China's attempt to diversify the SCO's remit into the economic sphere. Russia's ambivalent attitude towards China's proposal to establish an SCO Development Bank reflects its concern about the likely dominance of China within such a mechanism.[164]

161 *Op cit* Pantucci R (2015), p 9.

162 www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1076334.shtml

163 Xin W (2014), 'Yellow Book of Central Asia and Annual Report on SCO released, Competition between China and Russia in Central Asia exaggerated', China.com.cn, 5 September, http://news.china.com.cn/txt/2014-09/05/content_33437936.htm; see also: Han X (2013), 'Speech of President Xi Jinping looks into long-lasting China-Kazakhstan Relations', 8 September, http://news.qq.com/a/20130908/000277.htm

164 Gabuev A (2015), 'Taming the Dragon, How Can Russia Benefit from China's Financial Ambitions in the SCO?', in *Russia in Global Affairs*, No.1, http://eng.globalaffairs.ru/number/Taming-the-Dragon-17372

To conclude, in what is a complex and changing context, Russia seems likely to remain for now the most prominent external power in Central Asia, both in terms of its high-level political relationships and security cooperation. However, China's role and significance as an economic actor will only increase – steadily and inexorably – throughout the region. The question is whether, and if so to what extent, China seeks to translate its growing economic presence into other forms of influence in Central Asia.

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

We are a not-for-profit organisation with programmes in nearly 20 countries and territories across Africa, the Middle East, Asia and Europe.

COVER PHOTO: Dushanbe has several high-quality Chinese-made buses running through the city, inscribed in both Tajik and Chinese. Here, one crosses an intersection in front of Tajik-Russian flags promoting partnership between the two countries, put up before Putin's visit to President Rahmon in September 2012. © KAREN WYKURZ

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