

THE CHINA AND EURASIA FORUM QUARTERLY

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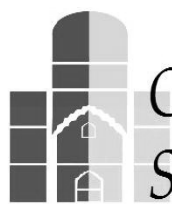
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Editor-in-Chief

Niklas Swanström

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Dear Colleagues and Friends,

This is the last issue of the China and Eurasia Forum Quarterly this year. The contributions to this issue take a broader look at the security situation in the China-Eurasia region with a particular focus on China's role vis-à-vis both Russia and Central Asia. China's role has increased in Central Asia, even if there are still uncertainties regarding the full extent and depth of that role. This influence is both political and economic but also relates to other issues, such as migration. All in all, it appears as if both China and Russia have consolidated their influence in Central Asia at the expense of other actors. This has reduced the leverage of the West both in the spheres of politics and energy access.

This loss of influence has also impacted the state-building processes in these states. The political legitimacy of the leaderships in the Central Asian states continues to be low and contested in many cases. It seems evident that the weakest states in the region have major problems, not only with political institutions, state-building, and political legitimacy but also with criminal organizations and militant groups. It comes as no surprise that the weakest states, such as Kyrgyzstan and Tajikistan, currently find themselves in a negative spiral, in which criminal and militant organizations undermine their state capacities.

The weakness of a state is often a consequence of poor economic development and weak state capacities combined with the existence of strong anti-government organizations, such as criminal syndicates. The remedies for these pathologies in the international debate have, however, centered on "instant democratization" rather than on how to create legitimate and robust political and economic institutions which, in turn, could counter the ills of criminal and militant organizations. The intentions of international organizations and donors are often good but the prescriptions are usually flawed. For example, focusing on economic liberalization and democracy in a state controlled by criminal organizations does not only risk failing, but it may also reinforce the very structures it seeks to undermine. An alternative strategy is to work with the state as it is and strengthen it so that it can provide the basic necessities of its citizens and uphold the rule of law.

It should also be noted that there is no panacea or universally applicable state-building formula for Central Asia since all states are in various phases of institutional development. But this does not imply that the regional dimension should be ignored. Many of the problems affecting the Central Asian states are regional in character and, in

particular, can be traced to the drug trade and organized crime and the relative safe-havens for these businesses provided by Afghanistan and Tajikistan. These threats risk spreading to other states and may even impact socio-political development in Kazakhstan and China over the longer term.

This issue of the CEF Quarterly will touch upon some of these questions. We are convinced, however, that much more research needs to be done and the CEF Quarterly is firmly dedicated to providing the most up-to-date analyses available on the threats and potentials emerging from the China-Eurasia region. These threats may be regional in character but they are global in scope.

Since the release of the August 2007 issue, the CEF Quarterly has been abstracted in the International Bibliography of the Social Sciences (IBSS) and is now also available in the EBSCO research database. This is part of our strategy to make the journal even better and more accessible, but we would not succeed in these efforts without our readers, contributors, reviewers, and board.

We do encourage, as always, your input. This includes both suggestions of how to improve the journal and also your contributions. To further improve the CEF Quarterly, and to acquire more resources, we will start charging for the hard copy of the journal and we kindly urge all interested institutions and libraries to subscribe. The web-based version will continue to be free of charge and we do hope that you share the link with other interested people.

Starting from this issue, the CEF Quarterly is also partly published by the newly founded Institute of Security and Development Policy (www.isdp.eu) in Stockholm, Sweden. The journal will continue to be published by the Central Asia-Caucasus Institute & Silk Road Studies Program but the European leg of this program—the Silk Road Studies Program—is now part of the ISDP. The CEF Quarterly is still affiliated with the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University. This is a development that the editor and the assistant editors consider beneficial for the further development of the journal.

On behalf of the CEF team, we hope you will enjoy your read.

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Bishkek: SCO's Success in the Hinterland of Eurasia

*Pan Guang**

Summit Achievements

The 2007 Shanghai Cooperation Organisation (SCO) summit in Bishkek went as planned, despite initial concerns about internal disturbances within Kyrgyzstan. A key highlight of the event was the signing of the “Shanghai Cooperation Organisation Treaty on Long-Term Good Neighborly, Friendship and Cooperation” by the six member states. This treaty serves as a legal basis to conduct good neighborly relations. It brings the SCO one step closer towards practices that accord with international law. Chinese President Hu Jintao first mentioned the idea last year, and the speed with which the treaty was prepared reflects the high degree of consensus shared by the signatory states. However, many legal experts are still confused about whether new entrants would automatically become signatories. This will be clarified when the full text of the treaty is made public.

Since the anti-terrorist exercise “Peace Mission 2007” coincided with the summit, many speculated whether new measures on security cooperation would be announced. A few points are worth noting: firstly, “Peace Mission 2007” was applauded by the member states and is likely to be repeated on a bigger scale. However, members are inclined to regard the exercise as a form of anti-terrorism cooperation rather than a move towards a military alliance. Thus, the suggestion to hold joint exercises between the SCO and the Collective Security Treaty Organization (CSTO) was overturned.

Secondly, although a timetable for foreign troops to pull out of Central Asia was not explicitly mentioned, the leaders nonetheless commented that “stability and security in Central Asia can be provided first and foremost by the forces of the region’s states on the basis of

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international organizations already established in the region.”¹ In other words, the SCO and its member states aspire to be the dominant force safeguarding Central Asia’s security, countervailing a foreign military presence.

Thirdly, the summit welcomed the Central Asia Nuclear-Free Zone Treaty concluded in September 2006 and supported members’ efforts to sign security assurance agreements with nuclear states. Supporting a nuclear-free zone in Central Asia has always been the policy of SCO, as demonstrated by the ratification of the Nuclear-Free Zone Treaty. Such attitudes clearly facilitated the signing of a protocol on security assurances with Central Asian states by China and Russia. Britain and France are likely to sign the protocol as well. However, up till now, U.S. attitude towards the Central Asian nuclear-free zone remains unclear. Another tricky question lies with India and Pakistan, who are currently “observers” of the SCO. If they were to offer to sign the protocol, the SCO would be caught in a difficult position, as neither has been recognized as a nuclear power by the international community.

Fourthly, the summit reiterated its previous stance on a series of non-traditional security issues: improve international information security by checking the abuse of information technology that is endangering international security and stability; crack down on illegal immigrants and manage the issue of migrant workers within the SCO framework; and work towards a drug ban and the establishment of anti-narcotics security belts around Afghanistan; participate in normalizing the situation in Afghanistan, develop economic ties with Afghanistan and strengthen the work of the SCO-Afghanistan Contact Group.

Focus on Cooperation

In the area of economic cooperation, the Bishkek summit emphasized the importance of energy cooperation. Its leaders commented that: “Reliable and mutually beneficial partnership in various fields of energy sector will help strengthen the security and stability across the SCO region and the wider world alike.”²

Since the formation of the SCO, China has been more enthusiastic in promoting economic cooperation vis-à-vis Russia, as the latter is fearful of strengthening China’s influence in Central Asia and harming Russia’s interests as a result. Instead, Russia has tried to extend economic cooperation with the Central Asian countries through the Eurasian Economic Community (Eurasec) of which China is not a member.

¹ Bishkek Declaration, 16 August 2007, The Shanghai Cooperation Organization Website, <www.sectSCO.org/html/01753.html> (October 1 2007).

² *Ibid.*

Nonetheless, developments over the past two years suggest that, even if Russia is not eager, economic cooperation, particularly in the energy sector, is inevitable and on an accelerating upward trend. The China-Kazakhstan oil pipeline, the first of its kind in Central Asia, extends eastwards to China and could eventually reach China's coastlines, linking it to Pacific shipping routes. In addition, China has recently entered into an agreement with Uzbekistan, Turkmenistan, and Kazakhstan to develop natural gas resources and build gas pipelines.

As a result of these developments, Putin raised the idea of forming an "energy club" within the SCO. Russia is obviously changing tact, now supporting energy cooperation within the SCO framework. While the recent summit did not mention the term "energy club," it reached a consensus that "the SCO member states will continue to promote dialogue on energy issues and practical cooperation among energy-producing, transit and consumer states."³

At the same time, the leaders declared that "the Organisation is open for interaction with all interested partners based on the international law and generally accepted norms of international relations with the aim of finding mutually acceptable solutions for the pressing problems of modernity."⁴ This shows that member states hope to continue to work with countries and groupings outside of the SCO framework. In terms of the broad direction of economic cooperation, the summit highlighted three areas of priority: energy, transport and information technology.

The summit also emphasized the need to identify key multilateral areas of mutual benefit. This has been Hu Jintao's idea—to focus on getting a few key areas right and use them as models to extend the scope of economic cooperation.

In the cultural area, a series of exciting suggestions were raised: support exchange between youth organizations under the SCO framework; support the 2008 Beijing Summer Olympics and the 2014 Sochi Winter Olympics; and support the diversity of civilizations and cultures, and encourage dialogue between different civilizations and religions. Like the past few summits, China made a concrete pledge: on top of existing bilateral arrangements, twenty scholarships to China would be offered to each member state annually, totaling a hundred each year. China also suggested that member states take turns to organize student exchange camps. For a start, China is inviting 50 tertiary and secondary students from other member states to attend a cultural camp at Hainan during the winter of 2008. China urged each member state to actively share expertise in language instruction, pledging more support in Chinese language pedagogical resources for other member states, and

³ *Ibid.*

⁴ *Ibid.*

hopes that member states would support China's research efforts in teaching the Russian, Kazakh, Kyrgyz, Tajik and Uzbek languages.

Future of the SCO

In the near future, the SCO is not prepared to absorb new members or observers, with the exception of Turkmenistan. Turkmen President Kurbanguly Berdymukhamedov attended the recent summit and stated that Turkmenistan could change its policy on remaining outside the SCO. No one is likely to oppose a Turkmen bid to join because only Turkmenistan, among the potential applicants and four observers, is part of Central Asia and therefore counts as a Central Asian state.

A confluence of reasons, such as Russia's military revival, mounting tensions between Russia and the U.S., and the anti-terrorist military exercise "Peace Mission 2007" prompted the Western media to dub the SCO as an "anti-U.S." and "anti-Western" alliance.

In reality, such an analysis is untrue. While it is natural for individual members of the SCO to have occasional friction with the U.S. or the West, and as such may under certain circumstances require the support of the SCO, it does not necessarily mean that other member states or the entire SCO are "anti-U.S.", or "anti-Western" as a result. Even Russia and China cannot afford such a confrontational stance. Russian President Vladimir Putin has clearly stated that it is a mistake to think of the SCO as another "NATO". China has also reiterated that the SCO is not a military alliance and will not target third parties. If one were to carefully examine the SCO, it is not difficult to reach the conclusion that the SCO does not need to and will not become an "anti-U.S." or "anti-Western" alliance.

Central Asia and the Regional Powers

*Lowell Dittmer**

ABSTRACT

Since its emergence as an independent cluster of states in 1992, Central Asia has attracted the attention of a number of powers, evoking discussion of a revived "great game" between China, Russia, and the United States. But the interests of the powers are not necessarily incompatible, and the Central Asian states also have their own interests. Which way will they turn? This article explores their options.

Keywords • Central Asia • Geo-politics • Sino-Russian relations • U.S.-Central Asia relations

Introduction

The dissolution of the Soviet Union in 1991 was on the whole welcomed in the People's Republic of China (PRC), which was suddenly relieved of what had been the principal threat to its national security: "It's much easier dealing with 15 different republics than dealing with one," as Li Jingjie, then director of the Russian and Eastern European Institute of the Chinese Academy of Social Sciences, put it.¹ And on the whole this was true, as Beijing in the early 1990s proceeded to negotiate agreements with a "team" consisting of the Russian Federation and the three Central Asian Republics (hereinafter CARs) sharing a border with the PRC (viz., Kyrgyzstan, Kazakhstan, and Tajikistan). Initially lacking the institutional rudiments of foreign policy making and even temporarily housed in the huge Russian embassy in Beijing, the three CARs readily agreed to this unusual tandem arrangement, which was crowned with successful agreements in 1986 and 1987 for settlement of their bilateral border disputes and the adoption of various disarmament and confidence-building measures. But as the CARs matured and developed their own national interests, problems and foreign policy needs, the question arose how well their agendas would continue to mesh with those of Russia and the PRC. This issue became particularly acute since the turn of the millennium as the U.S. made a dramatically enhanced appearance in

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¹ Interview, Beijing, 1996.

Central Asia in pursuit of its Global War on Terror (GWOT), which presented new options to the CARs even as it posed new dilemmas. After a brief overview of the historical background and geopolitical profile of the region, this article will examine the involvement of each of the three outside powers who have exhibited the most avid and persistent interest in the region—China, Russia, and the U.S.—before attempting to analyze the triangular interaction that has emerged in the wake of the enhanced post-9/11 American presence in the region and the corresponding efforts of the CARs themselves to manage this to their advantage.²

The Regional Political-Economic Situation

Historically Central Asia was hardly a cradle of great civilizations, but from time to time some world-transformational political force would sweep out of the region, beginning with Attila and the Huns in the mid-5th century, Ghenghis Khan (1162-1227), and finally Timur (Tamerlane) in 1336-1405. In the early 20th century the British geographer Sir Halford Mackinder was first to call attention to the central importance of Central Asia, calling the region the "geographical pivot of history," or "heartland." Zbigniew Brzezinski reemphasized the significance of the region's Eurasian centrality in his 1997 analysis of post-Cold War geostrategy.³ If the region still occupies a pivotal position and did at one time play a major role it had however by the modern era slipped to the world's political periphery, when access to oceanic trade routes appears to be the lifeline to economic vitality.

The five CARs are currently home to a total population of only about 50 million people, including a wide variety of religious and ethnic minorities: Islam, Buddhism, Roman Catholicism, Orthodoxy, from Russians and other Slavs to Koreans, Uzbeks to Uighurs. The tribal conglomerates that form their respective cores merged as more or less distinct entities following disintegration of the Mongol Empire at the end of the 14th century, though the current boundaries between them were arbitrarily drawn (during the Stalinist era), inexact, and have been recurrently disputed since. There is friction between Uzbeks and Tajiks in both Uzbekistan and Tajikistan, between Tajiks and Kyrgyz in both Tajikistan and Kyrgyzstan, between ethnic Russian settlers and the native majority (particularly in Kazakhstan); there is friction between the industrialized northern part of the country and the south, and there is continuing suspicion of Moscow. The political leaders have since

² Which is of course not to deny the significant role of other powers in the region: the linguistic and ethnic links of Turkey and (to a lesser extent) Iran enable them to exercise great cultural sway, while Japan, the largest donor of developmental aid since 1992, holds the financial keys to large energy projects.

³ Zbigniew K. Brzezinski, *The Grand Chessboard : American Primacy and Its Geostrategic Imperatives* (New York : Basic Books, 1997).

independence promoted a renaissance of Islam as a means for strengthening national identity, but all CARs have at the same time taken measures to prevent the politicization of Islam, such as legally proscribing the founding of parties based on religion and appointing the leadership of the formal religious hierarchy (and thence branding other emergent religious activists "radicals").⁴ Although all have multi-ethnic and multi-lingual populaces, all (except Tajikistan, which speaks Persian and has long-standing cultural ties with Iran) speak Turkic and share an Islamic Turkic cultural core, inspiring initial expectations that Turkey would exert trans-national sway, but although Turkey is now led by a moderate Islamic majority Party its current geopolitical priorities are Western (viz., joining the European Union). The CARs' wealth remains predominantly beneath the surface: Kazakhstan, which boasts the largest economy in the region, had a total gross domestic product (GDP) in 2004 of just US\$40 billion; the combined economies of all five Central Asian states (Uzbekistan, Kyrgyzstan, Tajikistan, Kazakhstan, and Turkmenistan) comes to only about US\$63 billion, "bringing it in terms of a Japanese context to just barely the level of Mie Prefecture," as Aso Taro (somewhat undiplomatically) once put it.⁵

Yet Central Asia is a region of vast mineral wealth. Proven petroleum reserves in the region are estimated as ranging between 16.9 billion barrels and 33.4 billion barrels, exceeding those in the United States or the North Sea; *possible* reserves could yield as much as 233 billion barrels. Proven natural gas reserves are estimated at between 177 and 182 trillion cubic feet, making Turkmenistan (with 101 trillion cubic feet) and Kazakhstan (65-70 trillion cubic feet) two of the 20 most well-endowed gas depositories in the world. There are more than 40 oil companies from 22 countries involved in several consortia, with an estimated US\$50 billion already invested in various regional projects; oil production reached 1.3 million barrels per day (b/d) in 2001 and is expected to exceed ca. 3.7 million b/d by 2010.⁶ Thus it has been at least loosely suggested that these states fit the syndrome of what Terry Lynn Karl has termed the "Dutch disease" or petro-state complex, consisting of a combination of highly skewed natural resource distribution and national political-economic underdevelopment, as corrupt elites rely exclusively on petrochemical rents to the neglect of sound industrial and infrastructure investment.⁷

⁴ Gudrun Wacker, "Centralasiatischen GUS-Staaten in chinesischer perspective," *Berichte des Bundesinstituts fuer ostwissenschaftliche u. internationale Studien* 15 (1997).

⁵ Based on 2004 statistics, by Taro Aso, Minister of Foreign Affairs, "Central Asia as a Corridor of Peace and Stability" *Japan National Press Club*, June 1 2006.

⁶ Michael Fredholm, "Russia and Central Asian Security," in Birgit N. Schlyter, (Ed.), *Prospects for Democracy in Central Asia*, Swedish Research Institute in Istanbul, *Transactions* 15 (Stockholm, 2005), pp. 97-117.

⁷ Cf. Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States* (Berkeley: University of California Press, 1997).

This syndrome may fit some of these states quite well: in Turkmenistan, with the world's 11th largest natural gas reserves, gas comprises 57 percent of its exports (as of 2002) with oil accounting for an additional 25 percent; the same year, oil constituted 52.8 percent of Kazakhstan's exports. Yet not all of these countries are so well-endowed: Kazakhstan has a disproportionate share of the known oil, 8-10 times as much as the next-largest Central Asian producer, and Turkmenistan and (to a lesser extent) Uzbekistan predominate among gas producers. Both Kyrgyzstan and Tajikistan are both relatively poor in energy resources—except for hydroelectric power, which is not easily commoditized. Though poorly endowed, Kyrgyzstan was an early pace-setter in neo-liberal reforms, perhaps because its economy is so dependent on IMF support (in 1992, half its 17 percent budget deficit was covered by international aid—a pattern that has persisted). Thus the country privatized banking and allowed a relatively free press, had a far-reaching land reform and was the first country in the region to adopt a convertible currency (1995) and the first to gain acceptance to the WTO (1998). Tajikistan, always poor (with the region's lowest per capita income), suffered a disastrous civil war between Islamist and secular parties in its post-independence decade, dropping more than half its GDP output, one political legacy of which is that it is the only CAR that continues to tolerate an (avowedly moderate) Islamic party (the Islamic Renaissance Party, or IRP) in its parliament. Uzbekistan and Kazakhstan are the most economically developed states in the region, and vie for leadership of the bloc.

Notwithstanding their differing resource endowments, all the CARs share certain socio-economic and structural predispositions. All inherit from socialism relatively high rates of literacy and a cadre of trained workers, and boast economies with full electrification and a (crumbling) industrial infrastructure, transportation and services, are ruled by a small elite trained in the Soviet Communist Party apparatus using the remnants of a Soviet military and police apparatus. All are land-locked, lacking access to the sea and established world trade routes, requiring neighborly cooperation to find global markets. A political trend shared by all five CARs since independence is toward increasing authoritarianism: all still have legislatures and multiparty systems, but the legislatures are weak, opposition parties face insuperable political obstacles and the incumbent president tends to fill all executive positions in government and the affiliated semi-private sector with family members and cronies. This tendency may be attributed not to the political impact of easy petro-rents (as it is shared by resource-poor as well as petro-states) but to an enhanced sense of vulnerability to domestic dissent (Islamist and otherwise), as manifested for example in the 2003-2005 "color revolutions"

or the May 2005 Andijan Incident in Uzbekistan.⁸ The response of the authorities has generally been suppressive, in response to which dissent goes underground or abroad. The most determined and radical opposition consists of jihadist Islamic groups (many of them transnational) against whom violence has been employed with escalating intensity. The latter include most prominently the Hizb ut-Tahrani al-Islami, or HTI (the Islamic Liberation Party), an ostensibly non-violent group committed however to the displacement of all Central Asian secular governments by an Islamic Caliphate practicing Shariah law, the Islamic Movement of Uzbekistan (IMU); Adolat (Justice), and the Eastern Turkistan Liberation Movement (ETIM—which aims for Xinjiang's independence as "Eastern Turkistan"), and finally various remnants of the Taliban and Al Qaeda. The CARs are united in opposition to such groups with the full support of both Russia and China, indeed in concert with the American Global War on Terror (GWOT), though from the CAR perspective American support for counterterrorist efforts has been somewhat unreliable: the U.S. once clandestinely funneled arms and other support to such groups in support of the liberation of Afghanistan from Soviet occupation in the 1980s, and even after 9/11 many human rights NGOs and other liberals objected to the use of excessive violence to suppress them (e.g., vis-à-vis the Andijan incident, in which the Uzbek authorities reportedly killed up to 800 protesters). India also has a long-standing enmity against such groups deriving from its long-simmering separatist insurgency in Kashmir (which many of these and similar groups rallied to support following Soviet withdrawal from Afghanistan), as does Iran (as many of these groups are rooted in Pashtun fundamentalism—the Pashtun Sunnis are notorious for their previous persecution of Shia minorities in Afghanistan). This shared anti-jihadist animus paved the way to welcoming Iran and India to participate as observers at the anniversary meeting of the Shanghai Cooperation Organization in 2005, along with Mongolia and Pakistan. The inclusion of Pakistan is superficially more puzzling inasmuch as the Pakistani inter-services intelligence (ISI) collaborated with the American CIA in funneling arms to such groups during the period of anti-Soviet mujahideen resistance in the 1980s, but Pakistan is of course the "all-weather friend" of China (who insisted on Pakistan's inclusion to counterbalance Russia's sponsorship of India), moreover Islamabad had reversed course under U.S. pressure to support the anti-Taliban Northern Alliance in September 2001.

⁸ I.e., the "rose revolution" that swept Shevardnadze from power in Georgia in 2003, the 2004 "orange revolution" that toppled Yanukovich in the Ukraine, and the "tulip revolution" that ended Askar Akaev's presidency in Kyrgyzstan in 2005.

The Russian Stake

Although it borders on only one of them (Kazakhstan), Russia remains the majority outside stakeholder in the region. Most of the existing oil and gas pipelines flow north, and Russia is the predominant supplier of weapons for all the CARs' armed forces. Kazakhstan and Kyrgyzstan are to be sure more pro-Russian than Uzbekistan or Turkmenistan; Tajikistan's Russian alignment is anchored by the presence of some 6,000 Russian troops (the 201st Motorized Infantry Division, its only significant deployment of ground forces in Central Asia, called upon to staunch the flow of heroin from Afghanistan) and Kyrgyzstan's by the 2003 Russian establishment of an air base near Kant north of Bishkek. Upon dissolution of the USSR in December 2001 Moscow established the Commonwealth of Independent States (CIS), the military arm of which took the form of the Collective Security Treaty (CST), established in 1993 and revitalized in 2000. This included a 1,500-man rapid deployment force (known by its Russian acronym, KSBR), a secretariat, and an Antiterrorist Center in Bishkek; in 2003 Moscow added an air base in support of the KSBR in Kant, north of Bishkek, near the U.S. base. Not that the CARs are necessarily anti-Russian—having been independent from the USSR only 16 years, the cultural and political elites still speak Russian, it is still the language used in the public schools (gifted young people typically aspire to pursue higher education in Moscow or St. Petersburg), and public opinion polls indicate that popular majorities still look to Russia more than to any other state for security and protection. Even in Tajikistan, where ethnic Russians constitute only 3.5 percent of the total population, Russian is still used in government and business because knowledge of this language is shared with the Uzbeks, who make up some 25 percent of Tajikistan's population.

Why has the CAR dependency on Russia survived political independence? In most cases independence was followed immediately by economic disaster in Central Asia: amid the pervasive collapse of communication and transportation systems upon dissolution of the USSR their economies shrank to 40-60 percent of their 1989 levels in the first half of the 1990s. Trade with Russia (on whom these states—with the exception of Uzbekistan—had depended for more than half their trade before the collapse) collapsed with independence—by 1996, trade was 10 percent of 1991 levels and spiraled downward from there, partly as a reflection of declining economic activity in all the CARs, partly to the cut in Russian trade subsidies. The percentage of the population below official poverty levels (i.e., US\$2 per day) ranged from 50 percent in Kazakhstan to 80 percent in Tajikistan; by the turn of the millennium, unemployment soared as high as 35 percent in some areas, real wages dropped to 50-65 percent of Soviet-era levels, while health, welfare, and education networks offered a fraction of their former service.

"Democratization" in the early 1990s entailed a disintegration of control networks, allowing crime, drug-running, and violence to metastasize, with ca. 120 tons of cocaine equivalent (as of 2002) passing through Central Asia (mostly from Afghanistan) to Europe each year, half the amount consumed there (and 20 times the sale of half a decade ago, when the Taliban regime effectively policed opium production).⁹ In the March 17, 1991 referendum on the future of the Soviet Union, the populations of the Central Asian states voted to preserve the Union by majorities of over 90 percent. Independence was nevertheless eventually greeted in order to break away from what was perceived as reform run amok under Gorbachev and then Yeltsin, as nomenklatura cadres sought to preserve as much of the Leninist framework as feasible; this is why so much of the incumbent leadership was able to survive intact (of the 5 CARs, only two, Kyrgyzstan and Turkmenistan, have had a leadership transition since 1993).¹⁰

Though the acknowledged hegemon in the region Russia became preoccupied with domestic affairs (its own economic meltdown following dissolution of the USSR, insurgencies in Chechnya and other frontier areas, ill-conceived and mismanaged privatization and marketization and its consequences) in the 1990s, seeming to regard the region more as a budget liability and source of trouble than an asset. Thus the CARs began to turn to other outside powers in their travails, including China and the U.S.. China simply expanded its existing normalization engagement with the Soviet Union to its constituent parts after their independence and dealt with the CARs bilaterally and multilaterally. China's multilateral vehicle is the Shanghai Cooperation Organization (SCO), but although initiated by China this is by design a more egalitarian organization than most U.S. or Russian initiated forums, every decision requiring unanimous consent; thus although the CST and KSBR continue to exist these Russian-led Intergovernmental Organizations (IGOs) seem to have been eclipsed by the SCO, with its special reaction force, annual joint military exercises, and antiterrorist center (in Uzbekistan).

The Chinese Interest

China's interest in Central Asia stems from the dawn of the post-Soviet era, when the three newly independent republics sharing borders with China (viz., Kazakhstan, Kyrgyzstan, and Tajikistan) joined with the Soviet Union in a team arrangement to negotiate their borders with

⁹ Robert Legvold, "Introduction," in Legvold, (Ed.), *Thinking Strategically: The Major Powers, Kazakhstan, and the Central Asian Nexus* (Cambridge, Mass.: The MIT Press, 2003), pp. 1-38.

¹⁰ Denis Sinor, "Rediscovering Central Asia." *Diogenes* 51, 204 (Winter 2004), pp. 7-21.

China, meeting semi-annually in Beijing and Moscow from 1992-1996. This culminated in the summit meeting in April 1996 among the five states to ratify and consolidate their shared borders, and the Agreement on Mutual Reduction of Military Forces in the Border Region at a second summit the following year in Moscow. China's continued interest in the aftermath border settlement was stimulated by the emergence of separatist agitation on behalf of an independent Xinjiang, or "Eastern Turkistan." The historical precedent for this separatist impulse can be traced all the way back to the Hui uprising in 1867-1877 under the leadership of Muslim leader Yaqub Beg, and to the actual establishment of the Turkish Islamic Republic of East Turkistan in November 1933, which lasted about five months; in November 1945, an Eastern Turkistan Republic was again set up in Yining, but this again lasted less than one year. A separatist insurgency revived following the Soviet defeat in Afghanistan: in 1990 a Uighur uprising in Akto County of Xinjiang led to the death of more than 50 people in a battle with PLA troops, and there were a series of bomb attacks in Beijing in 1997; according to Chinese sources, from 1990-2001 there were some 200 "terrorist acts" in Xinjiang, killing 162 people and injuring 440.¹¹ This separatist agitation was exacerbated by the demonstration effect of granting independence to the border republics and by subsequent border agreements permitting freer flow of populations between them and the PRC. All the Central Asian states have Uighur minorities, ethnically akin to Chinese Uighurs and putative compatriots of an Eastern Turkestan:¹² Kyrgyzstan for example has some 50,000 Uighurs, and in June 2002 a Chinese consul was killed in Bishkek; in March 2003 a bus was bombed in Kyrgyzstan killing 21 Chinese, allegedly also involving Uighur migrants from China. In 2003 Kyrgyzstan with Beijing's blessing banned several groups, including the IMU, the Eastern Turkestan Islamic Party, and the Eastern Turkistan Liberation Organization. Other separatist organizations, such as the Uighurstan Liberation Organization and the United Revolution Front of East Turkistan, are apparently headquartered in Kazakhstan. After independence, Kazakh leaders adopted the slogan "return to your homeland," passing legislation to encourage ethnic emigration; China did not object, but the resulting reverse flow of Uighurs in pursuit of China's higher living standards also allegedly resulted in the infiltration of terrorists. Thus Xinjiang became the first of China's provincial units to organize an anti-terror corps, and shortly after 9/11 Beijing set up a

¹¹ Xing Guangcheng, "China's Foreign Policy toward Kazakhstan," in Legvold, *Thinking Strategically: The Major Powers, Kazakhstan, and the Central Asian Nexus*, pp. 107-139; Pan Guang, "East Turkestan Terror and the Terrorist Arc: China's Post-9/11 Anti-Terrorist Strategy," *China and Eurasia Forum Quarterly* 4, 2 (2006), pp. 19-24.

¹² As of 1995 there were 200,000 Uighurs in Kazakhstan, Uzbekistan and Kyrgyzstan; Xing, "China's Foreign Policy toward Kazakhstan".

National Anti-Terrorism Coordination Group (NATCG) with a secretariat led by Hu Jintao to lead a campaign against the "three forces": national separatism, religious extremism, and international terrorism [*kongbuzhuyi, fenlizhuyi yu jiduanzhuyi*] in connection with which it began to solicit cooperation from neighboring governments to control their ethnic minorities more effectively. (Of course there is a distinction, seldom acknowledged by the Chinese, between terrorism and separatism, and though some separatists do employ violence, mainly against Chinese military and police targets, a conspiratorial connection between East Turkistan separatists and Al Qaeda has been difficult to establish empirically).¹³

While the primary Chinese concern with regard to the CARs has thus been security, dovetailing neatly with the incumbent authorities' prioritization of domestic stability. China has also expressed a lively economic interest in the region, partly as an economic incentive to China's backward, landlocked Western provinces corresponding to the lucrative opening of the East Coast to foreign trade but mainly as an avenue for China's recently accelerated pursuit of sources of energy. As the world's second largest importer and (since 2003) consumer of energy, accounting for 40 percent of the aggregate increase in world oil demand since 2000, dependent for some 62 percent of its current imports on the Middle East (which must be imported through the Straits of Malacca, whose security depends on the U.S. Navy), China wants to diversify sources of supply, particularly in Kazakhstan and Uzbekistan. China and Kazakhstan have built a jointly owned pipeline from Atyrau through Kenkiyak, Kumkol, and Atasau to Alashankou on the Xinjiang border, which came on line in December 2005 (and in the next 12 months pumped 1,788 tons of Kazakh oil to China—a flow rate expected to increase greatly). The China National Petroleum Corporation (CNPC), China's largest state petroleum corporation, owns a controlling interest in Aktobemunaigaz, a production company in Western Kazakhstan, but China also has bigger ambitions: a 2003 bid by China National Offshore Oil (CNOOC) and China Petroleum and Chemical Corporation (Sinopec) to buy British Gas shares of Kazakhstan's massive offshore Kashagan deposit was cut back by consortia partners, but CNPC did manage to acquire the smaller North Buzachi field and in 2005 purchased the assets of PetroKazakhstan, giving them the assets of the Kumkol field and shared control of Shymkent Refinery (with Kazmunaigaz). The Chinese are also negotiating with Turkmenistan to purchase oil and natural gas, and to build a pipeline to transport it from there through Kazakhstan to Xinjiang. From Kyrgyzstan they have arranged to

¹³ Kevin Sheives, "China Turns West: Beijing's Contemporary Strategy towards Central Asia," *Pacific Affairs* 79, 2 (Summer 2006), pp. 205-225.

purchase hydroelectric power, while in Tajikistan a Chinese telecom station has landed a contract to reconstruct all the telephone exchanges in Dushanbe. According to Chinese statistics China's trade with Central Asia has boomed, from US\$459.35 million in 1992 to US\$1.2 billion in 1999; by 2002, trade with Kazakhstan alone had reached US\$3 billion.¹⁴

Yet this should all be kept in perspective. Chinese energy imports from Central Asia still do not constitute a significant percentage of their requirements (less than 1 percent of total energy imports). All the CARs except Uzbekistan depend on CIS trade ties for more than half their total trade, most of which is with Russia. The most important Russian trade partner is Kazakhstan, which conducts 90 percent of its trade with CIS. Its principal partner remains Russia. In terms of investment, the Western countries still have some 72 percent of the total, dominated by the U.S. (40 percent of the total) and followed by Russia and then China (with 3 percent of the total). The CARs are wary of exploitative petro-deals,¹⁵ and the Russians, to whom most of the Central Asian pipelines are now routed, have been monitoring developments closely. For their part, Chinese purchases in Central Asia are partly motivated by a desire to diversify their much larger stake in Russian petroleum (currently about 11 percent of their total imports), given the difficulties the Chinese have had purchasing Russian oil companies or negotiating binding agreements for pipeline routes.¹⁶

The American Presence

The impression that the U.S. suddenly swept into a region in which they harbored no previous interest at all is not altogether accurate. The Americans woke up to the region's potential at about the same time the Chinese did, immediately after the birth of the CARs in the ashes of the Soviet Union's dissolution—though for different reasons. Terror was

¹⁴ Kang Wu, "China's Energy Interests and the Quest for Energy Security," in Elizabeth van Wie Davis & Rouben Azizian, (Eds.), *Islam, Oil and Geopolitics* (Lanham, MD: Rowman & Littlefield, 2007), pp. 123-144.

¹⁵ For example, Nazarbayev spoke with unusual candor during a 2006 visit to China: "It would be wrong to conclude that Kazakh-Chinese relations are developing exceptionally in the positive direction." He objected inter alia to Kazakhstan's trade imbalance with China and to the illegal Chinese workforce smuggled into Kazakhstan by Chinese oil and gas companies operating in West Kazakhstan, proposing that these be reduced by 70 percent and replaced with local workers (Kazakhstan TV Channel, December 24, as cited in *Eurasia Daily Monitor*, January 9 2007).

¹⁶ Kang Wu, "China's Energy Interests and Quest for Energy Security," in Van Wie Davis and Azizian, (Eds.), *Islam, Oil, and Geopolitics*, pp. 123-144; Martin C. Spechler and Dina R. Spechler, "Conflict and Cooperation in Central Asia after 9/11," in Ariel Cohen, (Ed.), *Eurasia in Balance: The U.S. and the Regional Power Shift* (Burlington, VT: Ashgate Pub, 2005), pp. 9-43; Gaye Christoffersen, "Sino-Russian Relations," unpub. Paper presented at the symposium, "China in Transition," Soka University of America, Los Angeles, CA, May 12, 2007.

then only one of several American priorities, which also included the divestment of nuclear weaponry and other Weapons of Mass Destruction (WMD) facilities the Soviets had left embedded in several of these states, establishment of the rule of law in an effort to combat crime and drug traffic, fostering a political climate conducive to energy exports, and the establishment of autonomous, stable democratic governments. Agreements were signed to disarm Soviet Intercontinental Ballistic Missiles (ICBMs) in and shut down a fast-breeder reactor in Kazakhstan and a biological weapons research facility in Uzbekistan. But terrorism and domestic disorder also elicited U.S. notice before 9/11: In 1993, CAR military officials began to receive training in Germany as part of a German-American security initiative. By mid-1994, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan had joined NATO's Partnership for Peace (PfP) program and military officers from these countries began participating in PfP exercises. In December 1995, Kazakhstan, Kyrgyzstan, and Uzbekistan formed a joint peacekeeping unit with the support of CENTCOM called Centrazbat, which held annual military exercises aimed at engaging these states into CENTCOM's collective engagement strategy. In 1999-2000 the U.S. joined Turkey, Russia, and Uzbekistan in providing Kyrgyzstan with requested support in the wake of IMU incursions. To be sure, the U.S. also had an interest in petroleum resources, which were assessed as having only moderate potential but a useful potential alternative source of supply given the political volatility of the Middle East. In order not to conflict with European and perhaps Japanese interests, this claim was put in the form of the time-honored open door principle—that no single power should monopolize regional resources (thereby implicitly conflicting only with Moscow). The U.S. thus supported "multiple pipelines" for Caspian oil.¹⁷

In the aftermath of 9/11 and particularly after the U.S. launched Operation Enduring Freedom (OEF) in Afghanistan in October 2001, the U.S. presence in the region however dramatically increased both qualitatively and quantitatively. The qualitative increment was a shift to an almost exclusive focus on security cooperation and assistance, tacitly dropping all human rights or democratic developmental concerns. The U.S. approached each CAR bilaterally to initiate security cooperation for OEF, playing one against the other, but without explicit objection from either Moscow or Beijing. When U.S. officials solicited their assistance the CARs reacted cautiously, but eventually all offered to share intelligence and to grant U.S. access to air space and permission for emergency landings, while some offered more: Uzbekistan proffered use

¹⁷ Olga Oliker and David A. Shlapak, *U.S. Interests in Central Asia: Policy Priorities & Military Roles* (Santa Monica: RAND Corp, 2005).

of a former Soviet air base at Karshi Khanabad (precluding however any involvement in positioning ground forces for an invasion of Afghanistan), Kyrgyzstan offered Manas near Bishkek; a more modest refueling operation was also set up in Ashqabad, Turkmenistan, as well as a small-scale presence in Dushanbe, Tajikistan; Kazakhstan also offered a base, which the U.S. declined. The quantitative increment was in the amount of security cooperation and aid, the chief early beneficiary being Uzbekistan, who received nearly US\$172 million after 9/11, nearly ten times the amount budgeted for each of the other CARs in 2001-2003. The U.S. however avoided security commitments in return for assistance—the Declaration on Strategic Partnership and Cooperation Framework between the U.S. and Uzbekistan (signed March 2002) stopped short of that—though it did agree to "regard with grave concern any external threat."

The Emerging Triangular Dynamic

Analysts have frequently compared the emerging relationship between the powers in Central Asia to the "Great Game" between England and Russia in the 19th century, though of course there are essential differences: the CARs, though new nations, have full sovereignty; and three outside powers are now involved, not two. The emerging relationship has certain game-like attributes, however, in that the three outside players are each much stronger than all CARs put together, each has a legitimate (though not equal) interest in the region, and that interest might be said to be important to each but not necessarily vital—even to the terrorism issue, which is most urgent, the CARs contribute less than other factors. And all three powers have two interests in common—energy and security—though each also claims additional "ideal interests." So the game is played on at least two levels, one involving the pursuit of immediate resource or security interests, the other concerning longer-term designs for the future political direction of the region.

There are two phases in this dynamic, the first from 9/11 in 2001 to 2004, the second from 2004-2007. In the immediate aftermath of 9/11, the U.S. of course undertook the most dramatic reappraisal of the importance of the region as a potential source of terrorism (or source of leftover WMDs potentially available to transnational terrorist bands), but both Russia and China were also sensitive to this danger, to which they were also vulnerable—Russia in Chechnya and Dagestan, China in Xinjiang. Thus though both had reservations about an American military presence in the region, neither objected either to the initiation of OEF in the fall of 2001 nor to Washington's approach to the CARs for logistic and service support. China did not object to OEF—indeed, Beijing reaped an immediate windfall when the major bases for training and operations of

the ETIM (then active in Xinjiang) were eradicated in the course of the anti-Taliban sweep, after which the UN and the U.S. agreed to list the ETIM as a terrorist organization.¹⁸ But China had long been wary of the 1993 joint exercises between NATO and Kazakhstan in the PFP program, like Russia highly suspicious of NATO's expansion into Central Asia. After all, China's security environment had also deteriorated since 9/11 as Beijing saw key allies, such as Russia and Pakistan, abruptly tilt toward the United States, relations between Washington and India improved dramatically, U.S. military cooperation with Southeast Asian states increased, instability along China's western borders deepened; while the United States confirmed for Chinese leaders Washington's increasing aspiration for global dominance by revising the United States nuclear posture and national security strategy. At about the same time Japanese officials began to discuss a nuclear option in response to fears of North Korean nuclearization, and the U.S. military established bases for the first time in Central Asia, one of them (Manas) only a few hundred miles from the Chinese border. Though Putin was the first leader to offer moral support after 9/11, behind the scene he was also suspicious, first trying to persuade CAR leaders to adhere to the CIS framework on anti-terrorism efforts rather than joining the "coalition of the willing." But Washington used Putin's blanket statement of support to approach the CARs individually and they in turn pushed Russia into greater cooperation by agreeing, glad to have an alternative to their two powerful neighbors who was for the moment offering anti-terror support with no strings attached. However reluctantly given, Putin hoped to trade his acquiescence for a U.S. quid pro quo, certainly an end to criticism of Russia's counterinsurgency policies in Chechnya and Georgia, perhaps a green light for WTO admission. His failure to show immediate substantive benefits for Russian cooperation—plus Washington's December 2002 flouting of Russian security interests by withdrawing from the ABM Treaty—no doubt made him vulnerable to domestic nationalist critics.

By 2004 the U.S. presence had begun to arouse growing hostility. The invasion of Iraq, a client of both Russia and China, was an action both had quietly opposed, and by 2004 it was clear that the initial success of the Baghdad *Blitzkrieg* would not be so quickly consolidated. Iraq had been only tenuously linked to 9/11 in the first place and as the time-frame of the U.S. need for Central Asian basing facilities stretched into the indefinite future in the face of a stubborn insurgency and the search for WMDs proved unavailing the case for the American presence lost much of its urgency. Facing values-based criticism from his base in a tight mid-

¹⁸ "'Eastern Turkestan' Terrorist Forces Cannot Get Away with Impunity," *Beijing Review*, January 21 2002.

term election George W. Bush redefined the purpose of the intervention in terms of a campaign for freedom, but this rationale ran athwart the CAR emphasis on authoritarian stability. Thus in 2004 Karimov lost significant U.S. assistance over his human rights record. Two incidents brought this contradiction to a point in 2005. First, a reputedly rigged election in which Askar Akaev was reelected president of Kyrgyzstan in March touched off popular protests (a "tulip revolution") that led to his deposal and flight from the country (to be replaced by Kurmanbek Bakiyev). Second, in May the Karimov government in neighboring Andijan suppressed a protest movement on behalf several dozen prisoners whom it had alleged were members of an illegal Islamist organization (though this is disputed) with lethal brutality, reportedly killing nearly 800 protesters. Western human rights groups and political leaders demanded a UN inquiry into the incident; the leadership of China and Russia, in contrast, lent outspoken support to Karimov and invited him to their capitols. Thus in a July 2005 statement by the SCO the U.S. was called upon to set a date for departure of its forces from Central Asia. A few weeks later, Uzbekistan officially requested that U.S. forces leave the Karshi-Khanabad base within six months—they were gone within three. Despite initial aversion following an audit showing that Akayev and his family had embezzled millions from U.S. compensation payments for use of the base, Kyrgyzstan permitted U.S. forces to remain at Manas after renegotiating the "rent," and there are still some 3,000 "coalition of the willing" personnel stationed there.

Conclusions

It is hard to say whether the U.S. withdrawal from Uzbekistan, to which it had committed the lion's share of its heightened security commitment to the region, is a minor failure, a missed opportunity, or simply a mission accomplished, because it is not entirely clear what the purpose was. The quest for loose WMD facilities in the region has been largely resolved; if the purpose was energy, while several pipeline contracts are still in negotiation Western petroleum companies have made numerous successful deals. American efforts to improve human rights in the region or to enhance democratic governance cannot claim any noteworthy successes. But were these the main goals, or was it the pursuit of the GWOT?

As far as terrorism is concerned there is certainly ample evidence of threat, particularly in the fertile, strife-torn Ferghana Valley. But these are hardly failed states: the CARs are far better able to cope with terrorist outbreaks than Afghanistan, say, not to mention Iraq. As secular regimes with relatively weak claims to legitimacy they view terrorism as a dire threat to self-preservation and are committed to crack down by any

means necessary. This implies a certain disregard for human rights repugnant to Western liberalism. Yet even the world's most vocal advocate of human rights, the Bush administration, has made notorious compromises with human rights in its GWOT. The assumption of human rights advocates is that brutal dictatorships are inherently less stable and hence more vulnerable to terrorist outbreaks than democratic governments and they have not hesitated to call for various international sanctions against such governments (e.g., Uzbekistan). This may well be true in the long run but it may not be true for the short term. The PRC regime has for example since the June 1989 "Tiananmen Incident" had a relatively low incidence of mass upheavals or terrorist incidents. Nor are these regimes for the most part visibly unstable—they have been quite the contrary, if anything excessively stable, with very little political change since their advent. The argument that appearances of stability are superficial and conducive to elite self-deception should perhaps be given greater credence, but it is empirically difficult to measure an invisible sub-surface threat. Thus in the tradeoff between long and short-term goals—a chronological two-level game, as it were—there may be a contradiction that Washington has yet to resolve.

The Russians are clearly the biggest outside stakeholders in the region and the Chinese are eager to buy in despite an obvious Russian reluctance to sell. The SCO has been conceived as a framework for cooperative security as well as a vehicle for the peaceful transaction of a new balance of interests in the region. The CARs find the SCO more congenial than the CST because the PRC is a growth dynamo who despite its economic dynamism is not yet the hegemon of the region and because of the organization's adherence to a "consensual majority" decision-making procedure. The Americans were welcomed for much the same reason, but only warily and conditionally. Yet Chinese and Russian wariness were not decisive in the invitation to leave, for these two powers had harbored reservations from the outset. It was the CARs themselves who pulled away the welcome mat when the U.S. changed its rationale for Iraq from WMDs to the promotion of democracy and human rights, which under the circumstances was deemed potentially destabilizing. Yet the Americans are not yet out of the game. Western oil companies remain a player in the pursuit oil, in fact most of the good fields have been locked up by Western consortia, even in Central Asia.

The apparently stable "strategic partnership" between Russia and China is one of the more surprising relationships to survive the end of the Cold War. Beginning with mutual border agreements, demarcation, and frontier confidence-building measures, it has, without much popular support and amid continuing mutual wariness, become a thriving economic relationship (with some US\$30 billion in bilateral trade in 2005, China had become Russia's 4th largest trade partner) and a strategic

partnership worth some US\$2 billion per year to the Russians in arms sales (China is Russia's biggest arms customer). Is the emancipation of the CARs and the creation of the SCO likely to tear this relationship apart? So far it seems to the contrary that it has only helped to consolidate it. The organization has come together to cooperate in the suppression of terrorism and in blocking American intrusion (a U.S. application to join the SCO as an "observer" was rejected). There seems to be a consensus in support of an authoritarian national security state as the best guarantee of stability. If the mutual security interest were to become less salient would this permit fissures to appear? From the CAR perspective as sellers of natural resources the multiplication of customers can only bid up the price. The Russian and Chinese interests seem to be directly opposed as the Russians are currently the main purchasers of a resource the Chinese very much wish to buy. Yet the Russians, with their own abundant reserves, are driven not perhaps so much by the need to buy as by the wish to sell, so perhaps these conflicting interests can also be negotiated to mutual advantage. With regard to security China in its pursuit of a "peaceful rise" and "harmonious international society" has been even more solicitous of Russian sensitivities than of the American.

Sino-Japanese Competition for Central Asian Energy: China's Game to Win

*Jacob Townsend and Amy King**

ABSTRACT

This article examines Sino-Japanese competition for influence in Central Asia. Both countries view the region as an important source of energy reserves and have used trade, foreign aid, diplomacy and security cooperation to exert their influence over the Central Asian republics. The article analyses the parallel strategies undertaken by Japan and China in Central Asia. It demonstrates that, compared with China, Japan's relationship with the region is both superficial and declining. As a result of China's deep and growing economic, political and military ties, this article concludes that Japan is losing the Central Asian "game" and that China will have far greater success in obtaining Central Asian energy resources.

Keywords • Japan • China • Central Asia • Energy • Trade • Foreign Aid • Security Cooperation

Introduction

Sino-Japanese competition has a strong influence on international politics and is a major factor in the maintenance of Asia-Pacific stability. As economic giants with insufficient indigenous energy reserves, an inevitable sphere of rivalry is natural resources. This is heightened by Japan's relative decline in economic performance vis-à-vis China, and longstanding political and military tensions between the two. The traditional domain for Sino-Japanese maneuvers is the littoral Pacific, but as they have become more willing to 'think global,' one of the first new arenas for resource competition has been Central Asia, home to significant oil, gas and uranium reserves.

What follows is an analysis of the relative power of Japan and China in Central Asia, with a focus on their influence over energy decisions. Clearly, China and Japan have interests in Central Asia beyond energy. For China, involvement in Central Asian energy industries is one way to shore up influence in what is very much its backyard. More broadly,

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working cooperatively and occasionally competitively with Russia, China would like to exclude “outsiders” from Central Asia, particularly Western actors. Japan’s non-energy interests are narrower. Aside from a genuine normative edge to its foreign policy towards Central Asia, there is an element of hard competitive calculation in maintaining a presence on China’s western borders.

Nevertheless, focusing on oil, gas and uranium is justified by the direct interest of Japan and China in these resources and the effect that control of these resources has on Central Asian politics. On every measure—*influence, industry penetration, trade and investment, institutional leverage, military cooperation, diplomatic contact and aid relationships*—China is stronger. Despite considerable rhetoric and outpourings of foreign aid, Japan’s relationship with Central Asia is far more superficial than China’s.

Furthermore, at a time when Japan is scaling back its interests in the region, China is increasing its engagement in the economic, political and military spheres. China’s closer relationship with the Central Asian republics has had, and will continue to have, a direct and positive influence over its ability to source energy resources from the region. By contrast, Japan has been burned; after more than 15 years of disbursing foreign aid to the region, Japan has realized no oil or gas imports, and has only just begun to secure deals for Kazakh and Uzbek uranium.

The regional framework in which these maneuvers occur includes a heavy Russian influence. The Soviet legacy of a Russo-centric energy infrastructure is something that both China and Japan must overcome in order to access Central Asian resources. However, in order to isolate Sino-Japanese competition the analysis below treats Russian influence as an independent variable, given that Japan and China both prefer to use Russia against the other rather than to cooperate to undermine Russian interests.

The central conclusion is that China’s geographic proximity and economic ties have sustained a relationship that Japan cannot hope to create. While Japanese foreign aid has assisted development in the region, on most fronts Japan’s ventures into Central Asia have failed. Tokyo may attempt to keep one foot in the region via the Central Asia Plus Japan Dialogue, but it is China rather than Japan which looks set to reap the energy rewards.

Central Asia’s Energy Resources

Rich in oil, gas and uranium deposits, the five Central Asia republics now wield an influence disproportionate to their size in the international system. Yet, the geographic and political landscape of Central Asia significantly affects the options that external powers have for accessing the region’s fossil fuels. Each of the major energy-producing countries

suffers from a lack of transparency, infrastructure or technical expertise. While external powers such as China and Japan view the region's uranium and hydrocarbon reserves with considerable expectations, Central Asia may promise more than it can deliver.

Hydrocarbon resources are not evenly distributed.¹ Kyrgyzstan and Tajikistan possess only minor reserves of oil and gas, while Turkmenistan and Uzbekistan—although major sources of gas—hold little in the way of oil. Despite its large gas reserves, Uzbekistan faces problems in production. Of the five republics, Kazakhstan is blessed with the overwhelming share of oil, and is also a significant player in the gas industry. In addition to the oil and gas markets, the region is also home to considerable uranium reserves. Kazakhstan holds 15 percent of the world's uranium deposits and Uzbekistan 3 percent.²

Kazakhstan is a major oil exporter on the world stage. In 2006, Kazakhstan was the world's 14th largest oil exporter. Most significant, is the Kashagan oil field in the North-east Caspian, which is the largest outside the Middle East and is estimated to hold between 9 billion and 13 billion barrels.³ The Kashagan field is being developed by a consortium of state and foreign-owned companies, including Kazakhstan's KazMunaiGaz (8.33 percent), Inpex (8.33 percent), ConocoPhillips (9.26 percent), ENI, ExxonMobil, Total and Royal Dutch/Shell (18.52 percent each).⁴ However, the group has encountered difficulties in bringing the oil to market; cost estimates for the first phase of production have risen from US\$10 billion to US\$19 billion, and the project has experienced considerable delays.⁵ More recently, the Kazakh government shocked investors when it announced that as a result of further production delays and the tripling of development costs, the state-owned KazMunaiGas would increase its stake (and thus its share of future revenue) to 40 percent.⁶ As a result of delays with Kashagan and other projects, Kazakhstan is not expected to reach peak oil production for at least two decades.

¹ Note that estimates vary widely. Figures for proven reserves converge more closely, but still differ.

² World Nuclear Organization, *Uranium and Nuclear Power in Kazakhstan, Uzbekistan*, May 2007.

³ "Pursuit of the Difficult Kashagan Oil Project," *Stratfor*, October 5 2006. Colin Ashmore gives Kashagan's potential range as "ranging from eight billion to 50 billion barrels with up to 50 per cent recoverable and a potential production rate of around 700 million barrels per year" — Colin Ashmore, "Kashagan Oilfield," *Energy Focus* 1, (2003), p. 36.

⁴ "Kashagan Oil Project - Kazakhstan," BankTrack, <www.banktrack.org>, (August 15 2007).

⁵ "Pursuit of the Difficult Kashagan Oil Project," *Stratfor*, October 5 2006; "Central Asia's Energy Risks," *International Crisis Group* (Asia Report, 133) (2007), pp. 1-51.

⁶ "Kazakhstan: When Controlling Means Killing an Oil Project," *Stratfor*, July 31 2007.

Kazakhstan's gas reserves are sizeable, with some estimates placing them on a par with Turkmenistan's.⁷ However, a lack of transport infrastructure connecting the major gas fields with the country's most heavily populated areas has impeded the production of natural gas.⁸ Kazakhstan was a net gas importer until 2004, and populations in the south continue to be served by Uzbekistan's gas infrastructure rather than domestic production.

Uranium is the one resource in which Kazakhstan's production levels have been consistently strong. Uranium output increased from 2,000 to 4,357 tons per year over the last five years, and the country expects to meet production of 15,000 tons per year by 2010.⁹

Turkmenistan—the second major gas producer in the region—also faces problems with gas production. Despite possessing one of the world's largest gas fields, Dauletabad, Turkmenistan's production levels have not increased over the past 15 years.¹⁰ This is largely a result of crumbling infrastructure and a loss of local production expertise.¹¹ Nevertheless, the Turkmen government maintains a façade of confidence and tends to over-estimate its gas reserves and production capabilities in a bid to ensure ongoing foreign investment.¹² This lack of transparency, coupled with a risky political and business environment, naturally makes investors nervous about doing business in the country. Only Russian-owned Gazprom holds long-term contracts with the state-owned Turkmengaz.

Turkmenistan's oil production tells a similar story. At less than 200,000 barrels per day,¹³ oil production and exports are hampered by a lack of foreign investment, a high-risk business climate, and a paucity of domestic expertise. In addition, territorial disputes with Azerbaijan over the Kyapaz/Serdar oil fields in the Caspian Sea have prevented either country from developing these fields to date.¹⁴ However, the two

⁷ Proven reserves are substantially lower.

⁸ "Central Asia's Energy Risks", *International Crisis Group*, p. 12.

⁹ World Nuclear Organization, "Uranium and Nuclear Power in Kazakhstan, Uzbekistan."

¹⁰ Daniel Kimmage, "Turkmenistan-China Pipeline Project has Far-reaching Implications," *RFE/RL*, April 10 2006; "Central Asia's Energy Risks," *International Crisis Group*, pp. 13-14; "Turkmenistan: Industry," Photius website, March 1996 <http://www.photius.com/countries/turkmenistan/economy/turkmenistan_economy_in_dustry.html> (November 7 2007).

¹¹ Nadejda M. Victor, "Russia's Gas Crunch," *Washington Post*, April 6 2006.

¹² "Central Asia's Energy Risks," *International Crisis Group*, p. 8.

¹³ *Ibid.*

¹⁴ US Energy Information Administration, "Caspian Sea Region: Regional Conflicts," July 2002, <www.eia.doe.gov/cabs/casconf.html> (August 18 2007); Rovshan Ismayilov, "Azerbaijan and Turkmenistan Probe Rapprochement," *Eurasianet*, June 18 2007, <www.eurasianet.org/departments/insight/articles/eavo61807a.shtml> (July 20 2007).

countries have begun to develop closer ties, and cooperation over oil production—including the use of existing Azerbaijani export infrastructure—may be possible.

Gas-rich Uzbekistan has experienced the greatest production difficulties in Central Asia. Although it ranks 17th worldwide in terms of reserves, poor transport and distribution infrastructure have caused a loss in production of around 20 billion cubic meter (bcm) per year.¹⁵ A lack of government transparency also brings into question the estimates of Uzbekistan's gas reserves and adds to investor uncertainty.

Uzbekistan's potential in uranium has better immediate prospects. The International Atomic Energy Agency lists Uzbekistan as seventh in the world for uranium reserves, fifth for extraction and third for export. South Korea's Resources Corp has recently agreed, with a government agency, to a joint uranium extraction plant at the Jontovur deposit. With strong Japanese and Chinese interest in Central Asian uranium (see below), the resource will be an important growth export for Uzbekistan.

Competing Energy Interests in Central Asia

The relationship between Japan and China is a paradoxical one in which the countries' economic ties are not matched by close political or security relations. While liberal scholars would argue that the Sino-Japanese economic relationship should bind the two countries together in peace,¹⁶ neorealists warn that a security dilemma will ensue as China continues to transfer its growing economic resources into greater military ones.¹⁷

A brutal wartime history and rising popular nationalism within both countries further enhances the prospects for conflict. In 2005, riots erupted around Beijing in protest over Japanese history textbooks and Prime Minister Koizumi's visits to the Yasukuni Shrine. More ominously, Japan's most recent defense white paper officially cites China as a potential threat to regional security.¹⁸

For a country whose national security has long been premised on the maintenance of energy security,¹⁹ Japan watches China's voracious and

There have been recent signs that both countries are moving towards a settlement on the issue.

¹⁵ "Central Asia's Energy Risks" *International Crisis Group*, p. 16.

¹⁶ For example, see John R. Oneal & Bruce Russett, "The Kantian Peace: the Pacific benefits of democracy, interdependence, and international organizations, 1885-1992", *World Politics* 52, 1 (1999), pp. 1-37.

¹⁷ Denny Roy, "Hegemon on the horizon? China's threat to East Asian security", *International Security*, 19, 1 (1994), pp. 149-168.

¹⁸ Bōei [Japan Ministry of Defence] *Heisei 19 nenhan bōei hakusho* [Defense of Japan 2007], (2007) Tokyo.

¹⁹ Yoshihide Soeya, "Japan: normative constraints versus structural imperatives", in Muthiah Alagappa (Ed.) *Asian Security Practice: Material and Ideational Influences*, (Stanford, Stanford University Press, 1998), pp. 198-233.

growing appetite for energy resources with considerable concern. This concern extends to Central Asia. China and Japan have been active commercial players in Central Asia's energy industries. Both countries utilize state-directed investment strategies that tolerate a premium of economic risk where business deals promote or facilitate government foreign policies.

Despite their rivalry in political and military terms, China and Japan's energy interests in Central Asia need not be competitive. The well-developed global markets for oil, gas and uranium give consumers a shared interest in assisting production of these resources wherever they may be, in order to depress prices. However, because of mutual distrust and the realities of geography, Chinese and Japanese energy maneuvers in Central Asia are competitive.

Although oil is generally a fungible commodity, competition is the default approach in Central Asian oil markets, since China's preferred strategy is vertical integration.²⁰ This leads China to pay more upfront in order to enjoy guaranteed access to what is then a rival good. Geography limits Japan's ability to pursue vertical integration, thus leading to competition. As an island nation separated from Central Asia by the Chinese landmass, Japan wants diversity of supply routes and an overall increase in production levels. By contrast, China wants—and is able—to control supply routes and to absorb all increasing production.

Central Asian gas and uranium are less fungible than oil. Due to the cost advantage of pipelines when distributing gas, contracts tend to be locked for several years and require an understanding of exclusivity that creates a strong element of competition between states eyeing gas reserves. In Central Asian uranium markets, the picture is more complicated. Production levels are still quite low relative to estimated reserves, meaning that uranium mines are generally producing for specific contracts and buyers (Chinese and Japanese examples are discussed below), rather than for a dynamic general market. However, this is one Central Asian energy resource that is likely to see less external competition in the future as the industry expands, allowing it to diversify buyers and mine pro-actively.²¹

The leading Japanese success story in securing Central Asian hydrocarbons is that of Inpex Corporation's 8.33 percent stake in the group developing Kazakhstan's Kashagan oilfield. As the biggest field

²⁰ Erica Strecker Downs, *China's Quest for Energy Security*, (Santa Monica, California: RAND Project Air Force, 2000).

²¹ Sergei Blagov, "Russia Eyes Central Asia Uranium Deposits," *Eurasia Daily Monitor*, June 6 2006; *Central Asia Business News*, via Interfax, March 10 2005; International Energy Agency, *World Energy Outlook* (2001), Chapter 6; International Energy Agency, *Nuclear Power in the OECD* (OECD, 2001); "Spotlight on Mining... UrAsia Energy Ltd.," *The Nuclear Review* (February 2007), pp. 13-16.

outside the Middle East, Kashagan is an important prize. However, the technical challenges of Kashagan mentioned above have led to cost blowouts and schedule slippage. Commercial production is not expected until after 2011. Of greatest concern to investors, though, is the threat of creeping expropriation. The state-owned KazMunaiGas looks set to substantially increase its stake in the project, a decision that would make investment unprofitable for the current consortium—including Japan's Inpex, and may very well lead to the project's collapse.²² The failure of Kazakhstan's most important energy project will jeopardize the country's future as an energy hub.

Japan has, however, proceeded more quickly in uranium, with Kazakhstan aspiring to supply 25 percent of Japan's demand in the near future (from the present 1 percent).²³ In January 2006, Japan's Sumitomo and Kansai Electric Power Co took 25 percent and 10 percent stakes, respectively, in a uranium mine with Kazakhstan's KazAtomProm. Total investment in the project is expected to reach US\$100 million. In April 2007, a trio of Japanese companies—Marubeni, Tepco and Chubu—purchased 40 percent of Kazakhstan's Kharasan mine, entitling them to 2,000 tons of uranium per year once peak production is reached. In an indication of the political nature of this deal, the project will receive funding from the Japan Bank for International Cooperation.²⁴ Similarly, Itochu's contract with KazAtomProm for 3,000 tons over 10 years depends on a loan from Japan's Mizuho Corporation.²⁵

Where Chinese and Japanese energy interests most obviously collide is in Turkmenistan. The two countries have diverging preferences with respect to the diversification of Turkmen export routes. Consequently, both countries are competing in the diplomatic realm to achieve their respective goals. In 2006, Japan's Foreign Minister Taro Aso repeated his country's support for a pipeline to bring Turkmen gas to the Indian Ocean via Afghanistan and Pakistan.²⁶ Such a plan has been a sketch on the drawing board since the 1990s—when a key partner was the Taliban regime in Kabul—but has not proceeded far because of the obvious risks to a multi-billion dollar project that relies on Afghan security. An equal or superior option would be to take a route through Iran, but this has equal or superior risks, and Japan's engagement with the Iranian energy industry has been taking steps backwards.

²² "Kazakhstan: When Controlling Means Killing an Oil Project," *Stratfor*.

²³ "New Uranium Mining Projects – Kazakhstan," *World Information Service on Energy Uranium Project*, May 3 2007, <wise-uranium.org> (July 27 2007).

²⁴ "Uranium and Nuclear Power in Kazakhstan," Uranium Information Centre, *Australian Uranium Association*, July 2007.

²⁵ *Ibid.*

²⁶ Taro Aso, "Central Asia as a Corridor of Peace and Stability," speech to the Japan National Press Club, June 1 2006.

China's moves have been more substantive, focused on a plan to build a pipeline from Turkmenistan across Central Asia and into western China. It is closer to realization but still a long way from actual production; if successful it would further reduce the potential for Japan to benefit from Central Asian gas.²⁷ This year, China National Petroleum Company (CNPC) won a US\$150 million contract from the Turkmen Geology State Corporation to drill a number of gas wells.²⁸ In April 2006, Turkmen state media trumpeted an agreement for the pipeline to China, predicting it would carry 30m BCU per year from 2008.²⁹ However, this is a wildly ambitious schedule. More realistically, China has agreed to help Uzbekistan build a 530 km gas pipeline, which would provide a necessary link in any eventual line to Turkmenistan.³⁰ The final piece of the pipeline puzzle would be in Kazakhstan, and this would probably consist of adding to the pipeline that presently takes gas from Uzbekistan to Almaty.

China already enjoys an advantage over Japan in sourcing oil from Central Asia; China hosts the only oil pipeline from Central Asia that does not pass through Russia. By the end of May 2007, it had transported 3.67 million tons of crude and is due to expand.³¹ At present, the line connects with fields in central Kazakhstan, with construction having commenced on a final section to bring oil from the Caspian coast.³² Along the length of the pipeline, China has also been active in seeking investment stakes in the fields themselves. The Kazakh government reports that the volume of oil extracted under 100 percent Chinese ownership has so far amounted to 13 million tons, with a further 47 million tons in production.³³

CNPC has been particularly busy in Kazakhstan. In June 1997, it took a 60 percent share in three large oil fields in northwestern Kazakhstan, with recoverable reserves of 1 billion barrels. Demonstrating the seriousness of its intent, CNPC pledged US\$4.3 billion in investment over 20 years and guaranteed the pensions and housing of around 5,000 employees. In doing so, it outbid Texaco, Amoco and Russia's Yujnimost.³⁴ In September 1997, CNPC then secured a controlling stake

²⁷ While China could, potentially, on-sell any surplus piped gas to Japan, Turkmenistan's gas production levels are not high enough to make this likely.

²⁸ "Chinese Oil Firm to Drill 12 Natural Gas Wells for Turkmen Firm," *Xinhua News Agency*, May 15 2007.

²⁹ Kimmage, "Turkmenistan-China Pipeline Project Has Far-Reaching Implications".

³⁰ "Uzbekistan and China to Build Gas Pipeline," *UzReport.com*, May 1 2007.

³¹ "Sino-Kazakhstan Pipeline Delivered 3.67 mln tons of Crude Oil," *China Knowledge Press*, June 15 2007.

³² "Kazakhstan Committed to Completing China Pipeline," *Agence France Presse*, June 15 2007.

³³ "Minister Notes Sino-Kazakh Cooperation in Oil Sector," *Interfax-Kazakhstan*, May 14 2007.

³⁴ Strecker Downs, *China's Quest for Energy Security*, pp. 15-16.

in Kazakhstan's second-largest oil field, a major feature of its pitch being its offer to invest in pipelines.³⁵ More recently, by purchasing PetroKazakhstan in October 2005, CNPC acquired 11 oil fields and licenses to 7 exploration blocks, including the large Kemiyak reserves in central Kazakhstan.³⁶ Simultaneously, the China International Trust and Investment Company has the right, until 2020, to develop the Karazhanbas oil and gas field in Mangistau oblast, with proven reserves of 340 million barrels.³⁷

Lastly, along with supplying Japan, Kazakhstan was the first foreign supplier of uranium to China. KazAtomProm signed a long-term export deal with China National Nuclear Corporation in November 2004, superseding an earlier agreement.³⁸ In May 2007, China Guangdong Nuclear Power Group Holdings finalized an agreement with KazAtomProm for uranium supply and fuel fabrication.³⁹ The importance of these deals to China is that they will help to hedge against the expected decline of China's domestic uranium production.

Overall, the web of Japanese and Chinese energy interests in Central Asia is thickening and some medium-term trends are discernible. Japan is likely to be confined mostly to the uranium market. For China, spreading the weight of its growing energy demands has become a national security issue and it is demonstrating rapid progress in shifting some of the burden onto Central Asian resources. Proximity and political influence give it an edge over Japan, particularly for locking in hydrocarbons via vertical holdings in reserves and pipelines, rather than the more limited strategy of investing to bring reserves to the global market.

Given the difficulty of securing Central Asia's energy resources, any attempt by either Japan or China to enhance production in the region should complement the attempts of the other. Yet, uranium and gas are not particularly fungible resources and, to date, China and Japan have pursued entirely separate economic, political and military strategies to enhance their prospective energy ties with the region. As will be shown, there is little evidence that the two countries will cooperate over Central Asian energy, and it is likely that their endeavors will continue to be competitive rather than complementary.

³⁵ "China, Kazakhstan Vow to Boost Energy Cooperation," *China Daily*, June 8 2007.

³⁶ US Government Energy Information Administration, "Country Analysis Brief - China", <www.eia.doe.gov> (August 8 2007).

³⁷ "China, Kazakhstan Vow to Boost Energy Cooperation," *China Daily*, June 8 2007.

³⁸ "China Nuclear Ambitions Pose Uranium Supply Questions," *Dow Jones Commodities Service*, April 19 2007.

³⁹ Uranium Information Centre, *Uranium and Nuclear Power in Kazakhstan* (Australian Uranium Association, July 2007).

The Silk Road Legacy: China's Trade and Investment Strength in Central Asia

China and Japan advocate economic cooperation with Central Asia, but trade and investment figures paint a clear picture of their differing successes in turning advocacy into reality. Although Japan's economy is almost twice the size of China's,⁴⁰ Japan's trade with Central Asia is markedly smaller than China's. In 2004, trade between China and the five republics totaled US\$27 billion, while the following year, Japan's total trade with Central Asia reached only US\$700 million, or less than 0.1 percent of Japan's global trade. Bilateral trade with Kazakhstan—China and Japan's largest trade partner in the region—illustrates the difference in trade relations. In 2005, Japan's trade with Kazakhstan was just 7.5 percent that of China's and comprised, for the most part, imports of Kazakh uranium.⁴¹

Although Japan's trade with Central Asia has increased seven-fold over the past 15 years,⁴² these economic ties simply do not rival the size or history of China's trading relationship with the region. For reasons of geographic proximity, trade between Central Asia and China has been historically significant although, as one analyst has quipped, "the only change today is that the traders have replaced jade, tea, silk and rhubarb with oil, weapons and infrastructure."⁴³ Moreover, while Japan has traditionally used its economic power as a means of forging strong political links in other developing regions—Southeast Asia for example—it has not taken this approach with Central Asia. Japan neither purchases large quantities of Central Asian exports in a bid to help build the region's economies, nor sees the Central Asian markets as an important destination for its own goods and services. Indeed, while Japanese aid has made a contribution to Central Asian development, China's willingness to maintain a significant trade deficit with Central Asia is, arguably, more important for the region's long-term economic prospects than Japanese aid. Japanese imports of uranium from Uzbekistan and Kazakhstan are set to expand in coming years, but overall the Central Asia-Japan trading relationship remains insignificant.

By contrast, China has sought to enhance trade with the region through both political and practical measures. Beijing has signed a range of friendship and cooperation pacts with Kyrgyzstan (2002 and 2004), Uzbekistan (2005) and Tajikistan (2007), each of which refers to the

⁴⁰ In exchange rate rather than purchasing power parity terms.

⁴¹ JETRO, "Japanese Trade in 2005," (2005), p. 136; Chinese Ministry of Commerce, "Foreign Market Access Report 2006," (2006), <www.china.org.cn> (August 10 2007).

⁴² Takeshi Yagi, "Central Asia plus Japan' dialogue and Japan's policy toward Central Asia", *Asia Europe Journal* 5 (2007), pp. 13-16.

⁴³ Swanström, "China and Central Asia: A New Great Game or Traditional Vassal Relations?," *Journal of Contemporary China*, 14, 45 (2005), p. 577.

importance of strengthening bilateral economic cooperation. At the regional level, the 2005 Astana summit of the Shanghai Cooperation Organization included a range of initiatives to deepen economic interdependence. The SCO Business Council was formed to strengthen inter-bank cooperation between member states, with a plan for an SCO Development Bank and an Action Plan on fostering greater multilateral trade and economic cooperation was adopted at the SCO heads of government meeting in 2005. Of more immediate effect was China's creation of a US\$900 million export credit facility for Central Asian buyers.⁴⁴ Underpinning these lofty goals are Chinese investments in the infrastructure—railways and highways—required to increase the flow of trade between China and the region.⁴⁵ China hopes to build twelve separate highways connecting the Xinjiang Uighur Autonomous Region with key trade destinations in Russia, Kazakhstan, Tajikistan, Turkey and Pakistan by 2010.⁴⁶

A similar story can be told about Sino-Japanese investment in Central Asia. Japanese companies such as Itochu, Sumitomo, Mitsubishi and Kansai Electric Power Co. have invested in the development of uranium, oil and gas resources, largely in Kazakhstan and Uzbekistan. Yet Japan's investment in the region is, on the whole, limited. After the cost overruns and interruptions that have plagued Inpex Corporation's stake in the Kashagan oilfield, Japanese firms appear averse to the risk of doing business in Central Asia. Instead, Tokyo has preferred to use the Japan Bank for International Cooperation and overseas development assistance (ODA) disbursements to commit funds in the form of financial loans to Central Asian states. Japan's Minister for Economy, Trade and Industry visited Kazakhstan and Uzbekistan with more than 100 top Japanese business leaders in May this year, but the deals signed during the exchange were restricted to investment in Central Asian uranium resources.⁴⁷ For countries hoping to achieve economic development across a broad range of sectors, China's foreign direct investment in light and textile industries, food processing and information technology sectors, offers more rewards to the Central Asian economies than Japan's investment in energy alone.

⁴⁴ Shanghai Cooperation Organization, "Chronology of Main Events within the framework of "Shanghai five" and Shanghai Cooperation Organization (SCO)," 2007, <www.sectSCO.org/html/00030.html> (August 3 2007); Pan Guang, "China and Central Asia: Charting a New Course for Regional Cooperation," *Jamestown China Brief* 7, 3 (2007).

⁴⁵ "Fizz in trade and debates," *The Times of Central Asia*, March 18 2006.

⁴⁶ "China to build twelve new highways linking its west region with Central Asia," *People's Daily Online*, April 6 2007, <<http://english.people.com.cn>> (July 27 2007).

⁴⁷ Hisane Masaki, "New energy to Japan's diplomacy," *Asia Times Online*, May 4 2007.

The SCO: China's Institutionalized Influence

The relative importance of the Shanghai Cooperation Organization (SCO) and the Central Asia Plus Japan Dialogue (CA+J) as multilateral forums gives an institutional illustration of the political advantage that China holds over Japan. The SCO provides China with a platform for consistent, high-level diplomatic contact with the Central Asian republics. CA+J is a shallow arrangement that offers few tangible benefits for Central Asian governments. The SCO is an effective vehicle for encouraging the alignment of Central Asian and Chinese interests. Most importantly for the present investigation, the SCO has begun to consider energy cooperation.

CA+J was established on August 28, 2004. It excludes Turkmenistan and aims “to jointly tackle the problems that are common to the region and promote intra-regional cooperation to create a common market amid the trend of the growing interdependence and globalization of the international community.”⁴⁸ There have been suggestions that CA+J represents substantial progress in Japanese engagement in Central Asia,⁴⁹ but this has proved to be illusory. Japan hoped that CA+J would grant it ongoing access to Central Asian leaders for the purposes of securing regional energy resources.⁵⁰ It is also likely that at a time of growing Sino-Japanese rivalry, Japan hoped to use the CA+J to improve its power over a region within China's sphere of influence. An immediate *quid pro quo* involved Japan sustaining or increasing its aid to Central Asia, with the recipients in turn supporting Japan's quest for a permanent seat at the United Nations Security Council.⁵¹ With aid disbursements falling (see below), Japan has mostly used CA+J as a soft power talk-shop and there have been very few concrete initiatives to emerge from the project. While it may seem unfair to accuse CA+J of lacking progress given its recent establishment, comparisons with the SCO demonstrate the difficulty Japan has had in projecting political influence into Central Asia.

The SCO has developed quickly from its origins as a border security meeting between China, Russia, Kyrgyzstan, Tajikistan and Kazakhstan in 1996. It was formally established in 2001 with the addition of Uzbekistan and operates through a permanent secretariat and the Regional Anti-Terrorism Structure. The SCO has institutionalized

⁴⁸ Gaimusho [Ministry of Foreign Affairs, Japan], “Central Asia Plus Japan Dialogue — Action Plan,” 2006, <www.mofa.go.jp/region/europe/dialogue/action0606.html> (July 25 2007).

⁴⁹ For example S. Frederick Starr, “A Strong Japanese Initiative in Central Asia,” *Central Asia-Caucasus Analyst*, October 20 2004; Takeshi Yagi, “Central Asia plus Japan' Dialogue and Japan's Policy Toward Central Asia”, pp. 13-16.

⁵⁰ Gaimusho [Ministry of Foreign Affairs, Japan], “Relations between Japan and Central Asia as They Enter a New Era,” Joint Statement of the “Central Asia + Japan” Dialogue / Foreign Ministers' Meeting, Astana, August 28 2004, p. 3, Appendix: 7-8.

⁵¹ *Ibid*, p. 4.

China's diplomacy with Central Asia at the highest levels, bringing together the six countries' leaders annually, with India, Pakistan, Mongolia and Iran attending the 2006 summit as observers. The SCO's focus has evolved from border security to counter-terrorism to military cooperation and its interests continue to diversify.

In a sign of the SCO's broadening interests, its members' energy ministers met in Moscow on June 29 this year, to discuss what some were terming an "SCO energy club." Energy issues, particularly oil, are growing in profile at SCO meetings, in part as a response to Iranian prodding. The energy ministers' summit was an effort to push along the fuel and energy framework agreed upon in 2006. However, this initiative has yet to develop particularly far and, to date, its purpose has been limited to the approval of pilot energy cooperation projects. Realistically, there is limited scope for deep cooperation in an SCO energy club. The interests of members diverge substantially, made up as they are of major producers, major consumers and insignificant energy market actors. It is likely that the SCO will function more as a multilateral clearing house for plans and deals that are decided outside of the forum. Nevertheless, the ability to bring energy issues into the SCO forum will only add to its emerging profile.

The SCO illustrates two points about the relative power of China and Japan in institutionalizing their influence over Central Asian politics. Firstly, China's presence in the SCO is both a symptom and reinforcement of its political presence in Central Asia. The SCO gives it greater access to Central Asian leaders and greater prestige in regional politics. Secondly, the specific mention of energy issues on the SCO's agenda adds to the number of political tools China could employ which Japan does not.

From the Hard Edge of Cooperation...

China and Japan have both been involved in the Central Asian security sector, but the Chinese connection is far deeper and broader. Central Asian regimes are highly sensitive to internal security and are strongly interested in modernizing the hard edge of their military power. At this end of the cooperation spectrum, Japan is essentially absent while China has become increasingly engaged, demonstrating in a different way the advantage China enjoys in terms of projecting political influence into the region.

Japan has included references to counter-terrorism in the Central Asia Plus Japan Dialogue.⁵² In 2003, it invited 67 Central Asian trainees to observe Japan's approach to law enforcement, counter-terrorist financing,

⁵² Gaimusho [Ministry of Foreign Affairs, Japan], "Relations between Japan and Central Asia as They Enter a New Era," p. 3.

immigration controls, aviation security and customs activities.⁵³ In a major program, Japan provided US\$16 million to Kazakhstan to destroy the nuclear weapons bequeathed to it by the Soviet Union and to contain and rehabilitate nuclear test sites.⁵⁴ Japan has also taken an interest in tackling the market for small arms and light weapons, which is appreciated by local regimes because of their substantial stocks of Soviet era weapons and the sizeable illicit trade that was induced by nearby conflicts. When it comes to practical action, however, Japan has done little, limiting itself to a regional conference in Kazakhstan in 2004 while expressing its hope to implement a UN plan of action to curb the weapons trade.⁵⁵

The major practical obstacles facing Japan are domestic legislation forbidding the sale of weapons and constitutional prohibitions on military cooperation. China has no such restraints. It has made small weapon sales to Central Asia⁵⁶ and is engaging in a full-spectrum program of law enforcement and military cooperation. Large-scale exercises impress upon Central Asian governments the rapidity of Chinese military improvement. Lower-level exchanges and liaisons serve to integrate Chinese security interests in a way that Japan cannot match.

At the grassroots level, Chinese-Central Asian law enforcement cooperation is evident at shared border posts. This joint endeavor has traditionally been unsuccessful due to the history of Sino-Soviet hostility, but has improved rapidly in recent years. Central Asian border officials who previously had little or no contact with Chinese officials have begun to seek partnerships.⁵⁷ Initially, this has been driven by efforts to facilitate trade, but there is also a growing awareness of the security threats that span the region's borders.⁵⁸ For example, Kazakhstan and China have created a cross-border policy group to combat organized crime.⁵⁹ China has also been active in offering training to Central Asian military and law enforcement personnel. The numbers involved are not readily available,⁶⁰ but knowledge of these programs is widespread—

⁵³ Gaimusho [Ministry of Foreign Affairs, Japan], "Relations between Japan and Central Asia as They Enter a New Era," Appendix: 1-2.

⁵⁴ *Ibid*, Appendix: 3.

⁵⁵ Yoriko Kawaguchi, Special Assistant To The Prime Minister Of Japan at the Open Debate of the Security Council On Small Arms, February 17 2005, <www.mofa.go.jp/announce/speech/un2005/uno502-3.html> (August 3 2007).

⁵⁶ Stephen Blank, "The arming of Central Asia," *Asia Times*, August 23 2002.

⁵⁷ Field observations, August-November 2005.

⁵⁸ Some of the most sophisticated equipment at Central Asia's border posts with China is built by Chinese contractors, as are several critical sections of road.

⁵⁹ "Kazakhstan, China Sign Accord to Fight Organized Crime," *Interfax-Kazakhstan* via *BBC Monitoring Central Asia*, September 6 2005.

⁶⁰ In 2006, President Rakhmonov noted that 389 military personnel were studying in Russia, China and India - "Tajik President Praises Army's Combat Readiness," *Tajik TV1* via *BBC Monitoring Central Asia*, February 24 2006.

particularly among border guards—and it is not uncommon to find officers who have participated in the programs.⁶¹ In the other direction, Chinese law enforcement agents have been working on the ground in Tajikistan on counter-terrorism and counter-narcotics.⁶² Central Asian security agencies have a great deal of respect for their Chinese counterparts and are eager to receive all the training and equipment China can and does offer.

In return, Central Asian governments have been responsive to China's security interests. A good example is the treatment of Uighur minorities by Central Asia's regimes, particularly Kazakhstan, Uzbekistan and Kyrgyzstan. China is very sensitive to Uighur restlessness in its western Xinjiang province and faced a sustained terrorism campaign throughout the 1990s. It now believes that remnants of Uighur resistance are supported by, or are living among, Central Asia's Uighurs. To hunt them down, China has applied generally successful pressure for local assistance in monitoring and arresting anyone it identifies as a concern,⁶³ receiving at least 19 Uighur extraditions from Central Asia since 1998.⁶⁴

Further along the strategic spectrum, China has become increasingly enmeshed in bilateral and multilateral military cooperation with Central Asian governments. At the 2006 SCO summit, Chinese President Hu Jintao urged members to strengthen security cooperation, particularly for information exchange and hard capabilities for counter-terrorism.⁶⁵ The new defense doctrine adopted by Kazakhstan this year names China as one of Kazakhstan's important military cooperation partners,⁶⁶ reflecting both countries' desires for stronger defense partnerships.⁶⁷ In Tajikistan, the armed forces receive annual equipment transfers from China and the two countries' militaries held joint exercises in September 2006, similar to Sino-Kyrgyz exercises in 2002.⁶⁸ Kyrgyzstan has also received Chinese

⁶¹ Field observations, August-November 2005, and June-July 2006.

⁶² Interview with Tajik Drug Control Agency officials, September 2005.

⁶³ Swanström, "China and Central Asia: A New Great Game or Traditional Vassal Relations?" p. 45.

⁶⁴ "Uzbekistan Deports a Canadian Uyghur to a Deeply Uncertain Fate in China," *Uighur Human Rights Project*, June 23 2006.

⁶⁵ Zhongguo Tongxun She, "China's Hu Jintao to attend SCO Bishkek Summit, meet Russian Leader," *BBC Monitoring Asia-Pacific*, July 14 2007.

⁶⁶ "Kazakh Minister of Defense on new Military Doctrine," *Organization of Asia-Pacific News Agencies*, April 26 2007.

⁶⁷ "China, Kazakhstan to Increase Military Cooperation," *Xinhua News Agency*, April 27 2006; "Kazakh, Chinese Defense Ministers Sign Aid Agreement," *Interfax-Kazakhstan*, September 17 2005.

⁶⁸ Oleg Gorupai, "Tajikistan's View of CSTO and SCO in Maintaining Global and Regional Security," *Krasnaya Zvezda*, March 10 2007; "Chinese Defense Ministry Official on Sino-Tajik Military Drill," *Xinhua News Agency* interview via *BBC Monitoring Asia*

aid in the form of military equipment,⁶⁹ while the Uzbek and Chinese defense ministers have pledged to strengthen their inter-operability and exchanges⁷⁰ over an earlier accord involving materiel donations from China.⁷¹ Turkmenistan is the only Central Asian republic with which China has made little headway in military cooperation, mostly due to its policy of neutrality but also its willingness to buy rather than be transferred hardware.⁷²

China's bilateral military cooperation activities have been augmented by large-scale multilateral exercises under the SCO. The recent "Peace Mission 2007" was a striking demonstration of military cooperation—a nine-day exercise involving around 6,500 troops, 500 vehicles and 80 aircraft. While formally designed to foster joint counter-terrorism capacities, China in particular has raised the ante at these exercises by sending along armored divisions and attack aircraft of limited relevance to conventional counter-terrorism. China appears to have taken the opportunity to flex its military muscle and demonstrate some of its newer capabilities.

As with other areas of cooperation not related to securing energy resources, it is difficult to trace the direct effects of Chinese military partnerships with Central Asia on the region's energy politics. Nevertheless, China is moving further and faster on the military front than Japan. Military cooperation is both a result of and an impetus for China's growing importance in Central Asia. Free from constitutional constraints and with a direct security concern for Central Asia, China is using its military clout effectively in aligning Central Asian governments' interests with its own.

...to the Soft Power of Diplomacy

Outside of the SCO and CA+J, Japan's and China's diplomatic relations with individual Central Asian states differ sharply. China's longstanding policy of non-interference in the internal affairs of third countries is central to its relationships with the authoritarian governments in Central Asia. While Japan is not averse to dealing with authoritarian regimes—it only withdrew its investments in Iranian oilfields after U.S. pressure, for

Pacific, September 25 2006; "Chinese Minister Pledges Military Aid to Tajikistan," *Avesta* via *BBC Monitoring Asia Pacific*, September 14 2005.

⁶⁹ See for example, "Kyrgyz National Guard Receives Technical Aid from China," *Kyrgyz TV 1* via *BBC Monitoring Asia Pacific*, September 2 2006.

⁷⁰ "Uzbek, Chinese Defense Ministers Discuss Military Ties," *The Times of Central Asia*, December 8 2005.

⁷¹ "Uzbekistan, China Sign Military Accord," *ITAR-TASS*, August 29 2000.

⁷² Anatoly Tsyganok, "No Radical Changes Envisioned in Turkmenistan's Foreign Policy," *WPS: Defense & Security*, January 12 2007.

⁷³ Le Tian, "Joint Drill Enters the Final Phase," *China Daily*, August 17 2007.

instance—it has attempted to portray itself as a good international citizen and must therefore maintain at least a façade of concern for issues such as democracy and human rights. Importantly, since the recent election of Prime Minister Shinzo Abe and the appointment of Foreign Minister Taro Aso, Japan's regional foreign policy has come to sit squarely in the democracy-promotion camp.⁷⁴

Tokyo's and Beijing's responses to the violence in Andijan, Uzbekistan, in 2005, are typical of the divergence in Sino-Japanese approaches to Central Asian diplomacy. China backed Uzbek President Karimov's response to Andijan, stating "it is the internal affairs of the country in essence. We have all along firmly supported the efforts of the Uzbek Government to fight the three forces of terrorists, separatists and extremists."⁷⁵ By contrast, the Japanese Ambassador to Uzbekistan voiced "concern over the news of the indiscriminate shooting of defenseless citizens," and stated Japan's hope that "Uzbekistan will further enhance its endeavors towards democratization, respect for human rights and transition to a market economy."⁷⁶ Japan's then-Prime Minister Koizumi also reportedly raised his concerns about human rights abuses in Uzbekistan in a private meeting with Karimov when he visited the country.⁷⁷ A month after Andijan, Karimov went to Beijing, not Tokyo.

Similarly, in using their diplomatic clout to champion peace and security in Central Asia, China and Japan display quite different approaches. While the 2007 SCO "Peace Mission" saw China providing significant military and aircraft support for counter-terrorism exercises in the region, Japan's support for regional stability has been of the "soft power" variety. In 2007, Japan held the first round of negotiations to reach an agreement with Kazakhstan on the peaceful use of nuclear energy; sent election observers to monitor Presidential elections in Tajikistan in 2006; and in March 2000, hosted the final stage of negotiations for Central Asia to become a nuclear-free zone under the Nuclear Non-proliferation Treaty.⁷⁸ By providing such different mechanisms to address regional security concerns, Sino-Japanese

⁷⁴ Taro Aso (2006) "Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons," Speech by the Japanese Minister for Foreign Affairs, Japan Institute of International Affairs Seminar, 30 November 2006.

⁷⁵ "Chinese warmly welcome Karimov," *AsiaNews.it*, May 26 2005, <www.asianews.it/index.php?l=en&art=3372&geo=3&theme=1&size=A> (July 28 2007).

⁷⁶ Gaimusho [Ministry of Foreign Affairs, Japan], "Press Release on the Situation in Uzbekistan", Meeting between Mr. Yuichi Kusumoto, Japanese Ambassador to Uzbekistan, and Mr. Ibrohim Mavlanov, Deputy Foreign Minister of Republic of Uzbekistan, June 2 2005.

⁷⁷ "Japanese PM winds up Uzbek visit," *BBC News*, August 30 2006.

⁷⁸ Gaimusho [Ministry of Foreign Affairs, Japan], "Press Release on Negotiations to Conclude a Japan-Kazakhstan Agreement for Cooperation in the Peaceful Uses of Nuclear Energy," June 11 2007.

approaches to Central Asian security could be conceived as complementary—at least from Central Asia’s perspective—rather than zero-sum.

However, from the perspective of the two countries themselves, these differing security strategies are zero-sum. Japan’s more humanitarian approach to the spreading of peace, democracy and human rights might well be undermined by China’s efforts to assist in modernizing the Central Asian militaries and tying them more closely to China’s own security structures. In terms of inducing cooperation from Central Asian governments, China’s activities are currently more effective; the Central Asian states are far more likely to bow to China’s will and move in the direction of closer security integration with China at the expense of adhering to Japan’s humanitarian concerns.

On the whole, China’s diplomatic strategy in Central Asia can be characterized as one of cooperation without conditions. Where Japan must adhere to certain international norms of good behavior, China has played the more politically expedient game of offering almost unqualified support to Central Asian governments. Yet on one or two occasions, Japan *and* China have successfully attached specific conditions to their political relationships with the Central Asian states. As part of signing the joint statement for the creation of the CA+J, member states agreed to a clause in which: “The Ministers of the Central Asian countries further expressed their expectation that Japan would play more political roles in the international community, and expressed their unanimous support for Japan’s permanent membership in the Security Council.”⁷⁹

Since signing the joint statement, the Presidents of Kazakhstan and Uzbekistan have publicly backed Japan’s bid for a permanent seat on the UN Security Council, while in 2006, the Kyrgyz Foreign Minister expressed support for Japan’s candidature to membership of the UN International Commission on International Law.⁸⁰

Likewise, in exchange for economic and political assistance, Beijing has required support for its one-China policy vis-à-vis Taiwan. As Chinese Defense Minister, Cao Gangchuan, demonstrates, China is well-versed in linking its own political needs to those of other authoritarian governments: “China is grateful for Uzbekistan’s support regarding the Taiwan question and the crackdown on the ‘East Turkistan’ terrorist

⁷⁹ Gaimusho [Ministry of Foreign Affairs, Japan], “Relations between Japan and Central Asia as They Enter a New Era,” Joint Statement of the “Central Asia + Japan” Dialogue / Foreign Ministers’ Meeting, Astana, August 28 2004.

⁸⁰ Gaimusho [Ministry of Foreign Affairs, Japan], “Press Release on Visit by Minister for Foreign Affairs Ms. Yoriko Kawaguchi to Uzbekistan,” August 27 2004, <www.mofa.go.jp/announce/announce/2004/8/0827.html> (July 28 2007); Gaimusho [Ministry of Foreign Affairs, Japan], “Press Release on Visit by Minister for Foreign Affairs Ms. Yoriko Kawaguchi to the Kyrgyz Republic,” August 30 2004; <www.mofa.go.jp/region/europe/kyrgyz/presso408.html> (July 28 2007).

organization, and will unswervingly support the Central Asian country's efforts in safeguarding national independence, sovereignty and security."⁸¹

While there has yet to be a clash between the Central Asian states' support for the particular political goals of China and Japan, growing Sino-Japanese political tension may place Central Asian states in the difficult position of having to choose sides between China and Japan. As a result of wartime aggression, China does not support Japan's bid for a permanent seat on the UN Security Council, while Japan would be expected to come to the United States' aid in the event of a crisis in the Taiwan Strait. For now, Central Asian states are in a position of relative strength and can play one power off against the other. In the future, the Central Asian states may have to choose.

It is not difficult to predict where the chips would fall in the event of heated competition between China and Japan for influence in Central Asia. As in the areas of aid, trade and foreign investment, China continues to hold the upper hand in political relations with the region. The number and direction of high-level visits by regional leaders to China and Japan, and vice-versa, provides one clear indication of diplomatic influence. Since 1996, the Chinese and Central Asian (excluding Turkmenistan) heads of state have met at least once a year under the auspices of the SCO. In addition, the respective Ministers of Defense or Ministers of Foreign Affairs of the SCO have met regularly since 2000, with high-level SCO activity significantly increasing in the years since 2001.⁸² Independently of the SCO, the Kazakh Deputy Prime Minister and President of Turkmenistan have traveled to Beijing in the last year, while the CNPC held a meeting headed by Jiang Zemin in Ashgabat, Turkmenistan, in May 2007.

While Japan has backed its "Silk-Road Diplomacy" with yearly meetings at the departmental and Vice-Ministerial level, the 2006 visit by former Prime Minister Junichiro Koizumi to Kazakhstan and Uzbekistan was the first time a Japanese Prime Minister had visited the region. The CA+J has held only three rounds of meetings since its inception and, unlike the SCO, these meetings take place at the level of Foreign Minister—or lower—rather than head of state.⁸³ While high-level visits between states are but one means of determining the level of closeness between respective governments, the sheer number of Sino-Central

⁸¹ "China, Uzbekistan Vow to Strengthen Cooperation in Defense, Security," *Xinhua News Agency*, June 28 2007.

⁸² Shanghai Cooperation Organization, "Chronology of main events within the framework of "Shanghai Five" and Shanghai Cooperation Organization (SCO)", 2007, <www.sectSCO.org/html/00030.html> (July 30 2007).

⁸³ Gaimusho [Ministry of Foreign Affairs, Japan], "Central Asia Plus Japan' Dialogue: Action Plan," 2006 <www.mofa.go.jp/region/europe/dialogue/action0606.html> (July 28 2007).

Asian high-level meetings suggests an intensity of interstate relations that does not exist in the relationship between Japan and Central Asia.

Waning Interest, Falling Aid

Compared with China, Japan has been a significant aid donor to Central Asia, providing over US\$2.5 billion in loan and grant aid since 1992.⁸⁴ Although Central Asian energy resources provided the important motivating factor for this foreign aid, Japan's sizeable contributions have been directed towards humanitarian projects as well as energy development. In an attempt to play down the view that Japan's interests in Central Asia centered around energy alone, in August 2004, former Japanese Foreign Minister, Yuriko Kawaguchi, told an audience in Tashkent that 'Japan has no selfish objectives towards Central Asia.'⁸⁵ In this regard, Japan's lobbying to have the Central Asian republics recognized as members of the Asian Development Bank (ADB) is probably the most important aspect of its relationship with the region. Since the mid-1990s, all of the Central Asian states, with the exception of Turkmenistan, have received between US\$300 million and US\$900 million in ADB loans.⁸⁶ Since 1994, Japan has also provided more than US\$90 million to the region through the World Bank, the UN Trust Fund for Human Security and the European Bank for Reconstruction and Development.⁸⁷

Nevertheless, Japan's Official Development Assistance to Central Asia has declined markedly since 2004, and ODA figures for the past two years indicate a significant reduction in Japanese aid, particularly to the potential energy exporters. Between 2004 and 2006, aid to Kazakhstan and Turkmenistan was cut entirely, while aid to Uzbekistan decreased by 92 percent. Japan's remaining donations to Central Asia now focus on more traditionally humanitarian areas, such as education, medical

⁸⁴ Takeshi Yagi, "Central Asia plus Japan' dialogue and Japan's policy toward Central Asia", p. 13.

⁸⁵ Yuriko Kawaguchi, "Adding a New Dimension: Central Asia Plus Japan," Policy Speech by Ms. Yuriko Kawaguchi, Minister for Foreign Affairs of Japan, University of World Economy and Diplomacy, Tashkent, Uzbekistan, August 26 2004.

⁸⁶ Asian Development Bank, "Asian Development Bank & Kyrgyz Republic 2007: A Fact Sheet"; "Asian Development Bank & Kazakhstan 2007: A Fact Sheet"; "Asian Development Bank & Uzbekistan 2007: A Fact Sheet"; "Asian Development Bank & Turkmenistan 2007: A Fact Sheet"; "Asian Development Bank & Tajikistan 2007: A Fact Sheet", all available at <www.adb.org/countries/> (August 3 2007).

⁸⁷ *Gaimusho* [Ministry of Foreign Affairs, Japan], "Regional Affairs", country homepages for each of the five Central Asian republics, 2007, <www.mofa.go.jp/region/index.html> (July 28 2007).

infrastructure, road-building and environmental projects.⁸⁸ Discrediting Kawaguchi's 2004 statement, this decline in aid coincides with Tokyo's observation that financial outpourings have not translated into energy imports. The proposed Turkmenistan-China-Japan pipeline remains technically, economically and politically unfeasible, and Japan has been unable to secure oil or gas imports from the region. Although Japan's current Foreign Minister, Taro Aso, was recently quoted as stating that Japan was the "only country" assisting development in Central Asia,⁸⁹ Japan's aid appears to have fallen in line with its realization that resource diplomacy will not be fruitful in Central Asia.

Until recently, China's own economic development has prevented it from providing large sums of foreign aid. Nevertheless, it has also begun to provide ODA to its Central Asian neighbors, in the form of repayable loans rather than outright grants. Unfortunately, figures on Chinese ODA distributions are difficult to calculate. The Chinese government considers ODA information a state secret, and aid figures by country are not collected or published by the Chinese Ministry of Commerce. The *China Statistical Yearbook 2003-2006* states that aggregate Chinese aid in 2005 was US\$970 million, but China-watchers consider this figure to be only half of China's actual aid disbursement of between US\$1.5 and US\$2 billion.⁹⁰ Of this, China plans to grant Tajikistan US\$172 million in investment projects, while in 2004 Hu Jintao signed a US\$950 million loan and a separate US\$350 million transfer on generous conditions to Uzbekistan.⁹¹ While China's provision of loan rather than grant aid could be viewed as less generous than the ODA provided by Japan, the difficulty many Central Asian recipients will have repaying these loans effectively renders them grants. There may even be some political advantage for China if its Central Asian partners have to endure the loss of face from requesting debt forgiveness and re-scheduling.

China has also adopted a strategy of offering several Central Asian states, especially Kyrgyzstan, Tajikistan and Turkmenistan, loans to buy Chinese goods.⁹² Conveniently, this approach to aid builds trade ties and encourages the republics to develop a preference for Chinese goods. In Central Asia's border regions with China, there is a striking preponderance of Chinese imports including everything from flour to

⁸⁸ Gaimusho [Ministry of Foreign Affairs, Japan], "List of Exchange of Notes", Official Development Assistance statistics for fiscal years 2004, 2005, 2006, 2007, <www.mofa.go.jp/policy/oda/note/index.html> (July 28 2007).

⁸⁹ Andrei Ivanov, "Japan is going into action for clout with Central Asia," *Central Asia News*, June 7 2006.

⁹⁰ Carol Lancaster, "The Chinese Aid System," *Centre for Global Development*, June 2007.

⁹¹ Alisher Ilkhamov, "Profit, not Patronage: Chinese Interests in Uzbekistan," *China Brief*, 5 (2005), p. 20.

⁹² Niklas Swanström, "China Conquers Central Asia Through Trade," *Central Asia-Caucasus Analyst*, April 11 2001.

fridges the Chinese Export-Import bank has, for example, provided the equivalent of US\$12 million to an Uzbek company to buy 2,500 tractors from China, while both Kyrgyzstan and Tajikistan have received loans in the order of US\$5 million to purchase Chinese commercial goods.⁹³ Interestingly, China appears to have adopted the traditional Japanese model of tying aid to Japanese-led investment projects or exports. While the tied-aid approach has the potential to generate resentment in the region—as has been the case for Japan in Southeast Asia—any resentment will be lessened by the fact that the Central Asia-China trade history would see these states purchasing Chinese products even in the absence of *renminbi* loans.

There is no doubt that Japan has developed closer ties with Central Asia through its provision of foreign aid. Indeed, this has been its major tool of engagement and the recent reduction in Japanese aid does not bode well for future of Japanese-Central Asian relations or for Japan's ability to secure Central Asian oil and gas supplies. While some Japanese aid to the region will continue, Japan's aid is declining at a time when Chinese assistance is trending upward. More important, however, is China's trade with and investment in the region. In terms of providing sustained economic development, the sizeable Sino-Central Asian trade and investment relationship will be far more beneficial to the Central Asian economies than aid, whether Japanese or Chinese. In relative terms, China remains the more important partner.

Conclusion

The implications of the above analysis are clear. Sino-Japanese energy competition in Central Asia is a game in which the odds are stacked against Japan. China's primary edge comes from geography: the distant isles of Japan cannot compete with the long land border that Central Asia shares with the Chinese behemoth. From this immutable fact flow many advantages China holds in economics, politics, and access to Central Asian energy resources.

However, there are other factors in play that have made China more successful. Overall, its diplomacy has been significantly more attractive to the Central Asian regimes, with very few strings attached and without any association to the West, with whom some Central Asian governments have had difficult, occasionally hostile, relations. China offers an immediate and appealing diversification away from the historical domination of Central Asia by Russia, a balancing act that is institutionalized in the SCO. Moreover, China's burgeoning appetite for

⁹³ Swanström, "China and Central Asia: A New Great Game or Traditional Vassal Relations?", p. 45.

resources and its supply of goods for trade are leading to economic integration with the republics on its western borders.

Beyond Central Asia, there may be lessons for other regions presently faced with Sino-Japanese energy competition. In particular, some of the same dynamics are in play in resource-rich African countries which are now witnessing the first wave of the Asian powers' rivalry. In Africa, China lacks the preponderance of geographical advantage that it enjoys in Central Asia, but maintains the edge in its diplomacy and trade offerings. Most tellingly, it has moved faster and deeper into African energy markets and politics than Japan, which is scrambling to catch up. This does not augur well for Japan's prospects.

China's relative success at locking in Central Asian resources will provide it with a small but important pillar of its energy security. It has proven itself adept in shoring up relations with countries in its own backyard, and in so doing has gone a long way in shutting Japan out of opportunities for hydrocarbon exploitation. Competition will continue elsewhere, but China is the clear victor in Central Asia.

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In Search for a Normal Relationship: China and Russia Into the 21st Century

Yu Bin *

ABSTRACT

The Sino-Russian strategic partnership dating back to 1996 has been in essence a normal relationship consisting of both cooperation and competition. Such a relationship, however, is perhaps the most challenging for both sides. After the “best” and “worst” times, Moscow and Beijing are learning to live with, if not love, one another. The Shanghai Cooperation Organization (SCO), too, will provide a platform for the two sides to adjust their vital interests in Central Asia. In the foreseeable future, such a normal relationship, though “boring” compared with the previous heart-melting “honeymoon” and heart-breaking “divorce,” may prove far more mutually beneficial and enduring. This is the case not only because of a protracted, painful, and costly historical learning experience, but also because of growing interactions through ever-expanding and interlocking institutions across various areas of strategic trust, border stability, growing trade, and diplomatic coordination.

Keywords • Strategic Partnership • Russia-China relations • Shanghai Cooperation Organization (SCO) • Realism • Constructivism

Introduction

By the end of Putin’s presidency in 2008, Sino-Russian relations will have undergone almost two decades of stability since the historical normalization of relations in 1989.¹ Few at the time expected that the two would be able to live normally with one another for such a sustained period in the wake of three decades of intense rivalry across the political, economic, and military areas. Gorbachev’s glaring democratization and the subsequent collapse of the Soviet communist system only highlighted the growing ideological divide between the two. Regardless, Russia and

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¹ Previously, the “honeymoon” between Beijing and Moscow lasted only ten years (1949-59).

China have in the following decades managed to stabilize and improve their relations into the current “strategic partnership.” Bilateral relations have been transformed from the worst security nightmare to one of common strategic vision for regional and global stability; from ideological rivals within the communist world to coexistence between the two largest states on the Eurasian continent with entirely different cultural and political systems; from the absence of any meaningful economic exchange to rising trade relations (US\$33.4 billion in 2006); and from sharing the longest fortified border to one of stability and flourishing commerce. In the past decade of their “strategic partnership” (1996-current), the two continental powers have been taking joint actions on various multilateral issues including the UN, SCO, and Korean and Iranian six-party nuclear talks for promoting a “fair and rational world order” based on sovereignty, equality, dialogue, and a new international security mechanism.²

All this happened when the two former rivals underwent major transformations themselves: Russia has become a rather normal democracy³ while China remains communist, at least symbolically. In other words, Russia and China have been “in two different beds” in terms of their domestic political systems. A logical question is how and why they have managed to sustain and develop bilateral relations from different “beds,” but failed to do so with similar communist political systems in the past. One may also ask if they share similar if not identical “dreams,” and if so, what they are. How do those dreams interact with other factors—historical, geopolitical, generational, or past lessons—for a stable and dynamic relationship between these two large and vastly different states? Will it last and for how long, at least until the “good years” outnumber “bad years” in bilateral relations since 1949?⁴ If so, what are the ramifications of their strategic partnership relations for the international system, which has been characterized by unipolarity and unilateralism exercised by the sole superpower of the United States? These questions, among others, are of enormous interests to students of international relations (IR) theorists in general and Sino-Russian relations in particular. The fact of almost two decades of stability

² “China-Russia Joint Statement Regarding the International Order of the 21st Century,” *Xinhua*, July 1 2005.

³ Despite growing critique of Putin’s recentralization policies in Russia, some do argue that Russia has essentially become a normal country. See Andrei Shleifer, *A Normal Country, Russia after Communism* (Cambridge: Harvard University Press, 2005). Indeed, Russia has in many ways changed enormously from its communist legacies, though continuing to carry with it the burdens of the past.

⁴ The 30 “bad years” were between 1960 when Moscow withdrew experts and aids from China and 1989 when Gorbachev visited Beijing for normalization. In comparison, the 28 “good years” include 10 years of the Sino-Soviet “honeymoon” (1949-59) and the longest period of stability lasting 18 years (1989-2007).

between Moscow and Beijing itself requires a different conceptualization from the mainstream Western IR theories such as realism and liberalism. Both would treat the Sino-Russian case as deviant, though for different reasons.⁵

This study of Sino-Russian strategic partnership relations (1996-2007) will be done in three specific steps. It first reviews the relevant literature, which has been torn between what this paper defines as the “limitationist” and “alarmist” schools, though there is a separate area of “identity” studies of the changing Russian and Chinese politics/societies. This will be followed by an attempt to develop an analytical framework for an essentially normal relationship between the two. Finally, the study will examine various aspects of their “normal relations”: historical, political, strategic, economic, multilateral interactions, and military-military (mil-mil) interactions.

The Literature: A Polarized Field

For quite some time, Western assessments of Sino-Russian relations has oscillated between two rather polarized views: one is that of the “limitationist school” that diminishes, or doubts, the significance of the Sino-Russian relationship in both bilateral and systemic terms; and the other is a near alarmist view of the Sino-Russian “strategic partnership,” particularly in the area of their mil-mil relations. In short, underestimation and overreaction seem to dominate the field.

The Limitationist School

The “Limitationist School,” which covers a wide range of assessments of Moscow-Beijing relations, tends to see recent Russian-Chinese relations as riddled with “limitations” and therefore unlikely to endure or develop smoothly in the future. Many books and monographs are titled with names such as Garnett’s 2000 “Limited Partnership” and Anderson’s *The Limits of Sino-Russian Strategic Partnership*.⁶ Although some writings in this genre are more open-ended regarding the potential of Sino-Russian ties, they nonetheless question, for various reasons, whether the future orientation can live up to the expectations of a “strategic” partnership. For example, a systematic examination of Soviet/Russia policymaking towards China in the 1980s and 1990s reveals an emerging disagreement

⁵ Liberalism argues that “perpetual peace” exists only between democracies, while Realism insists that inter-state rivalry is the defining feature of international relations.

⁶ Sherman W. Garnett, “Limited Partnership,” in Sherman W. Garnett, (Ed.), *Rapprochement or Rivalry? Russia-China Relations in a Changing Asia* (Washington, D.C.: Carnegie Endowment for International Peace, 2000); Jennifer Anderson, *The Limits of Sino-Russian Strategic partnership*, Adelphi Paper, 315 (London: IISS, 1997); Robert D. Blackwill and Sergei A. Karaganov, (Eds.), *Damage Limitations or Crisis?: Russia and the Outside World* (London: Brassey’s Inc., 1995).

between a “pro-Beijing” Moscow faction and a growing “anti-China” faction among Russia’s border authorities.⁷ In another category, a study of Russian-Chinese military cooperation, for example, questions if the once adversary relationship between Moscow and Beijing has really switched to that of partnership, even if military cooperation since the Cold War has developed significantly.⁸ In this regard, even some of the most informative studies of Russian-China relations question whether the current strategic partnership relations will continue if the gap between Russian and Chinese aggregate power continues to widen.⁹

This leads to a sub-group within the limitationist school regarding Russian weapon transfers to China. Many analyses discount the impact of Russian arms transfers on bilateral relations as well as regional and global distribution of power, but emphasize the commercial motivations of the transaction.¹⁰ Almost all arms sales literature points to this “marriage of convenience” with the “second-best” of Russian arms

⁷ Elizabeth Wishnick, *Mending Fences, The Evolution of Moscow’s China Policy from Brezhnev to Yeltsin* (Seattle: University of Washington Press, 2001). Also see Andrew J. Nathan and Robert S. Ross, *Great Wall and Empty Fortress* (New York: W.W. Norton, 1997), Chapter 3, “The Rise and Decline of the Russian Threat,” pp. 35–55; Gilbert Rozman, “Sino-Russian Relations: Mutual Assessments and Predictions,” in Garnett, (Ed.) *Ibid.*, pp. 147–176; “China, Japan, and the Post-Soviet Upheaval: Global Opportunities and Regional Risks,” in Karen Dawisha, (Ed.), *The International Dimension of Post-Communist Transitions in Russia and the New States of Eurasia* (Armonk, N.Y.: M. E. Sharpe, 1997), pp. 147–176; “Sino-Russian Relations in the 1990s: A Balance Sheet,” *Post-Soviet Affairs* 14 (Spring 1998), pp. 93–113; Rajan Menon, “The Strategic Convergence between Russia and China,” *Survival* 39 (Summer 1997), pp. 101–125; Pi Ying-hsien, “The Dynamics of Sino-Russian Relations,” *Issues and Studies* 32 (January 1996), pp. 18–31; James Clay Moltz, “From Military Adversaries to Economic Partners: Russia and China in the New Asia,” *Journal of East Asian Affairs* 9 (Winter 1995), pp. 157–172; Hung P. Nguyen, “Russia and China: The Genesis of an Eastern Rapallo,” *Asian Survey* 33 (March 1993), pp. 285–301.

⁸ Ming-Yen Tsai, *From Adversaries to Partners? Chinese and Russian Military Cooperation after the Cold War* (Westport, C.T.: Praeger, 2003).

⁹ See Jeanne L. Wilson, *Strategic Partners: Russian-Chinese Relations in the Post-Soviet Era* (New York: M.E. Sharpe, Inc., 2004), p. 200. Wilson provides a rather convincing argument that Russia’s more cordial relations with China following the breakup of the Soviet Union has less to do with the democratic nature of the Russian state, but because of the decline of Russian power forced it to be less confrontational with a rising Chinese power, see pages 186–198. Wilson, however, still needs to explain, with the same realist token, how and why the rise of China’s aggregate power has not led to a more confrontational approach to relations with a much-weakened Russia. Toward the end, she appears to suggest that it is Russia’s nuclear deterrence and its abandoning of its no-first-use nuclear strategy in the 1990s that deters Beijing from taking advantage of Russia’s weakness. See, p. 200.

¹⁰ See Alexander A. Sergounin and Sergey V. Subbotin, “Sino-Russian Military Technical Cooperation: A Russian View,” in Ian Anthony, (Ed.), *Russia and the Arms Trade* (Oxford: Oxford University Press, 1998), pp. 194–216; Stephen J. Blank, *The Dynamics of Russian Weapons Sales to China* (Carlisle, P.A.: U.S. Army War College, 1997); Taeho Kim, *The Dynamics of Sino-Russian Military Relations: An Asian Perspective* (Taipei: Chinese Council of Advanced Policy Studies, 1994).

transferred to China and Russia's need for outside funding to sustain its impoverished arms industry in the post-Soviet era. Perhaps more than any other study in the sub-area of the Moscow-Beijing mil-mil relations, Tsai's 2003 comprehensive study of the subject, *From Adversaries to Partners?*, is dedicated to investigating the "limits" of Sino-Russian military cooperation resulting from the "strained" partnership and the lack of "a stable political foundation for close military cooperation."¹¹

The Alarmist School

The Alarmist School is located at the opposite end of the analytical spectrum in the study of Sino-Russian relations. Unlike the limitationist school, it sees the sustained level of arms transfers from Russia to China—in both quantitative and qualitative respects—as part of an emerging alliance between Moscow and Beijing in the post-Cold War era dominated by Washington. At a minimum, the impact and ramifications of such a mil-mil relationship between the two largest continental powers will inevitably affect the regional distribution of power. Potentially, the emerging "alliance" is to offset, and even rival, the U.S.-led military alliances in the Asia-Pacific with Japan, South Korea, and particularly Taiwan, a quasi-ally of the United States.¹²

In some respects, the alarmist school has two philosophical "cousins" in English language literature: the persistent "China threat" theme in the studies of Chinese foreign policy and U.S.-China relations particularly since the early 1990s,¹³ and the more recent Russia bashing genre.¹⁴ Both

¹¹ Tsai, *From Adversaries to Partners?* p. xi, p. 2.

¹² See, for example, Constantine C. Menges, *China: The Gathering Threat* (Nashville, T.N.: Nelson Current, 2005); Robert H. Donaldson and John A. Donaldson, "The Arms Trade in Russian-Chinese Relations: Identity, Domestic Politics, and Geopolitical Positioning," *International Studies Quarterly* 47 (December 2003), pp. 709-732; Paul H. B. Godwin, "Uncertainty, Insecurity, and China's Military Power," *Current History* 96 (September 1997), pp. 255-256; Lucian W. Pye, "China: Not Your Typical Superpower," *Problems of Post-Communism* 43 (July/August 1996), pp. 11-12; Fleis K. Chang, "Beijing Reach in the South China Sea," *Orbis* 40 (Summer 1996), pp. 359-363; Arthur S. Ding, "The PRC's Military Modernization and a Security Mechanism for the Asia-Pacific," *Issues and Studies* 31 (August 1995), pp. 9-10; David Shambaugh, "Growing Strong: China's Challenge to Asian Security," *Survival* 36 (Summer 1994), pp. 51-52; Larry M. Wortzel, "China Pursues Traditional Great-Power Status," *Orbis* 38 (Spring 1994), pp. 169-170; Robert G. Sutter and Shirley Kan, *China as a Security Concern in Asian: Perceptions, Assessment, and U.S. Options*, CRS Report for Congress 94-32s (January 5, 1994), CRS10; Nicholas D. Kristof, "The Rise of China," *Foreign Affairs* 72 (November/December 1993), p. 66.

¹³ For recent research on the issue, see Chengxin Pan, "'The China Threat' in American Self-Imagination: The Discursive Construction of Other as Power Politics," *Alternatives* 29 (2004), pp. 305-331; Menges, *Ibid.*; and Ross Terrill, *The New Chinese Empire, And What It Means for the United States* (New York: Basic Books, 2003).

¹⁴ This includes Stephen J. Blank, "Putin's Twelve-Step Program," *The Washington Quarterly* 25, 1 (Winter 2002), pp. 147-161; Richard Pipes, "Fight From Freedom: What Russians Think and Want," *Foreign Affairs* 83, 3 (May/June 2004), pp. 9-15; Janusz

tend to adopt a worst-case scenario for China and Russia's foreign policies. To be sure, many writers in the alarmist school do not devote their analysis solely to Sino-Russian relations and some of their assessments vary with the passage of time. Many of their writings may even have high scholarly content with in-depth analyses. The Russian arms factor, however, seems to be a heavy-spice ingredient in their overall assessment of the foreign and defense policies of China and Russia in general and Sino-Russian relations in particular.

Identity Literature

Beyond the "limitationist" and "alarmist" schools lies a separate but related set of "identity" literature focusing microscopically on the changing socio-politico-economic identities in Russia and China in the last twenty years of the 20th century. Most of these studies are conducted within the domestic setting of a particular nation (Russia or China) and/or in the format of juxtaposing the two reforming communist systems.¹⁵ Many of these studies investigate the rapidly changing ideational attributes at a time when both communist nations experienced rapid and almost irreversible changes from the legacies of their own brands of communism. More importantly, the sharply differing approaches of these reforms—Russia's focus on radical political changes and China's incremental economic reforms—constitute a convenient basis for scholarly and policy inquiries.

While the "identity school" manages to come up with greater details of the changes and continuities in those ideational realms, it nonetheless does not directly address the issue of how and why the two large nations interact in a sustained way seldom seen in their past relations, which

Bugajski, *Cold Peace: Russia's New Imperialism* (Westport, CT: Praeger, 2004); Sarah E. Mendelson and Theodore P. Gerber, "Soviet Nostalgia: An Impediment to Russian Democratization," *The Washington Quarterly* 29, 1 (Winter 2005-06), pp. 83-96; John Edwards and Jack Kemp, *Russia's Wrong Direction: What the United States Can and Should Do* (New York: Council on Foreign Relations, Inc., 2006); Yuliya Tymoshenko, "Containing Russia," *Foreign Affairs* 86, 3 (May/June 2007), pp. 69-82. In his recent interview with ABC's *This Week With George Stephanopoulos* (October 28, 2007), Republican presidential candidate John McCain (R-Ariz.) went as far as to label Putin's Russia as "totalitarian" with "apprehensional behavior."

<<http://abcnews.go.com/Politics/story?id=3780676&page=1>> (October 28 2007); Thomas L. Friedman, "Not Their Parents' Russia," *New York Times*, February 9 2007, p. A21; Bret Stephens, "Little Sweaty Fist," *Wall Street Journal*, March 27 2007; Serge Schmemmann, "Vladimir Putin: Sore of His Power on the Verge of Leaving Office," *New York Times*, September 19 2007, p. A26.

¹⁵ Henry E. Hale, "Regime Cycles: Democracy, Autocracy, and Revolution in Post-Soviet Eurasia," *World Politics* 58 (October 2005), pp. 133-165; Peter Nolan, *China's Rise, Fall: Politics, Economics and Planning in the Transition from Stalinism* (New York: St. Martin's Press, 1995); Minxin Pei, *From Reform to Revolution: The Demise of Communism in China and the Soviet Union* (Cambridge: Harvard University Press, 1994); Gilbert Rozman, (Ed.), *Dismantling Communism* (Washington, D.C.: The Woodrow Wilson Center Press, 1992).

tended to sway between honeymoon and hostility. Nor is it fully capable of explaining the ability of Moscow and Beijing to deal with one another at a time when their internal changes have led to the largest gap in their respective domestic political system: a Western democracy for Russia—no matter how eschewed from the judgment of its Western critiques—and an Eastern, authoritarian, and communist state for China. However, these studies documented and provided ample empirical evidence that is useful, and even vital, for the study of Russian-Chinese interactive dynamics.

For the limitationist school, which constitutes the “mainstream” in the study of recent Sino-Russian relations, the long history of mutual enmity, radical socio-political changes in both nations, differences in cultural and political systems, plus low-level economic interactions, make Sino-Russian relations—let alone a “strategic partnership”—difficult to operate at best, particularly in the long-term.¹⁶ To a certain degree, this more cautious assessment of the evolving relations between Moscow and Beijing makes some sense, given the multitude of issues cumulating over the decades of tension between the two communist states and centuries of almost zero-sum interactions across the longest boundary in the world. In the policy world, there is perhaps nothing wrong with a healthy dose of realism in analyzing such a complex relationship.

The flip side of the coin, however, is that the inertia in both the policy and scholarly worlds is simply too tenacious to turn to a somewhat different conceptual framework in order to explain the recent stable, or relatively normal, bilateral relations between China and Russia.

Theoretical Context for the Current State of the Field

In broader terms, the limits of the limitationist school perhaps lie beyond the area study of Russian-Chinese relations. Western IR theory itself has its own blind spots. For example, liberalist IR theories suggest that the Kantian “perpetual peace” can be achieved and maintained only between democracies.¹⁷ Realism—be they traditional Morgenthauian classics or

¹⁶ Rozman predicts in 2000 that with caution and leadership commitment the two sides may weather through the difficult hurdles in their bilateral relations in the next five years. The realization of their strategic partnership is “less likely” in the next twenty years. See Rozman, “Sino-Russian Relations: Mutual Assessments and Predictions,” in Garnett, ed., *Rapprochement or Rivalry?* (2000), 149.

¹⁷ For typical liberalist view, see Michael Doyle, “Liberalism and World Politics,” *The American Political Science Review* 80 (December 1986). For more elaborate assessment of the democracy-peace hypothesis, see James E. Dougherty and Robert L. Pfaltzgraff, Jr., *Contending Theories of International Relations: A Comprehensive Survey*, 5th ed. (New York: Longman, 2001), pp. 313–321; James Lee Ray, *Democracy and International Conflict: An Evaluation of the Democratic Peace Proposition* (Columbia: University of South Carolina Press, 1995); and Michael Brown, Sean Lynn-Jones, and Steven Miller, (Eds.), *Debating the Democratic Peace* (Cambridge: MIT Press, 1996).

neo-realist Waltzian variations—predicts that the rise and fall of major powers, such as the case of the rapid decline of Russian power and steady rise of China, will inevitably lead to intensified rivalries, and even open conflicts.¹⁸ While geo-strategists in the age of the U.S. primacy are obsessed with the emergence of a dominant and antagonistic Eurasian power,¹⁹ the new “unipolar stability theory” goes as far as to argue that any imbalance between the “secondary powers” in the Eurasian continent would invite counter-balancing acts from other members of the peer group and their neighbors before the potential threat from such a rising power affects distant America, thus leading to a sustained U.S. primacy.²⁰ As it happens that China borders more countries than perhaps any other nation-state in the world,²¹ including five of the seven other known nuclear powers.²²

Even the more contemporary constructivist theory won't detect any “ideational” basis for the current stability in Sino-Russian relations.²³ Ultimately, Samuel Huntington's clash-of-civilizations theory—which bridges Western realism and cultural/identity studies²⁴—would cast out, at least implicitly, any genuine compromise, let alone cooperation, between an Orthodox stronghold of Russia and a Confucian “universe” of China. Given these theoretical underpinnings of Western IR theories,

¹⁸ For classic realism, see Hans Morgenthau, *Politics Among Nations* (New York: Knopf, 1948). For neo-realism, see Kenneth Waltz, *Theory of International Politics* (Boston, M.A.: Addison-Wesley, 1979).

Russia has undergone the most rapid decline of its comprehensive power in the history of the world, while China continues its steady rise to become a major trading and manufacturing state (average 9 percent of economic growth for 28 years). In 2006, China's GDP in US dollar terms was 3.4 times more than that of Russia and nearly 6 times in PPP terms (Purchasing Parity Power), which was the reversal the economic comparison in the late 1970s (See CIA, *The World Factbook* <<https://www.cia.gov/library/publications/the-world-factbook/>> (October 20 2007). As a realist theorist, Robert Gilpin argues that history is a succession of struggles for primacy between declining and rising powers. See Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981).

¹⁹ See Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (New York: Basic Books, 1997), pp. xiii–xiv.

²⁰ Stephen Brooks and William Wohlforth, “American Primacy in Perspective,” *Foreign Affairs* (July/August, 2002).

²¹ The countries bordering China are Russia, North Korea, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan, India, Nepal, Bhutan, Laos, Vietnam and Burma.

²² They are Russia, India, Pakistan, North Korea and the United States (with US forward deployment in Asia).

²³ Constructivism believes that interstate relations are based upon their cultural bases, which take whether states view each other as enemies, rivals, or friends as a fundamental determinant. See Alexander Wendt, *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999).

²⁴ Samuel P. Huntington argues that in the aftermath of the Cold War, countries with different religions/cultures will “clash.” See, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996).

it is not a surprise to note that the limitationist school, by nature, shares a basic premise with the alarmist school: that is, competitive and conflicting relations between states are permanent and timeless, particularly between those with undemocratic regimes. The difference between the limitationist and alarmist schools, therefore, appears to be a matter of degree. It is interesting that one of the first comprehensive studies of the Moscow-Beijing strategic partnership by the Carnegie Endowment for International Peace, for example, conveniently juxtaposes the uncertainty between two alternatives: *Rapprochement or Rivalry*, as if Russian-Chinese relations would have only these two alternatives.²⁵

By no means are these theoretical “blind spots” in the IR field only academically significant. They have strong, lasting, and sometimes grave consequences in the policy world. One may not forget that few, if any, leading theorists, analysts, and political elite ever predicted the fall of the Soviet Union,²⁶ despite numerous writings specifying various problems of this first communist state. In 1970, the National Intelligence Estimates on China—compiled by CIA “technicians” whose academic training was largely associated with Western, or more precisely American, social sciences—argued that there was little prospect of improvement in Sino-American relations. This conclusion was made even ten years after Moscow withdrew all Soviet technicians from China in 1960 and in the aftermath of a bloody border clash in 1969.²⁷

More recently, Western debate about “losing Russia”²⁸ also reflects the rather polarized view regarding certain developments in Russian domestic and foreign policies, as if the huge Eurasian nation used to be “owned” by the West before Putin was in power. This excessiveness in focusing on certain “extreme” phenomena is also evident in the ongoing debate regarding “who lost Iraq?”²⁹ in that the target nation-state must be either “possessed” or considered “lost,” but cannot or should not, be allowed to be just itself, or to be lived with. One should not forget that the same question, “who lost China?” was also asked throughout much of the 1950s and 1960s when McCarthyist witch-hunting besieged America. In academia, the sea-changes across the Eurasian continent in the last 20 years of the 20th century have yet to be adequately theorized, though the transition from communism was extensively documented by the

²⁵ Garnett, (Ed.), *Rapprochement or Rivalry?*

²⁶ One of the exceptions is *The Final Fall: An Essay on the Eecomposition of the Soviet Sphere*, by Emmanuel Todd, translated by John Waggoner (New York: Karz Publishers, 1979).

²⁷ David Brooks, “The Art of Intelligence,” *New York Times*, April 2 2005.

²⁸ Despite its rather attention-grabbing title, Simes’ article offers a sober and cautious assessment of Putin’s domestic and foreign policies. See Dimitri K. Simes, “Losing Russia,” *Foreign Affairs*, 86, 6 (November/December 2007), pp. 36–52.

²⁹ James Dobbins, “Who Lost Iraq?” *Foreign Affairs*, 86, 5 (September/October 2007), pp. 61–74.

“identity school.”³⁰ In contrast, earlier studies of the causalities between reform and modern social revolutions in France, Russia, and China were much more eloquent and vigorous.³¹ It appears that social sciences in general and political sciences in particular—though developed considerably from 19th century positivism and 20th century behavioralism—seem more capable in dealing with continuities than changes within the state. In the study of relations between states, particularly those with different political cultures and systems, IR theories have been far more comfortable with issues of competition, coercion, and confrontation, but not necessarily cases of compromise, coexistence, and cooperation.³²

Last if not least, it is unclear to what extent the limitationist school is affected by Russian scholars whose writings regarding relations with China seemed to have largely been on the pessimistic side.³³ How much is this genuine, or is part of their concern more about Russia’s historical decline? Or alternatively, the limitationist school is partly the natural extension of the inherent pessimism of Western realist theories regarding human nature and the workings of the international system.

From “Polarization” to “Normalization”: Toward a New Analytical Experiment

Largely because of these theoretical and analytical “deficits,” studies of Russian-Chinese relations in the post-communist phase remain underdeveloped at best. In both quantitative and qualitative terms, the sub-field has not generated a vigorous and diverse body of scholarly inquiry similar, or close, to the study of the decades when the two large continental states engaged in a seemingly perpetual conflict across all areas of interstate relations.³⁴ This state of affairs is somewhat of a

³⁰ For an overview of the theories of communist transition, see Nolan, *China’s Rise, Fall*, pp. 54–109.

³¹ Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia, and China* (Cambridge: Cambridge University Press, 1979).

³² J. David Singer, “The Levels of Analysis Problem in International Relations,” in Klaus Kanor and Sidney Verba, (Eds.), *The International System: Theoretical Essays* (Princeton: Princeton University Press, 1961), pp. 77–92.

³³ See Alexander Lukin, *The Bear Watches the Dragon: Russia’s Perceptions of China and the Evolution of Russian-Chinese Relations Since the Eighteenth Century* (Armonk, N.Y.: M. E. Sharpe, 2003), particularly chapters 4 and 6; Garnett, ed., *Rapprochement or Rivalry?*, chapters 2 and 5; Dmitri Trenin, *Russia’s China Problem* (Washington, D.C.: Carnegie Endowment for International Peace, 1999), pp. 9–10.

³⁴ For a thorough review of the Cold War studies of Chinese and Soviet foreign policies, see David Shambaugh, *Beautiful Imperialist: China Perceives America, 1972–1990* (Princeton: Princeton University Press, 1991), particularly pp. 4–35; Lu Ning, *The Dynamics of Foreign-Policy Decisionmaking in China*, 2nd edition (Boulder, Colo.: Westview Press, 2000), bibliography, pp. 217–222. Also see Odd A. Westad, (Ed.), *Brothers in Arms: The Rise and Fall of the Sino-Soviet Alliance, 1945–1963* (Stanford: Stanford University Press, 1998); Sergei

surprise, considering the call in the early 1990s by a leading scholar of Sino-Russian relations for a “shift” toward “a new paradigm” away from obsessing over their disputes—which are conceived to be a “self-perpetuating” and “immortal” process—in order to obtain a better understanding of the “enduring significance” of the bilateral relations.³⁵ Dittmer’s 1992 work, *Sino-Soviet Normalization and Its International Implications, 1945-1990*, is perhaps the last serious and comprehensive effort to document and theorize the origins, processes, and outcomes of the normalization process of the two continental powers, which culminated in 1989. Unlike the highly charged, exciting, and sometimes dramatic Sino-Soviet conflict (1960-89), the process of reconciliation was rather low-key, “inching forward,” and “without fanfare” according to Dittmer. Nor will such normalization radically upset the international balance of power or be necessarily against U.S. interests. Despite the divergent reform paths taken by the two states and the turbulent 1989 Beijing summit, Dittmer believes that the Sino-Soviet rapprochement is “quite real” and therefore deserves to be analyzed objectively and without prejudice. For this purpose, a “new paradigm” for the field is needed—“one no longer focused exclusively on conflict but also taking into account the prospect of reconciliation.”³⁶

Nearly 20 years after the publication of Dittmer’s work, such a new paradigm is yet to take any definitive shape. With a few exceptions such as Jeanne L. Wilson’s 2004 *Strategic Partners: Russian-Chinese Relations in the Post-Soviet Era*,³⁷ the field is largely dominated by writings of the two rather polarized assessments: the limitationist and alarmist schools,

N. Goncharov, John W. Lewis and Xue Litai, *Uncertain Partners: Stalin, Mao and the Korean War* (Stanford: Stanford University Press, 1993); Robert S. Ross, (Ed.), *China, the United States, and the Soviet Union: Tripolarity and Policy Making in the Cold War* (Armonk, N.Y.: M.E. Sharpe, 1993).

³⁵ Lowell Dittmer, *Sino-Soviet Normalization and Its International Implications, 1945-1990* (Seattle: University of Washington Press, 1992), p. 5 and p. 11.

³⁶ *Ibid.*, p. 11.

³⁷ Wilson’s comprehensive treatment of the evolving strategic partnership relations remains a league of its own. It addresses many essential aspects of what this author defines here as “normal” relations. Wilson nonetheless does not attempt to conceptualize the Sino-Russian strategic partnership in any theoretical framework, though she prefers realism to liberalism and constructivism as theoretical explanations for the relationship. Like Wishnick’s *Mending Fences*, Wilson’s work, in essence, analyzes the bilateral ties from the Russian side. Wilson, *Strategic Partners*.

To a lesser extent, David Shambaugh accurately documented the evolution of Sino-Russian security and military relations during the 1990s, while Alexander Lukin provided a very balanced account of the evolution of Russian policies toward China. Neither one, however, tries to theorize the changing paradigm. See Shambaugh, “China’s Military Views the World: Ambivalent Security,” *International Security* 24 (Winter 1999/2000), pp. 71-74; Alexander Lukin, “The Russian Approach to China under Gorbachev, Yeltsin, and Putin,” in Gibert Rozman, Kazuhiko Togo, and Joseph P. Ferguson, eds. *Russian Strategic Thought toward Asia* (New York: Palgrave MacMillan, 2006), pp. 139-166

which were discussed earlier. Sino-Russian relations may eventually lean toward either one of these extremes, thus fitting the existing paradigms. The cumulative effect of the reconciliation and interactions between Moscow and Beijing, however, has been significant enough: the formation of the strategic partnership relations (1996), the final resolution in December 2004 of the centuries-old border issue, and the first-ever joint military exercises (Peace-Mission 2005). One does not have to mention the steady transfer of Russian military hardware and software to China.

All this calls for fresh perspectives in the study of the Russian-Chinese “strategic partnership” of the past decade. For this purpose, this study seeks to construct an analytical framework with at least *four* sets of conceptual attributes as follows:

- Conceptually, the current “strategic partnership” relationship between Beijing and Moscow is a state of relative “normalcy” located between the “best” and “worst” ends along a conceptual spectrum of their bilateral interactions.
- Historically, such a normal state of bilateral relations constitutes a sequential stage following the Sino-Soviet “honeymoon” (1949-1959), their hostility (1960-1982), reconciliation (1982 -1989), and mutual adjustment in the midst of dramatic changes in their respective domestic politics (1990-1995). In historical terms since the 1600s, the current bilateral relationship is perhaps the most equal, and therefore normal, between the two largest entities with entirely different political, cultural, and religious systems.
- In reality, such a relationship is indeed “normal” not only relative to the “best” and “worst” times in their past history, but also because of the appearance of “routine,” or an absence of breakthrough, dramatic changes, or even major progress. The growing functional interactions of various official capacities even appear redundant, rhetorical, and therefore boring, rather than unprecedented, substantial, and provocative. These features of normalcy in the Sino-Russian “strategic partnership,” no matter how boring they are, constitute the bulk of their bilateral interactions, which may appear deceptively “limited” for observers of the limitationist school.
- Last if not least, their “strategic partnership,” or normal relationship, does not necessarily evolve along a linear path, nor does it preclude a possible shift toward more substantive alliance building propensity. Rather, it is a continuous process of interaction, reciprocity, and learning, including the “right” or “wrong” lessons. It therefore incorporates continuities and

changes, progress and regression, and mutual adjustments to each other as well as to the external environment.

Taken together, these conceptual attributes for a “normal” relationship between the two largest states in the heartland of the Eurasian continent constitute a parameter, within which Moscow and Beijing have conducted their normal interactions across various issue areas. In this regard, both the limitationist and alarmist schools may miss much of the real, complex, and dynamic interactions between Russia and China. In other words, the state of affairs of current bilateral relations is perhaps not as good or bad, or strong or weak, as certain pessimists and conspiracy theorists have suggested. With the exception of extraordinary crises inside and/or outside their respective jurisdictional territories, the current state of the bilateral relationship, no matter what title it uses—be it “constructive” or “strategic”—will continue to operate in the future. To use an analogy, the current “strategic partnership” relations—despite its somewhat exaggerated sounding title—is perhaps the closest to the notion of a “marriage,” be it convenient or not. Compared with a heart-melting wedding or heartbreaking divorce, the daily life of a normal marriage is perhaps characteristically routine if not boring: dealing with daily chores, understanding if not necessarily liking each other, or simply staying together for various reasons. Managing a normal relationship, therefore, may be the biggest challenge for both sides. In contrast, Sino-Russian relations roller-coasted from “honeymoon” to “divorce” in the early 1960s when political elites in both nations failed to manage their “marriage.” It is toward the understanding of this relatively normal relationship between Moscow and Beijing to which this study is devoted.

Dimensions of Sino-Russian Normal Relations

How does the “normal” Sino-Russian strategic partnership relationship operate in the real world? What constitutes “normal relations” in different aspects of bilateral relations in terms of substance and boundary? The rest of the paper examines several sub-areas in Sino-Russian relations—ranging from history, ideology, politics, economics and military relations— in order to assess the degree of normalcy in their mutual interactions.

A Historical Perspective: from Hierarchy to Equality

By any measurement, the current state of bilateral relations between the two large land powers are perhaps the most equal and mutually beneficial since the 1700s, which have until recently been zero-sum and asymmetrical in that Russia’s historical expansion into the Far East was at the direct expense of the China-centered East Asian system of

tributary states.³⁸ Indeed, long before the British and other European powers made any serious inroads into China's coastal region, Russia began its relentless eastward expansion through military operations, diplomatic efforts, and commercial activities.³⁹ Russia's encroachment into China's northern and western frontier regions culminated in the mid-19th century with three major "unequal" treaties imposed upon China, which ceded to Russia 1.722 million square kilometers (sk), or 665,000 square miles, of China's territories.⁴⁰ To put this into some perspective, Russia's total land acquisition from China in six years was roughly equivalent to all of the United States east of the Mississippi River.⁴¹

Russia's land acquisitions came in the right place and at right time when China was suffering from its post-Opium Wars (1839-42 and 1856-60) vulnerability and was gradually reduced to semi-colonial status by foreign concessions, extraterritoriality, and the so-called "most-favored-nation treatment."⁴² A much-weakened China was not in a position to neutralize Russia's expansive impulses. In addition, Russia's land seizure received relatively little attention due to the fact that the vast northern territory of China was lightly populated and thinly governed.

Russia's eastward expansion continued in the early 20th century when Russia joined other powers in 1900 to put down the anti-foreigner Boxers Rebellion; when it fought the Japanese in Korea and the Liaodong Peninsula of China's northeast (1904-05); and when the Bolsheviks instigated the independence of Outer Mongolia from China on November 5, 1921. In retrospect, Russia's territorial gains along China's periphery proved enduring and even permanent, despite the fact that other Western powers and Japan may have scored some of the most

³⁸ Within this regional hierarchy, the "middle kingdom" presided over an expansive "tributary system." Those "peripheral" states would acknowledge China's cultural supremacy in exchange for autonomous rule. See Doak Barnett, *China and the Major Powers in East Asia* (Washington, D.C.: The Brookings Institution, 1977).

³⁹ After several military clashes, Russia and Qing signed the 1689 Treaty of Nerchinsk. By the late 1800s, Russian expansion into China's periphery regained momentum and clashes became frequent. The 1860 Treaty of Peking opened the entire northern frontier of China to Russia's political and commercial influences. Barnett, *Ibid.*, pp. 21-22.

⁴⁰ Russian scholars continue to regard Russia's expansion into China's peripheral areas as natural and therefore "legal." For recent Russian views, see Alexei D. Voskressenski, *Russia and China, A Theory of Inter-State Relations* (London: RoutledgeCurzon, 2003), pp. 16-17.

⁴¹ These treaties were: the Treaties of Aigun in 1858 (479,000 sk to Russia), Peking in 1860 (337,000 sk), and Livadia in 1864 (1879, 906,000 sk). For a detailed study of Sino-Russian territorial disputes, see S.C.M. Paine, *Imperial Rivals: China, Russia, and Their Disputed Frontier* (Armonk, N.Y.: M. E. Sharpe, 1996), particularly pp. 28-29.

⁴² Initiated by the British after the Treaty of Nanjing in 1842, this was a treaty-based guarantee that any privileges and concessions the Qing granted to any other foreigners would automatically apply to the British.

notable and memorable military victories and diplomatic deals in the past 200 years.⁴³

Aside from its physical impact on China, Russian/Soviet “intangible” influence on China in the 20th century was perhaps unprecedented and unparalleled by that of any other power. In the early 20th century, the timing of the Bolsheviks’ unilateral declarations (25 July 1919 and 27 September 1920) to end Russia’s extraterritorial rights in China, for example, was perhaps the single most powerful catalyst for many aspiring young Chinese intellectuals to switch their beliefs from liberalism to Bolshevism.⁴⁴ Both the Chinese Communist Party (CCP) and the Nationalist Party (KMT) were molded after the Soviets, ideologically and organizationally. Throughout the first half of the 20th century, Stalin actively manipulated China’s domestic politics, particularly the CCP-KMT conflicts. In the end, it was three wars that secured Soviet influence in China: the Soviet defeat of the Japanese Kwangtung Army in Manchuria in August 1945, the advent of the Cold War in 1947, and the outbreak of the Korean War in 1950.

In 1949, China adopted the “lean-toward-one-side” policy (meaning to join the Moscow-led communist camp).⁴⁵ This was followed by more Soviet influence in both the PRC’s domestic and foreign affairs. In hindsight, after the Cold War was well on its way China had little choice than to see the world as divided into two confrontational camps. Beijing did briefly toy with the non-aligned movement in the early 1950s as a “third way” between the two blocs.⁴⁶ It was short-lived and inconsequential at best.

⁴³ European holdings (Hong Kong and Macao) ended in the 20th century. Taiwan returned to China in 1945, 50 years after Japan took it in 1894. China, however, negotiated with Russia and Mongolia for a permanent recognition of the existing border, which was signed into a legal treaty in October 2004.

⁴⁴ Prior to the May 4th Movement (1919) in China, most educated Chinese were drawn to “Mr. Democracy” and “Mr. Science” as China’s salvation. During the Versailles Settlement in the first half of 1919, Western democracies insisted that China’s Shandong Province be transferred to Japanese control, despite the fact that China joined the Allies in World War I. The mood in China therefore switched overnight from pro-Western liberalism to anti-Western imperialism. China’s public opinion at this point, however, was still quite suspicious of the Bolshevik Revolution. Bolsheviks’ public renunciation of Czarist Russia’s special privileges in China in late July, therefore, decisively turned the tide of China’s public opinion. Ironically, when the July 25 declaration was officially published in Soviet newspapers, the portion of the original declaration was dropped detailing Russia’s unilateral return of the Manchuria Railroad and related properties to China. For details, see Shen Zhihua, ed., *Zhongsu Guanxi Shigang, 1917-1991* [History of Sino-Soviet relations, 1917-1991] (Beijing: Xinhua Chubanshe, 2007), pp. 6-12.

⁴⁵ Mao Tse-tung, *Selected Works of Mao Tse-tung* 4 (Peking: Foreign Languages Press, 1969), pp. 415.

⁴⁶ The initiators of the movement included India, Egypt, Indonesia, Yugoslavia, and China.

China's breakup with Moscow from 1960 was by no means the end of the Soviet "shadow" over China. In retrospect, China paid a tremendous price for this "splendid isolation" from both the East and West. Soviet military threats to China's security and survival, which had replaced its influence and involvement in China's domestic and foreign policies, were real and serious. On several occasions during the 1960s, the idea of carrying out a surgical strike against China's nuclear facilities was actively considered by both Washington and Moscow.⁴⁷

Regardless of the various circumstances in the history of the bilateral relations, a key factor across these events was the asymmetrical power configuration. Russia—either as an imperialist power or a Communist giant—had always been in a position of dictating terms in bilateral relations. The asymmetrical power equation started to even out somewhat only in the last ten years of the 20th century with the rapid decline of Russia⁴⁸ and the steady rise of China.⁴⁹

These changes in the balance of power between a rising and a declining continental power within a relatively short period of time are quite novel and complex factors in Sino-Russian relations. On the one hand, this means that for the first time in 300 years the conditions exist for Moscow and Beijing to interact on the basis of a more or less equal footing. The new balance of power between Russia and China, however, is by no means a guarantee for peaceful interactions between the two. For many Russians, the economic agony constitutes a severe discomfort in their perceptions of and relations with the outside world including China. Russia's steep economic decline also impairs its military potency. "Not since June 1941 has the Russian military stood as perilously close to ruin as it does now," lamented a prominent Russian scholar in 1998.⁵⁰ In the

⁴⁷ For the Soviet threat to nuke China's nuclear facilities, see Dittmer, *Sino-Soviet Normalization*, 189–194; and Wishnick, *Mending Fences*, pp. 34–36. For the U.S. temptation, see William Burr and Jeffrey T. Richelson, "Whether to 'Strangle the Baby in the Cradle': The United States and the Chinese Nuclear Program, 1960–64," *International Security* 25 (Winter 2000/01), pp. 54–99; Patrick Tyler, *A Great Wall: Six Presidents and China, An Investigative History* (New York: A Century Foundation Book, 1999), pp. 38–40, pp. 61–64.

⁴⁸ By any standard, Russia's predicament was unprecedented. By 1997, the World Bank estimated the Russian GNP as US\$403.5 billion, just ahead of the Netherlands and behind South Korea, or about 5 percent of that of the U.S. With ruble's 30 percent devaluation in 1998, as a result of the melting down of Russia's financial market. Despite signs of recovery from late 1999, Russia's GDP in the 1990s dropped 36 percent; its industrial output value 45.7 percent, agricultural output value 38.8 percent and fixed capital investment 74 percent. See *World Development Report: Knowledge for Development, 1998–1999* (London: Oxford University Press, 1998); *Xinhua*, February 10 2001.

⁴⁹ Compared with Russia, China has managed to achieve a sustained economic growth since the late 1970s. In the period of 1979–2000, China's average GDP growth was about 9.6 percent. Lu Wei, "Yingjie Kaifang, Jujue Mishu [Welcome opening up and refuse to disorient]," *Zhongguo Jingji Shibao* [China Economic Times], February 12 2001.

⁵⁰ Alexei G. Arbatov, "Military Reform in Russia," *International Security* 22 (Spring 1998)

same year, the Russian armed forces did not receive any new nuclear submarines, tanks, combat aircraft, or helicopters. The deficiency and rapid deterioration of the Russian military was repeatedly demonstrated in the prolonged Chechnya wars and the tragic Kursk's sinking in 2000. The new power equilibrium, no matter how "normal" it is, may well be a source of discomfort and dissonance, and not necessarily a source for peaceful coexistence and cooperation. The sources of the current stability in Sino-Russian relationship, therefore, have to be found elsewhere.

De-ideologization of Bilateral Relations

At the heart of Sino-Soviet relations prior to the normalization process in the 1980s was the ubiquitous ideology factor, which contributed to both the "best" and "worst" relations in the second half of the 20th century between Moscow and Beijing. In retrospect, the ideology factor served as an amplifier first to exaggerate commonalities between China and the Soviet Union in the 1950s, and then differences in the 1960s and 1970s. Neither was normal. Both were highly emotional, leading to a state of affairs that prevented pragmatic compromise and conflict management when needed.⁵¹ It is not surprising that the process of normalizing relations began with minimizing and/or neutralizing the ideology factor in bilateral relations.

In retrospect, there have been two distinctive stages in coping with the ideology factor in bilateral relations: the de-ideologization of the 1980s and disappearance of ideology in the 1990s. Up to the late 1980s, Beijing and Moscow gradually defused the old ideological passion from the early 1960s. Internal debates, however, were still centered on the issue of whether the other side was still "socialist," or how much deviation it made away from socialism.⁵² The process of de-ideologization initially began in China with a subtle but steady re-perception of, and policy adjustment toward Moscow immediately after the end of the Cultural Revolution (1966-76), leading to more balanced views of the Soviet Union.

While mutual perceptions in the 1980s inched toward "normal," or without the passion of ideology, their respective policies toward each other were conducted in a more pragmatic manner. Many of the important steps towards normalization were begun during the last few

, p. 83.

⁵¹ Shen, ed., *Zhongguo Guanxi Shigang, 1917-1991*, pp. 99-402.

⁵² Gilbert Rozman, *The Chinese Debate About Soviet Socialism, 1978-1985* (Princeton: Princeton University Press, 1987); *A Mirror for Socialism: Soviet Criticisms of China* (Princeton: Princeton University Press, 1985); Steven M. Goldstein, "Nationalism and Internationalism: Sino-Soviet Relations," in Tomas W. Robinson and David Shambaugh, eds., *Chinese Foreign Policy: Theory and Practice* (New York: Oxford University Press, 1994), pp. 224-265.

years of Soviet leader Leonid Brezhnev's life. His April 1982 speech in Tashkent called for Sino-Soviet effort to improve bilateral relations. Normalization talks resumed in late 1982. This was followed by a series of unprecedented "funeral diplomacy" in 16 months (between November 1983 and March 1985),⁵³ as well as the visit to China by the First Vice Premier Ivan Arkipov in December 1984, the highest ranking visit of a Soviet official in 15 years. Although the two sides appeared unyielding in their respective stances on normalizing relations,⁵⁴ Beijing and Moscow managed to keep alive the normalization talks at the deputy foreign minister level, where there were 12 meetings in six years (1982-88). Meanwhile, the lack of a major political breakthrough was more than compensated for by tangible progress in other areas of bilateral relations such as culture, sports, economics and trade, etc. The corner was finally turned in 1989 when Gorbachev visited Beijing for official normalization talks.

This, however, was by no means the end of ideological disputes between the two sides. Indeed, ideology issues were barely contained beneath the surface at a time when both China and Russia were overtaken by events at home. China in particular seemed always a step behind Soviet political developments. No sooner did Beijing "rediscover" the virtues of Soviet socialism, in the aftermath of China's Cultural Revolution, than Moscow started to depart from it. A growing ideological divide was emerging between Gorbachev's radical and glaring political transformation and Deng Xiaoping's gradualist economic reforms. While China's perceptions of the Soviet Union shifted from excitement to bewilderment to alarm, the Soviet view of China moved from criticism to respect to disdain. By the late 1980s, China's reform had generated considerable social tension between the elite and the society, culminating in the 1989 riot and crackdown. Meanwhile, Gorbachev's Russia quickly replaced Deng's China as the West's "pet" communist. The subsequent Soviet collapse practically eliminated any possibility for ideological uniformity between the two continental powers. In security terms, the end of the Soviet empire considerably reduced a direct threat to China's national security. This nonetheless also exposed China to the West's anti-communist crusade, whose brunt was to be felt later.

Regardless of how they perceived each other, their mutual perceptions, particularly the negative ones, seldom found their way into their bilateral relations. Since the 1990s, both sides have departed

⁵³ After Leonid Brezhnev's death on November 10, 1983, his successors Yuri Andropov died on February 9, 1984 and Konstantin Chernenko also died on March 10, 1985.

⁵⁴ This included Beijing's demands for the removal of the three major "obstacles" in normalizing relations with Moscow: Soviet withdrawal from Afghanistan; stopping assistance to Vietnam's occupation of Cambodia; and reduction of Soviet troops along Sino-Soviet border and from Mongolia.

significantly from their respective past legacies. The issue of socialism is no longer relevant for relations between Moscow and Beijing. Indeed, managing the transition away from the past with minimum social tension and political instability are perhaps more important for the two nations. The two sides have tried, with greater degrees of success and sophistication, to prevent new ideological issues from escalating into policy issues.

Soft-peddling the “Friendship Treaty”

The careful management of the ideology factor by Moscow and Beijing has gone hand in hand with the return of the national interests as both the philosophical and operational principles in the 1990s. This, however, does not necessarily mean a complete switch to a Machiavellian ends-justifying-means approach. Rather, prudence and practicality are the rules of the game in the pursuit of their respective national interests. Specifically, this means both sides carefully define the outer and inner limits of their cooperative and competitive relations, regardless of the labels of their “partnership” as “constructive” or “strategic.” A case in point is the signing of a comprehensive “Sino-Russian Treaty of Good Neighborliness, Friendship, and Cooperation,” or the “friendship treaty” in July 2001.⁵⁵

The 25-article treaty was signed against the backdrop of the new millennium and with the pending deployment of the U.S. National Missile Defense (NMD) system. The friendship treaty—which elevated, at least symbolically, their “strategic partnership” to a higher level—seemed to counter-balance Washington’s increasing unilateralism. The motivation for signing a comprehensive friendship treaty, however, was more complex.⁵⁶ The theme of the 2001 Friendship Treaty can be traced back to the joint communiqué signed in April 1996 when Yeltsin visited China. The same visit also led to the “Sino-Russian strategic partnership of equality, trust and cooperation for the 21st century.” In the last few years of Yeltsin’s time in office before his sudden exit at the end of 1999, however, he and his Russian-speaking counterpart Jiang Zemin harmonized their relations to such a degree that the need for a formal and “legalized” framework was not compelling, at least for the time being. In July 2000 when Putin visited Beijing for the first time in the capacity of Russian president, the Chinese raised the issue again. For Beijing, a general framework for bilateral relations was more desirable this time in

⁵⁵ For the full text of the English version of the treaty, see *China Daily*, July 16 2001, <http://www.chinadaily.com.cn/china/2006-03/21/content_548330.htm> (October 20 2007).

⁵⁶ For an analysis of the treaty, see Yu Bin, “A ‘Nice’ Treaty in a Precarious World,” *Comparative Connections* 3 (October 2001), pp. 120–127, <<http://www.csis.org/media/csis/pubs/0103q.pdf>> (October 20 2007)

order to cope with the sudden changing of the guard in the Kremlin at the end of 1999. This was particularly true in dealing with Russia's new head of state (Putin) who did not appear to be eager to develop relations with Beijing in the first few months of 2000.⁵⁷ For Moscow, Russia's historically weak position also required some safety-net to deal with a rising China.

Both sides hailed the treaty as "historic," and "a milestone" for "a new type of inter-state relations" and for "Russian-Chinese friendship from generation to generation." Officials of the two countries stressed time and again that their treaty was not based on "anti-Americanism" nor on any hidden agenda. The appearance of the treaty, therefore, amounts to an "everything-and-nothing" feature: *maximum* cooperation by the two sides on every conceivable area and *minimal* impact on any third party.

Outside reactions and assessments, however, were rather polarized. On one hand, they highlighted the limitations of the treaty due to its non-alliance nature, the traditional animosity, the disappointing bilateral trade volume, and the respective need for Western resources for economic development.⁵⁸ On the other hand, some speculated that the treaty does have real, though hidden, teeth in the format of a major geostrategic shift in the Eurasian continent with "serious implications for the United States and its alliances."⁵⁹ The fixation, in legal terms, of Russia's opposition to Taiwan's independence (Article 5) is seen as a specific constraining factor aimed at both Taiwan and its main supporters (U.S. and Japan).⁶⁰ It so happened that before Putin's first official visit to China in July 2000, a widely circulated piece of news in

⁵⁷ Yu Bin, "New Century, New Face, and China's 'Putin Puzzle': Sino-Russian Relations, January to March 2000," *Comparative Connections* 2, 1 (Pacific Forum, CSIS: 1st Quarter, March 2000); "Strategic Distancing...Or Else? Sino-Russian Relations, April to June 2000," *Comparative Connections* 2, 2 (Pacific Forum, CSIS: 2nd Quarter, July 2000), pp. 92-97, <<http://www.csis.org/media/csis/pubs/0001q.pdf>> (October 20 2007).

⁵⁸ Patrick E. Tyler, "China and Russia Draw Closer, With Ceremony Today," *New York Times*, July 16 2001, <<http://query.nytimes.com/gst/fullpage.html?res=980DE5DA103BF935A25754CoA9679C8B63>> (October 20, 2007); AP, "Russia, China Sign Friendship Treaty," July 16 2001, <http://www.cbsnews.com/stories/2001/06/25/world/main298186.shtml?source=search_story> (October 20 2007); Sherman Garnett offers a cautious, albeit balanced, assessment of the friendship treaty, see "Challenges of the Sino-Russian Strategic Partnership," *The Washington Quarterly*, (Autumn 2001), pp. 41-54 <<http://www.twq.com/01autumn/garnett.pdf>> (October 2, 2007).

⁵⁹ Ariel Cohen, "The Russia-China Friendship and Cooperation Treaty: A Strategic Shift in Eurasia?" The Heritage Foundation, July 18 2001 <<http://www.heritage.org/Research/RussiaandEurasia/BG1459.cfm>> (October 20, 2007); Martin Fackler, "China and Russia Form New Bloc," *Associated Press*, June 15 2001.

⁶⁰ Bruce A. Elleman and Sarah C.M. Paine, "Security Pact with Russia Bolsters China's Power," *International Herald Tribune*, August 6 2001.

Asia concerned Putin's offer of Russia's direct military assistance to China in a Taiwan Strait crisis.⁶¹

The truth behind the treaty, however, may be somewhere between the two polarized views. Or in the words of Foreign Ministry Spokesperson Jiang Yu in 2006 that "this treaty is a *programmatically* [emphasis added] document for guiding the two countries' strategic partnership."⁶² The dual-character of the treaty—minimalism and maximization—reflects the more complex nature of the bilateral relationship and the respective relations with the West. On the one hand, the goal for an open-ended treaty based on comprehensive and maximum cooperation is pursued as a result of a bitter learning experience of past bilateral relations, particularly the 1950 Treaty of Alliance and Friendship that roller-coasted the bilateral relations from "honeymoon" to "divorce" in a decade (1950-1960). A return to the past is simply unacceptable. Both are keenly aware of the need for maintaining the "median," or normal, relations of not being too close or too distant from one another. On the other hand, the intention of Moscow and Beijing not to offend any third party is perhaps genuine in that it is derived from a strategic reckoning by both sides to work with the existing international system, no matter how difficult it may be. This may well be the result of their painful and costly past pursuit of two alternatives: being part of a separate and inefficient communist trading bloc controlled by Moscow and/or a self-imposed "splendid isolation" in the case of China.

Perhaps a more important characteristic of their strategic partnership is the desire and efforts by both sides to maintain maximum flexibility and freedom of action in their respective relations with other countries. This is particularly true with regard to relations with the U.S. Aside from core issues such as sovereignty, Moscow and Beijing seem to have reached a decision not to overreact to the other's relations with Washington, at least not publicly. In the aftermath of the EP-3E collision with the Chinese Air Force jet in the South China Sea in April 2001, Russian officials described it as a "regrettable incident" and

⁶¹ Singapore's largest Chinese language newspaper *Lianhe Zaobao* (United Morning Post) broke the news by supplying great details of the alleged "Putinism." The Russian president was quoted as instructing the Russian military —after his meeting with Chinese president Jiang Zemin in Dushanbe, Tajikistan—that in case the U.S. military involved itself in the Taiwan Strait situation, Russia would dispatch its Pacific Fleet to cut off the route of the U.S. fleet in order to keep the latter far away from the Taiwan Strait. The story was recycled many times by many Asian news outlets. See Hong Kong *Sing Tao Jih Pao*, Internet edition, in Chinese, July 8 2000, cited by FBIS, July 10 2000.

Putin's remarks also caused major stock market tumbles in Taiwan, and was even picked up by a periodical under the official Chinese newspaper *Renmin Ribao* (RMRB). See Liu Shengzhi and Ge Lide, "Pujin zhichi zhongguo bao Taiwan [Putin supports China's effort to safeguard Taiwan]," *Huangqiu Shibao* (Global Times), front page, July 21 2000 <<http://www.people.com.cn/GB/paper68/1066/155413.html>> (October 20 2007)..

⁶² Remarks made by Jiang Yu, Foreign Ministry Spokesman, July 13 2006, cited by Xinhua.

maintained a rather neutral position.”⁶³ Russia, however, was quick to bid on and win the contract for transporting the damaged U.S. spy plane out of China. After the massive U.S. arms sale to Taiwan in late April 2001, the Russian foreign ministry referred to the sale as a “question of bilateral relations.”⁶⁴ Since 2006, Moscow has experienced considerable tension in relations with the West. In August 2007, Putin ordered Russia’s strategic bombers to resume their routine patrolling, a move reminiscent of the Soviet Cold War practice. Beijing, however, has essentially stood by the sidelines in this new round of Cold War-style words and postures between Russia and America. Most Chinese analysts do not expect the two former superpower rivals to return to the “bad” old days. Some have gone as far as to warn that a return to a Cold War-type confrontation will severely limit, not broaden, China’s strategic space because China may have to choose between the two. It is therefore naïve to pursue the current Russian-U.S. tensions. Its soft-landing would serve the interests of all.⁶⁵ Whatever the case, Moscow and Beijing seem to be deliberately avoiding interceding on behalf of their strategic partner with regard to the other’s relations with Washington, even during times of crisis.

In sum, the wording of the current treaty provides both sides with assurances at a historical time when each needs support from the other in some areas (domestic stability, anti-terrorism and separatism, and mutual desire for a multipolar world order) and when both need to obtain resources and benefit from the Western-dominated world system. In the final analysis, a stable, peaceful and predictable bilateral relationship is perhaps the best that Moscow and Beijing can count on in a highly fluid and even “hot” post-Cold War world where the world’s dominating superpower enjoys its freedom of action exceeding that of any time in its history.

The sustainability of this rather novel “strategic partnership” relationship based on a seemingly “everything-and-nothing” treaty was tested immediately after the 9/11 terrorist strikes against the U.S. In hindsight, Moscow and Beijing quickly came to assist the U.S. war on terror: all condemned the killings of innocent people; both started sharing intelligence on terrorism with the U.S.; neither seemed to care too much about U.S. unilateral trashing of the ABM treaty; and together their strategic partnership, along with their joint venture in the Shanghai Cooperation Organization (SCO), weathered the stormy and uncertain

⁶³ “Russia ‘expects’ US-China plane incident ‘to be resolved equitably,’” *Interfax*, April 6 2001, FBIS.

⁶⁴ *Agence France-Presse* (AFP hereafter), April 25 2001, FBIS.

⁶⁵ Lu Gang, “Mei e ruo gao lengzhan, dui zhongguo mei haochu [If the U.S. and Russia engage in another Cold War, it is no good for China],” *Huanqiu Shibao* [Global Times], August 30 2007, <<http://world.people.com.cn/GB/57507/6190518.html>> (October 20 2007).

times of the post-9/11 era of preemption and unilateralism, only to have emerged with more maturity and confidence.

SCO: Between Cooperation and Competition

August 2007 appeared to be the finest moment for the SCO: the 7th summit in Bishkek, Kyrgyzstan was the largest summit ever held by the regional group;⁶⁶ leaders signed the first multilateral political document (“the Treaty among the member states of the Shanghai Cooperation Organization on good-neighborliness, friendship and cooperation,” or the SCO Friendly Treaty);⁶⁷ and it was the first time for all member countries to participate in the joint anti-terror military exercise, code-named Peace-Mission 2007, in Russia’s Volga-Urals region.

Perhaps more than anything else, “Peace-Mission 2007” attracted outside attention. From Washington’s perspective, the SCO is so close because both of its ongoing anti-terror wars (in Afghanistan and Iraq) are being fought around the SCO’s peripheries. It also seems distant, since the SCO is the world’s only regional security group without the direct participation of the U.S., the sole superpower still in its “unipolar moment.” Worse, the SCO allowed 80 some nations, but not the U.S., to observe the rehearsals of the drill.⁶⁸

There is, therefore, a growing perception that Moscow and Beijing are not merely creating their own “space” separate from the West, but also are poised to shape this regional security group into a military alliance. A closer look at the chemistry between Russia and China, however, reveals a far more complex interactive mode of cooperation, competition, and compromise. Relations between SCO members, particularly Moscow and Beijing, are perhaps not as strong or harmonious as commonly perceived. A military alliance is the least likely outcome for the SCO for several reasons.

Peace-Mission 2007 itself—involving some 4,000 troops and 1,000 pieces of large armaments including 80 aircraft—was unprecedented in

⁶⁶ With a total of 12 nations participating the summit, the SCO gathering in Bishkek was the largest since its inception in 2001. Besides the six member countries (China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan), representatives of SCO observer countries (Mongolian President Nambaryn Enhbayar, Iranian President Mahmud Ahmadinezhad, Indian Minister of Petroleum and Natural Gas Murli Deora, and Pakistani Foreign Minister Khurshid Kasuri) also attended the summit. Among the honored guests of the host nation were Turkmen President Gurbanguly Berdimuhamedow, Afghan President Hamed Karzai, and UN deputy secretary general. The summit was also joined by some 1,400 other guests and participants, and was covered by 508 journalists from 16 countries. “SCO Summit Participants To Be Treated To Kyrgyz-European Cuisine,” *Itar-Tass, Bishkek*, August 13 2007, FBIS.

⁶⁷ See SCO website, “Bishkek Declaration,” August 16 2007, <<http://www.sectSCO.org/html/01753.html>> (October 20 2007).

⁶⁸ “U.S. Observers Denied Monitoring Of SCO Military Exercises,” *Interfax*, August 13 2007, FBIS.

many dimensions. It was the first joint exercise involving the armed forces of all of its member states (Russia, China, Kazakhstan, Tajikistan, Uzbekistan, and Kyrgyzstan). 1,600 Chinese troops and 45 aircraft were sent either by rail (10,300 kilometers) or air (2,700 kilometers) to Russia, the longest force projecting operation for the People's Liberation Army (PLA). Not only did SCO members dispatch their best units, but also they integrated more closely and more efficiently this time: generals gathered in the same situation room; all units interfaced through a Russian communication mechanism, though communication between Russian and Chinese forces had to rely on 200 interpreters;⁶⁹ and commandos of different SCO states boarded and dropped from the same chopper(s).⁷⁰

Despite many of these "firsts," Peace-Mission 2007 was a far more realistic application of the SCO's military power to its declared anti-terrorist goal. Unlike the Peace-Mission 2005 joint exercise held in China, there were no strategic bombers involved this time. Both sides dispatched their fighter-bombers, plus attack helicopters. On the ground, infantry fighting vehicles and other supporting vehicles were involved but there were no tanks. The inland environment did not require naval forces. In 2005, cruise missiles were launched from submarines, while marines hit the beaches for targets that looked more like regular military than those of stateless transnational terrorist groups.

Secondly, security affairs are only a relatively small portion of the growing volume of interactions between SCO states. In certain ways, the SCO operates more like the European Union, with most of its functionality within the political, economic, and social areas. Even the EU, however, would not be a close analogy for the SCO. The European giant originated and admits new members according to political and cultural, if not racial, criteria (such as democracy and Christianity).⁷¹

Contrary to the EU's political and religious uniformity, the SCO is, first and foremost, a community of nations with a diverse background of Christianity, Islam, Buddhism, Hinduism, and Confucianism. Beyond culture, it is a meeting place of the East and West; democracies and non-

⁶⁹ "RF-China Language Barrier At SCO Exercise Being Coped With," *Itar-Tass*, August 11 2007, FBIS.

⁷⁰ "Summary: PLA Ground Force Helicopters Airlift Tajik Troops In Training Exercise, To request additional processing," *Jiefang Junbao* (People's Liberation Army Daily, JFJB), August 14 2007, FBIS.

⁷¹ Turkey, for example, has so far failed to obtain full EU membership after many years of unrequited love. Its non-Christian "face" is perhaps the only real and yet unspoken barrier to its European "dream," even if it is a member state of the Council of Europe since 1949 and of NATO since 1952. Turkey joined the European Economic Community (today known as the European Union) as an associate member in 1963, the Western European Union as an associate member in 1992, and signed the EU Customs Union agreement in 1995. Since 2005, Turkey has been in full accession negotiations with the European Union.

democracies; large and small nations; and relatively developed, newly industrialized, and less developed countries. In more tangible terms, this loosely-held entity occupies much of the Eurasian continent and has almost half of the world's population. The economies of the key member and observer states, however, relate more to the outside world than to each other: Russia's energy, China's manufacturing, and India's information technology. The SCO is indeed a league of its own. Such a vast landmass and civilization mix has many implications for both the global system and for itself. It will in the foreseeable future remain preoccupied with its own issues. Decision-making may never be swift, given the equal status of its member states and the consensus-building process. One case in point was that on July 24, 2007 for the first time in its three years of existence (since January 2004), the SCO's Regional Anti-Terrorist Structure (RATS) produced a list of dozens of international religious extremist organizations.⁷²

It is toward these multiple goals—security, stability, economic, and cultural/societal—that the SCO reinforces its anti-terrorist “teeth.” In the aftermath of the Soviet collapse, the Taliban phenomenon (1996-2001 in Afghanistan) underscored a general state of instability in Central Asia because of those extremist forces. Even for large states like Russia and China, border stability remained a challenge. Three months before 9/11, the SCO came into existence with an explicitly defined mission of combating terrorism, separatism, and religious extremism in the region.⁷³ In retrospect, the formation of the SCO and its collective effort to combat the challenges from the stateless terrorist forces forestalled the coming storm of terrorist attacks on America. In contrast, the U.S. was preoccupied with the building of missile defense for the next war with a major power “challenger” to U.S. supremacy.⁷⁴

A Moscow-Beijing military alliance is unrealistic also because within the SCO, Moscow and Beijing may not have entirely identical interests regarding Central Asia. Moscow may be more interested in stretching the SCO's military and security functions because of its stronger military presence in this former Soviet space. In April 2007, the Russian side drafted a document for more coordination and integration of the SCO defense infrastructure as a basis for more stability and economic

⁷² This includes 17 in Russia, six in China and 24 in Uzbekistan, “Shanghai bloc states make list of banned extremist groups,” *Kyrgyz AKIpress* news agency website, July 24 2007, FBIS.

⁷³ See SCO web site, <<http://www.sectSCO.org/html/00035.html>> (October 20 2007).

⁷⁴ CIA Director George Tenet went in mid-June 2001 to brief Condi Rice, National Security Advisor then, about the “growing noise” of suspected terrorist activities the US intelligence intercepted that “something was coming.” Rice, however, “focused on ... ballistic missile defense system that Bush had campaigned on. She was in a different place.” See Bob Woodward, *State of Denial: Bush At War, Part III* (New York: Simon & Schuster, 2006), pp. 49-51.

development. Other SCO members, however, did not reciprocate.⁷⁵ Beijing is perhaps more interested in exploring the SCO's economic and non-security related potential. Although these two dimensions may supplement one another in managing regional affairs, Russia may not perceive Beijing's rapid economic advancement into the region as entirely harmless. Given these diverse interests between Russia and China, the SCO is at best an interface for Moscow and Beijing to adjust their respective interests in Central Asia.

An alliance may take some shape only under extreme circumstances, in which the core interests of both Moscow and Beijing are perceived to be harmed and endangered by the same adversary at more or less the same time. This does not necessarily mean that the SCO will never become a military alliance. The potential is there. What is more important, however, is to see that the potential for it not to become an alliance is perhaps even bigger than the other way round.

Economic Relations: the Weakest Link?

The Sino-Russian economic relationship is best known as the "weakest link."⁷⁶ Several features underscore this predicament in the otherwise growing "normal" relationship. One is the rather stagnated trade volume throughout the 1990s when political relations elevated considerably from "constructive" to "strategic" partnership. By the decade's end, bilateral trade (US\$8 billion) fell far short of the official expectation of US\$20 billion. Trade volumes have grown considerably since then (US\$33 billion for 2006), but as a proportion of the other's total trade the figures remain relatively low and static (about 2 percent for China and 8-10 percent for Russia. See Table 1 Sino-Russian Trade). This has been the case despite efforts from both sides to stimulate economic transactions. Even if both sides recognize the problem of "too little" trade, complaints about "too much" were loud and clear, particularly from the Russian side: too many cheap Chinese products of poor quality to Russia; too many Chinese in Russia's Far East and even in Moscow;⁷⁷ too much raw materials as part of Russia's exports to China, etc. Russia, however, has long accepted its status as a raw material supplier to Europe, but psychologically can hardly reconcile its economic relations with China even if the latter is fast becoming a manufacturing center for the whole world. China, too, is

⁷⁵ "Russian chief of staff stresses importance of SCO military cooperation [Russia eager to speed up military cooperation, but not reciprocated by others]," *Itar-Tass*, Urumqi (China), August 9 2007, FBIS.

⁷⁶ Wilson, *Strategic Partners*, p. 61.

⁷⁷ A highly comprehensive and objective assessment of the Chinese migration to Russia was made by Vladimir Portyakov, "New Chinese Migrants in Russia as a Problem of Harmony and Conflict in Russian-Chinese Relations," *East Asian Review* 10 (March 2006): pp. 81-96.

upset by, and perhaps has grown used to, Russia's too-much-talk-but-little-action, particularly regarding the much anticipated oil pipeline project from Siberia to China's northeastern provinces.

Table 1. China's Trade Relations with Russia: 1992-2006 (in US\$ billions)

Year	Export	Import	Total	% (- / +)	(%) in PRC total trade	(%) in Russian total trade
1992	2.336	3.526	5.862		165.53 (3.54%)	79.4 (7.38%)
1993	2.691	4.988	7.679	+30.9%	195.70 (3.92%)	71.1 (10.8%)
1994	1.581	3.495	5.076	-33.9%	236.62 (2.14%)	77.5 (6.54%)
1995	1.665	3.798	5.463	+7.6%	280.86 (1.94%)	96.9 (5.63%)
1996	1.693	5.153	6.846	+25.3%	289.88 (2.36%)	100.7 (6.79%)
1997	2.032	4.086	6.118	-10.6%	325.16 (1.88%)	107.2 (5.7%)
1998	1.839	3.641	5.480	-10.4%	323.95 (1.69%)	89.9 (6.36%)
1999	1.497	4.222	5.720	+4.4%	360.63 (1.58%)	84.1 (6.8%)
2000	2.233	5.769	8.002	+40.2%	474.30 (1.68%)	111.6 (7.16%)
2001	2.711	7.959	10.671	+33.4%	509.77(2.09%)	116.1 (8.40%)
2002	3.521	8.406	11.927	+11.8%	620.79 (2.05%)	127.0 (9.39%)
2003	6.21	9.7	15.8	+32.0%	851.21 (1.85%)	157.4 (10.03%)
2004	9.1	12.1	21.2	+34.7%	1154.74 (2.09%)	210.0 (10.09%)
2005	13.21	15.89	29.1	+37.1%	1422.12 (2.04%)	288.5 (10.08%)
2006	15.83	17.55	33.4	+14.7%	1760.70 (1.90%)	374.4 (8.92%)

Sources: Chinese Ministry of Commerce <<http://zhs.mofcom.gov.cn/tongji.shtml>> (October 20 2007); <<http://zhs.mofcom.gov.cn/aarticle/Nocategory/200405/20040500218163.html>> (October 20 2007); Russian News Net, <http://rusnews.cn/db_ezhongguanxi/db_ezhong_tongji/>(October 20, 2007); Russian Import and Export, <<http://www.users.globalnet.co.uk/~chegeo/index2.htm>>(October 20 2007).

Regardless of the sources of the dismal and disappointing economic fact of life—be they difficulties and chaos of Russia's economic environment in the wake of Yeltsin's "shock therapy" (1992-93); disorganized border trade; too much and/or too little bureaucratic intervention, etc.—the state of Sino-Russian trade is somehow qualitatively different from past economic relations when Moscow and Beijing underwent their "best" and "worst" times. Both now trade with each other for largely tangible interests, as compared to their highly politicized economic relations in the past. While the massive US\$2 billion Soviet economic loans to China during the 1950s was certainly the result of China's lean-to-one-side strategic choice in the early years of the Cold War, the sudden withdrawal of Soviet aid from China in 1960 resulted in the most serious ideological polemic between the two communist giants. The outcomes of these earlier bilateral economic interactions were somewhat expected because the communist centralized economic systems in both countries were closely related to their respective political systems and, therefore, dictated economic activities in

both countries. In the 1960s and 1970s, bilateral economic relations remained insignificant for both countries. While Moscow developed close economic linkages with its Eastern European partners, China's self-imposed "splendid isolation" reduced Beijing's trade with the outside world to a minimum. In sum, the minimum trade relations between the two countries during this period were compatible with the nature of their political and economic systems, as well as the difficult bilateral political relations.

The current strategically "willing" but economically "reluctant" trade partnership, therefore, is perhaps normal if not necessarily desirable, given the existing structural impediments in both nations, as well as in their economic transactions. If this "weakest link" of economic relations is considered as part of the normal relationship between Beijing and Moscow, it is not hard to comprehend the protracted decision-making process for a Russian oil pipeline to China.

The idea of building an oil pipeline from Russia's Siberia to China was first raised by President Yeltsin in 1994, a year after China became a net oil importer. It was not until the end of the 1990s, however, that the two sides started to step up their deliberation for the feasibility of the project. In the first few years of the 21st century, however, the pipeline became a more complex issue when Japan joined the pipeline game by offering Russia billions of dollars for a pipeline to Russia's Pacific coast, instead of one to northeastern China. Meanwhile, the rising global demand for oil was stimulated by both emerging economies such as China and India, and the 2003 Iraq war, leading to soaring oil prices in the past few years. It was in 2003 when Russia opted against a plan to build a single pipeline directly to China.⁷⁸

Until recently, Russia seems to have enjoyed, as well as benefited from, its grand energy-politick in order to milk the Sino-Japanese pipeline competition as much as possible.⁷⁹ An obvious delaying tactic is to have numerous "feasibility studies" of the pipeline project in the first few years of the new century. This was true even after the Russian government made the final decision to go ahead with the main East Siberia-Pacific Ocean (ESPO) oil pipeline at the end of 2004. It took another 15 months for the two sides to sign an agreement just to begin the feasibility studies for a 70-kilometer branch line off the main route.⁸⁰ The

⁷⁸ "Putin Says 'No Doubt' China Oil Pipeline Will Be Built," *AFP*, March 22 2006, FBIS.

⁷⁹ An alternative interpretation of Russia's pipeline strategy is that Russia is still undecided in its self-created game of geostrategics about how to balance various regional powers in northeast Asia, particularly China. See a penetrating analysis along this line of thinking, see Gilbert Rozman, "Russia in Northeast Asia: In search of a Strategy," in Robert Legvold, (Ed.), *Russian Foreign Policy in the Twenty-First Century and the Shadow of the Past* (New York: Columbia University Press, 2007), pp. 343-392.

⁸⁰ "Fifteen Russian-Chinese Cooperation Documents Signed in Beijing," *Interfax*, March 22 2006, FBIS.

widely publicized “feasibility studies” accord signed in Beijing on this meaner branch line to China during Putin’s March 2006 visit is bizarre considering that the China National Petroleum Corporation (CNPC) had already committed US\$400 million to finance the branch line.⁸¹ Russian strategy on oil has obviously frustrated many in China. Beijing’s official reaction, however, has been rather low-key. No matter how unpleasantly the game is being played, Russia still delivers a large quantity of crude oil to China by rail, while maximizing its potential gain from a pipeline system in the future. In sharp contrast, Moscow abruptly stopped its oil supply to China in 1960 when relations between Khrushchev and Mao deteriorated. Indeed, some in China strongly believe that it would be irrational for Russia not to play its energy card.⁸²

Behind the continuous tug of war over the oil pipeline issue lies divergent goals over the energy issue. For Beijing, it is, and should be, an economic issue to be determined largely, if not exclusively, by the mechanism of supply (Russia) and demand (China). Russia, however, has increasingly attached a strategic dimension in several respects. Perhaps more than any other nation, Russia as the largest oil exporting country next to Saudi Arabia benefits enormously from the rising oil demand and price. With its huge oil reserves and ability to deliver energy products across and beyond the Eurasian continent, the former political-military superstate rapidly assumes the identity of a super-oil state. In the Far East, the belated entrance of Japan into the pipeline game means not only a potentially huge market for Russia’s energy products, but also effective leverage in its negotiations with China for both pipeline construction and future price advantage. At a minimum, a new Asian market for Russian oil and gas outside its traditional European area will certainly create more demand for Russian energy. China’s seemingly endless appetite would lead to a higher price level even if Middle Eastern stability is taken for granted. Moreover, any future pricing with China will be set by the market, which will, in turn, be used to elevate existing “friendly” prices for Russia’s “near abroad” states (former Soviet republics) to market level.⁸³

Beyond Russia obviously playing of its oil cards lies the genuine concern—no matter how irrational from China’s perspective—over a perceived rapidly deteriorating bilateral trade structure, in which Russia is fast becoming a raw material supplier for China. In 2005, only 2.2 percent of Russia’s exports to China were machinery and other high-tech

⁸¹ “CNPC To Issue US\$400Mln Grant To Build ESPO Pipeline Branch To China,” *Interfax*, March 22 2006, FBIS.

⁸² Interviews with scholars in Shanghai and Beijing, June-July 2006.

⁸³ “Russia Not To Take Voluntaristic Approaches In Gas Pricing,” *Itar-Tass*, March 22 2006, FBIS.

products, down from 28.8 percent in 2001,⁸⁴ and Russian-made machinery and electronic products made up only a fraction of China's US\$350 billion in annual imports of mechanical and electronic products.⁸⁵ In his March 2006 visit to Beijing, Putin urged the Chinese side to reverse the downward trend of Russia's machinery product exports to China (a "trade irrationality" in Putin's words).⁸⁶ President Hu, however, believed that Russian enterprises were "fully capable of achieving a bigger market share" in China "if they can bring their advantages into play and come up with competitive products and technology," that enterprises should be the "main force in the strengthening of international economic and technological cooperation," and that governments should play a supportive and facilitating role.⁸⁷

While the lack of competitiveness of Russian products in both the Chinese and international markets⁸⁸ cannot be redressed overnight, the Russians did have an achievable goal in its China economic policy. That is, until Russia obtains the contract on constructing more nuclear power plants in China, a Russian oil pipeline would continue to remain on paper. In his first day visit to Beijing in March 2006, Putin made it clear that "cooperation between Russia and China in the energy sector *includes continuation of our involvement in the construction of new nuclear facilities in China* [emphasis added]."⁸⁹ Yet until at least the two Russia-built reactors in Tianwan of east China become fully operational in 2007, China might not contract additional Russian reactors.⁹⁰ "Should the first two reactors be successfully commissioned, Russia has the *rights* [emphasis added] to obtain a contract on constructing a third, fourth and maybe other reactors," claimed Russian Federal Atomic Energy Agency Sergei

⁸⁴ "Exploiting new fields for China-Russian trade" *RMRB Online*, March 28 2006, FBIS.

⁸⁵ "Chinese, Russian Vice PMs Vow To Enhance Economic Ties," *Xinhua*, March 22 2006, FBIS.

⁸⁶ "Putin Lauds Rapid Growth of Russia-China Trade, Urges Structural Reform," *Xinhua* March 19 2006, FBIS.

⁸⁷ Full Text of President Hu Jintao's Speech at the Opening Ceremony of the Sino-Russian Summit Forum of Economic and Business Circles, Beijing, March 22 2006, FBIS.

⁸⁸ According to First Deputy Prime Minister Sergei Ivanov, the decline of Russia's manufacture sector was unprecedented since the Soviet collapse. In 2006, Russia ranks 22nd in the world in the output of machine tools and 19th in acquisition. In contrast, Russia ranked in 1990 second and third in the world, respectively. In 2006 Japan produced 82 times more equipment than Russia, Germany 50 times more and China 31 times more. "Ivanov: Russia's Machine Tool Industry Lags Globally, Threatens Nation's Security," *Interfax*, July 20 2007, FBIS.

⁸⁹ "First Unit Of Russian-built Plant To Be Plugged Into China's Grid in April," *Itar-Tass*, March 21 2006, FBIS.

⁹⁰ "Accord On New Tianwan Power Units May Be Shortly Signed," *Itar-Tass*, March 21 2006, FBIS. The two sides finally signed an agreement for the second phase of the Tianwan nuclear power plant in early November 2007 when Chinese Premier Wen Jiabao visited Russia. See "China Sign Basic Agreement To Build 2nd Phase Of Tianwan NPP," *Interfax*, November 6 2007, FBIS.

Kiriyenko in Beijing.⁹¹ In the nuclear area, which means billions of dollars and years of employment for hundreds of enterprises, Russian needs, interests, and anticipation are at least as strong and passionate as those of the Chinese for oil and gas.

It is between these diverging as well as overlapping goals of economic calculus and geopolitical concerns that two strategic partners trade off their respective national interests. Such a normal economic relationship—with both cooperative and competitive elements—may well continue indefinitely, while leaving past “glories” and “glooms” in the dustbin of history.

Mil-mil Relations

Sino-Russian mil-mil relations have been thoroughly combed.⁹² Almost all analysts, regardless of their political and normative views, agree that Russia’s arms sales and technology transfers to China since the late 1980s are substantive (see Table 2, Major Russian Arms Transfers to China, 1990-2007), if not unprecedented. With a cumulative amount in delivery of billions of dollars worth of Russian arms to China, this is at least as impressive as the record in the Sino-Soviet “honeymoon” period.

At least four major differences, however, separate the current Sino-Russian military-technical cooperation (a Russian phrase for arms sales and military-related technology transfers) between Moscow and Beijing from any previous cases. The first is the largely commercial-oriented aspect of Russian weapons transfers to China which have often been the result of hard negotiations. In contrast, the massive transfer of military hardware and technology to China during much of the 1950s, which also involved large technology transfers,⁹³ was largely due to political, ideological, and strategic considerations. The second feature is the sustainability of the current arms transactions, which are now in their second decade, while the previous “best” record was a mere ten years in the 1950s. The third difference is that the current state of military-technical cooperation is one of several related areas of cooperation such as developing confidence building measures (CBMs) in border areas, border demarcation (together with foreign services), regular strategic dialogue at

⁹¹ “Russia Hopes For Further Involvement In Tianwan NPP Construction,” *Interfax*, March 22 2006, FBIS.

⁹² Tsai, *From Adversaries to Partners?*; Wilson, *Strategic Partners*, chapters 5 and 6.

⁹³ Shortly after Stalin’s death in 1953, Khrushchev became more willing to transfer military technology to China. In November 1954, China obtained the complete set of blueprint for the Mig-17, whose Chinese version of J-5 made its debut in 1956. This was followed by Soviet transfers of complete data to China for the production of the T-54 tanks, 85 mm cannons, and AK-47 assault rifles. See, “Zhonguo yinjin sulian wuqi shimo: heluxiaofu yuanhua wuqi zuihao [The story of China’s weapons imports from Soviet Union: Khrushchev’s weapons were the best],” *Guoji Zaixian* [International online], October 19 2006, cited by <<http://www1.6park.com/news/messages/41202.html>> (October 20 2007).

the defense ministerial and general staff levels, cooperation and joint ventures in other related areas such as the nuclear, space, and other high-tech sectors, and more recently, military exercises of various levels, formats, and scales.

Table 2. Major Russian Arms Transfers to China (1992-2007)

Contract	Items	Delivered	US\$ Amount
1990	- 3 IL-76MD military transport aircraft	1991	n.a
	- 24 Mi-17 helicopters	1991	n.a
1991	- 2 battalions of S-300PMU SA-10 air defense systems with 8 batteries of 32 truck launchers and 256-382 5V55U missiles	1993	\$220 m
1992	-26 Su-27 delivered (20 Su-27SKs & 6 Su-27UBK trainers)	1992	\$1.2 bn
	- 7 IL-76MD military transport aircraft		\$140 m
1994	- 2 Kilo-class submarines (type 877E)	1995	\$180 m
	- 120 missiles for S-300PMU SA-10 air defense systems	n.a	n.a
	- 8 batteries of improved S-300PMU ₁ (SA-10A Grumble) systems with 32 truck launchers and 196 improved 48N6E missiles	Late 1990s n.a	\$400 m
1995	- Additional 22 Su-27s as part of the licensing package to produce 200 Su-27SK planes in China	First two test flights in 1998	\$2.5 bn
	- 4 IL-76MD military transport aircraft	1996	n.a
	- 60 Mi-171 helicopters	1997	n.a
	- 13-15 Tor-M ₁ (SA-15 Gauntlet) SAM systems	1997	
1996	- 2 Sovremenny-class Project 956RM destroyers	1999&2000	\$1 bn
	- 2 Kilo-class submarines (type 636)	1997/98	n.a
1999	- 40 Su-30MKK;	2001	\$2 bn
	- 28 Su-27UBK two-seat trainers		n.a
	-20Tor-M ₁ (SA-15 Gauntlet) SAM systems	2000	n.a
2001	- 38 Su-30 MKC	2003	\$2 bn
	- 8 batteries of S-300PMU ₁ (SA-10A Grumble) systems (32 truck launchers and 196 48N6E missiles)	n.a	\$400 m
2002	- 8 Kilo-class submarines (Project 636);	2004-07	\$2 bn
	- 2 Sovremenny-class destroyers (project 956EM)	12/05;9/06	\$1.4 bn
	- 25 Tor-M ₁ (SA-15 Gauntlet) SAM systems?	delivered	n.a
2003	- 28 Su-30MKK	2004	\$1 bn
	- 8 batteries of S-300PMU ₂ (SA-10B Favorit) systems with 32 truck launchers for 256 48N6E ₂ missiles	n.a	\$980 m
	- 107 Mi-171/Mi-17V ₅ helicopters delivered from 1996.		n.a
2004	- 24 Mi-171 helicopters	n.a	n.a

2005	- 150 AL-31F (for Su-27s and Su-30s); 100 AL-31FN (for Chinese J-10) aircraft engines; spare parts.	2006-?	\$1 bn
	- 100 RD-93 engines for FC-1 Super 7 fighter planes	2006-07	\$1.5 bn
2006	- 34 Il-76 military transport planes; 4 Il-78 in-flight refueling tankers; 88 additional D-30KP-2 engines.	2006-11	\$200 m
	- 24 Mi-171 helicopters (22 cargo and two passenger)	7/2006-07	n.a
	- 8 batteries of S-300PMU2 (SA-10B Favorit) systems	2009	\$1 bn

Sources: Moscow Defense Brief, <<http://mdb.cast.ru>> (October 20, 2007); <<http://www.sinodefence.com>> (October 20, 2007); Tsai, *From Adversaries to Partners?*, p. 127; Shambaugh, "China's Military Views the World," p. 72.

In short, current Sino-Russian mil-mil relations are far more complex, multidimensional, and institutionalized than any previous phases. Fourth, many of these mil-mil interactions are conducted on the basis of equality rather than hierarchy, which was the case in the 1950s when Beijing was clearly the junior partner in its alliance relationship with Moscow.

Not everything is free from problems, given the sensitive nature of the mil-mil interactions. Even under the best circumstances, Russian elite remain suspicious of China,⁹⁴ let alone during a time when China is rising to be more powerful for the first time in their 400-year history of interactions. The fact that problems are discussed, resolved, contained, and/or deflected from turning into bigger issues or affecting other aspects of the bilateral relations is in itself a marked contrast to the boiling-to-freezing experience of the 1950s.

The Future: Between the "Best" and "Worst"

Given these features in Sino-Russian relations in the post-Soviet period—an equilibrium in their balance of power, the absence of the once ubiquitous ideology factor, interests-driven economic and mil-mil relations, pragmatism in managing the SCO, plus a loose but pragmatic "friendship treaty"—Russian and Chinese elites have finally moved away from the love-or-hate oscillation and toward more pragmatic mutual expectations and complex reciprocity. Short of major disruptions

⁹⁴ Russia's weapon export to China and cooperation in military technology has always been technologically below the level it offers to India. Since 2006, there have been no major contracts from China for Russian arms because of at least three factors: Russia's postponement of its deliver the contracted 40 Ilyushin cargo planes including 10 oil tankers to China (US\$1.5 billion); the near saturation of China's market by large quantity of airplanes and naval vessels; and the lack of breakthrough in military technology cooperation and technology transfers.

in their domestic climate and major wars in the world, Moscow and Beijing are set to co-exist with one other for the long-haul.

Perhaps the most important “safety valve” in their current “normal” bilateral relations is a tacit consensus in the political psychology among many Russian and Chinese political elites. That is, the current state of normalcy is to be carefully handled with any means, not necessarily just for some pressing geopolitical reasons, and/or some nominal gains in their numerous and still growing transactions, be they weapon systems or energy items. The protracted period of the Sino-Soviet confrontation from the 1960s to the late 1980s—ideological polemic, border conflict, militarization of border regions, and world-wide contention for ideological and strategic interests—was ironically preceded by the Soviet-Chinese “honeymoon.” The rapid deterioration of bilateral relations from the “best” to the “worst” cost both sides enormously. Economically, both countries devoted huge amounts of capital and manpower to defense, at the expense of the living standards of their peoples. Strategically, Moscow and Beijing had to prepare for a possible two-front war for many years. China’s effort to search for an alternative approach from the Soviet centralized planned economy—though it eventually led to successful reforms—was paralleled with unprecedented domestic policy failures such as the Great Leap Forward (1958-61) and the Cultural Revolution (1966-76). For Russia, confrontation with China was perhaps the most important indirect and long-term cause of the final downfall of the Soviet empire.⁹⁵ Despite all these mutually antagonistic efforts—in which precious resources were diverted, drained, and wasted by both sides—Beijing and Moscow only found themselves in a brave new but unfriendly world of unipolarity.

The current normal relationship between the two largest Eurasian continental powers is definitely more complex, routine, if not boring, than the “best” and certainly more idealistic period of the 1950s. But it is also far less costly than the “worst” period of confrontation (1960s-early 1980s). The alternatives, be they “honeymoon” or “divorce,” are either undesirable for mature and pragmatic elites or unthinkable in the era of

⁹⁵ Both Soviet official data and the CIA estimates indicate a steady decline of the Soviet economy from the mid-1960s and a worsening trend in the 1970s. This trajectory of the Soviet economic decline happened to parallel the deterioration of Sino-Soviet relations. In 1960, the Soviets unilaterally withdrew all technical personnel from China. In 1969, the process of militarization of their ideological conflict began when the two militaries clashed several times along their borderlines. Eventually, the Red Army had to substantially increase its military deployment in Asia, leading to a de facto two-front strategy. The Soviet defense expenditures as percentage of Soviet GNP registered a steady increase throughout this period and started to decline only in the late 1980s when Gorbachev took major steps to normalize relations with China. For a recent study of Soviet economic decline and military spending, see Brooks and Wohlforth, “American Primacy in Perspective.”

weapons of mass destruction. Living with one another without sentimentalities, but with sensitivities to the lessons of history, is perhaps more challenging and imperative for Beijing and Moscow in the years ahead. Beyond that, the two sides are also keenly aware of the lopsided nature of their “strategic partnership relationship” in that the strategic trust among their political elite is yet to be matched by a corresponding chemistry between the two peoples. The hundreds of cultural, business, educational, and sports activities in the Year of Russian (2006) and Year of China (2007)—the first-ever in Sino-Russian bilateral history—were actually realistic and badly needed for ordinary Russians and Chinese whose hearts and minds seem more open to the West than to each other.

In the long term, the Sino-Russian strategic partnership relations may or may not be a reliable barometer for the future because it was a time when Russia was weak and disoriented after the disintegration of the Soviet empire. Now Russia is on its way back, not necessarily to the Soviet legacies, but to its traditional status as a major power on the Eurasian continent. China, too, will, and perhaps more than any other country, have to deal with such a Russia either led by “Putin the Great” (staying in office beyond 2008) or shadowed by “Putin the ghost” (working behind the scenes).

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Political Development and Organized Crime: The Yin and Yang of Greater Central Asia?

Niklas Swanström*

ABSTRACT

Central Asia faces a great challenge in terms of political reforms and organized crime. In essence, organized crime has strengthened its position in the region steadily after independence, to the detriment of state stability and a free and independent economy as well as development in the political sphere. It has become apparent that organized crime inhibits political development, but also that weak states reinforce organized crime. Without doubt organized crime has increasingly strengthened its position in many states around the world, but the states of Central Asia are more affected than most other states. This article explores how the two phenomena of political reforms and organized crime interrelate in the Central Asian context.

Keywords • Organized Crime • Greater Central Asia • Afghanistan • Corruption • Political Development • Democratization

Introduction

Greater Central Asia¹ is today struggling with two major phenomena: one is the lack of political development and the second is the growth of organized crime, in particular the narcotics industry. As organized crime has grown, political development has been thwarted or even reversed. While it would seem evident, almost tautological, to claim that the impact of organized crime on the state and on economic and legal development has been negative,² the question remains *how* this has impacted the political development of Greater Central Asia and, if there is an impact, how such an impact can be reversed. While some argue that increased political reforms can reduce the impact of organized crime,

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¹ Defined as Central Asia plus Afghanistan

² Niklas Swanström, "The Narcotics Trade: A Threat to Security? National and Transnational Implications," *Global Crime* 8, 1 (2007); Niklas Swanström and Svante Cornell, "The Eurasian Drug Trade: A Challenge to Regional Security", *Problems of Post-Communism* 53, 4 (July-August 2006), p. 10-28.

others assert, on the other hand, that political reform can do little in countering organized crime.

It would seem clear that organized crime has a negative impact on political development; it can also be the case that the lack of strong and free political institutions has created an environment conducive for organized crime. Strong state institutions tend to prevent extreme situations whereby organized crime co-opts political and economic functions. Even if political development has proven unable to fully prevent organized crime in states such as the U.S., Sweden, or Spain, the impact on these states is on a much lesser scale compared to the problem in Greater Central Asia; that is not to say that it is not also dangerous for those states and their citizens. Alternatively, it should not be dismissed that organized crime does, in some cases, have a positive impact on the local environment where states are so weak that they are unable to provide security and essential services for their citizens. Indeed, organized crime has been known to have improved security, established schools, and upheld basic medical structures. Notwithstanding this, the negative consequences in terms of human security, economic development, and so on, far outweigh any positive effects.

The trend in Central Asia is that the lack of one (political reforms) and the prevalence of the other (organized crime) are accentuated and that this trend is accelerating.³ Therefore, it is of interest to understand the relationship and interaction between the two in both directions and, in better comprehending such, to make greater efforts to strengthen political development and decrease the impact of organized crime. The lack of strong state functions serves to strengthen organized crime while the existence of strong criminal groups seems to weaken even seemingly strong political structures.⁴ The assumption in this article is that the criminalization of state apparatuses implies a symbiotic relationship between weak state institutions and organized crime which nurture on each other. This mutually reinforcing process cannot be broken unless state institutions are strengthened to the extent that they can survive on their own. Once this is accomplished, economic development, and later political and possibly, in the long run, democratic development, can take place. Should this fail to occur, the symbiosis of a weak state and organized crime poses a worrisome scenario: the eventual criminal co-optation of the state; the path to which forms a negative spiral, in that the further down one goes, the more difficult it is to reverse the trend.

³ Needless to say organized crime has a tremendous negative impact on human security as increased narcotics abuse normally accompanies the trade, as does increased levels of HIV/AIDS, Hepatitis C etc.

⁴ Swanström, "The Narcotics Trade: A Threat to Security? National and Transnational Implications."

New Forms of Organized Crime

Organized crime is not a new phenomenon. It has existed across the world for a very long time, albeit manifesting itself in very different forms. It has in effect been an integrated part of different societies over time, but without being an existential threat to the security of the state or society. The problem has, moreover, been localized to certain states, regions, or cities, such as Sicily, Chicago, and Kobe. This has changed significantly, however, and the major changes in the structure and shape of organized crime are such today that it is no longer purely national but transnational—it penetrates and uses national borders to a degree previously unseen.⁵ It can even be argued that organized crime is strengthened by national borders: while criminal organizations seemingly have few problems cooperating over national borders, national governments have serious problems coordinating their efforts over the same borders.⁶

The intensity of organized crime is severe, and the corruption and co-optation of the state has become increasingly common. Moreover, the problem is that it is no longer a question of the relatively innocent form of corruption. As Thachuk notes:

“Corruption is no longer simply greasing the wheels of commerce, the paying off of government officials to expedite matters quickly. Rather, criminal organizations and terrorists use corruption to breach the sovereignty of many states and then continue to employ it to distort domestic and international affairs.”⁷

It has been noted that organized crime possesses a large corrupting power and influence over the political spectrum, with substantial implications for the functioning and legitimacy of the state. It is also noteworthy that organized crime is attracted to conflict areas due to the relative weakness of the state in its ability to uphold law and order there. What is more, conflict with the state apparatus has in fact proven to be unnecessary if criminal networks can preclude government intervention through the subversion or infiltration of the state by means of corruption, co-optation, and violence. This has had the result that organized crime inherently seeks to corrupt state authorities, since this facilitates

⁵ Phil Williams, “Transnational Criminal Organizations and International Security”, *Survival* 36, 1 (1994).

⁶ Swanström, “The Narcotics Trade: A Threat to Security? National and Transnational Implications.”

⁷ Kimberley Thachuk, “Transnational Threats: Falling Through the Cracks?” *Low Intensity Conflict & Law Enforcement* 10, 1 (2001), p. 56.

business, decreases risks, and thereby also decreases costs and increases profit.⁸

The extent of the corruption and co-optation of states worldwide is very difficult to estimate, but it seems reasonably safe to come to the conclusion that it is significant in most states, and is dominating in a few cases. The global estimate of the total value of the trade is between US\$500 and US\$1500 billion per year, but these figures are notoriously unreliable.⁹ According to the IMF, approximately US\$500 to US\$1000 billion each year is *laundered* in international financial institutions.¹⁰ Such an estimate would indicate that between 1.5 percent and 4.5 percent of the world's combined gross domestic product (GDP) is laundered each year. Regardless of the estimates, it is quite certain that there is a significant illegal economy that easily influences weaker economies and may severely hamper political development. Between 1990-1993 it was estimated that 25-30 percent of the money gained from criminal activity in Russia was used for the purpose of corrupting state officials.¹¹ Though the figure has not decreased, it has at least remained stable since then.

The structure of organized crime has developed from the more traditional hierarchical structure of the Mafia in Sicily and the Triads in China to more network-based type of organizations characteristic of private business and terrorist organizations.¹² Decentralization and increasingly independent units separate from the original "mother" organization are emerging. This very flexible organization is followed by a much more diversified portfolio among the criminal networks that often has narcotics as its primary merchandise, but has included trafficking in women and children, weapons, oil, gas etc. This makes the organizations very difficult to handle as their trade is much more diversified and decisions and control are placed at the level of local leaders who often do not know who their immediate superior is, much less the kingpin at the top. As noted by Europol:

"The traditional perception of hierarchically structured organized crime groups is being challenged. There is now a development

⁸ David C. Jordan, *Drug Politics: Dirty Politics and Democracies* (Norman: University of Oklahoma Press, 1999); Louise Shelley, "The New Authoritarianism", in H. Richard Friedman and Peter Andreas (eds.), *The Illicit Global Economy and State Power* (Lanham: Rowman and Littlefield, 1999).

⁹ Rachel Ehrenfeld, *Funding Evil: How Terrorism is Financed and How to Stop it* (New York, Bonus Books, 2003).

¹⁰ UNODC, Global Program Against Money Laundering, <http://www.unodc.org/unodc/en/money_laundering.html> (October 1, 2005)

¹¹ Louise Shelley, "Crime as the Defining Problem: Voices of Another Criminology", *International Annals of Criminology* 30, 1-2 (2002), p. 79.

¹² Svante Cornell and Niklas Swanström, *Transnationell Brottslighet--Ett Säkerhetshot?* (Transnational criminality - a security threat?) (Krisberedskapsmyndigheten, 2006).

suggesting that a greater percentage of powerful OC (Organized Crime) groups are far more cellular in structure, with loose affiliations made and broken on a regular basis and less obvious chains of command...This type of OC groups structure holds intricate theoretical, legal and practical difficulties for law enforcement, since it is more difficult to determine the actual OC Group to which a cell belongs. It also limits the effectiveness of law enforcement efforts to target particular cells, as these seem to be replaced fairly easy”¹³

These “improvements” in the structure and economic strength of criminal organizations not only make their activities more lucrative but also make them increasingly difficult to penetrate and combat. While it has been known that corrupting judges and border personnel is commonplace and increases the security of criminal operations, the problem has become progressively more serious with the emphasis of strong and decentralized criminal organizations now being placed on corrupting state apparatuses and co-opting governance structures.

Co-optation of the State

Criminal organizations have long realized that political instability decreases the possibility of effective countermeasures from states and legal institutions. Therefore, the fomenting of political instability by supporting insurgencies and separatists, if not working directly with or being one of them, has been a particular objective of organized crime so as to undermine the state.¹⁴ Recently the strategy has changed, however, and especially weak states, politically or economically, or preferably both, have been targeted by organized crime in an attempt to co-opt crucial state structures, institutions, and of course key individuals. There is no need to control all state functions but rather the focus has been on the legal, military, and policiary functions of states and also political elites. In fact the corrupting of high level officials and key individuals has always been a priority, but recently this has been on a larger scale and more coordinated.

In Central Asia it has been common knowledge for a long time that criminal organizations have sought to exert influence bordering on control over crucial government institutions in all states, but especially in Afghanistan, Tajikistan, and Kyrgyzstan. Uzbekistan and Kazakhstan are also targeted but due to stronger economies, and to a certain extent being stronger states, organized crime has not been able to co-opt these

¹³ Europol, *European Union Organized Crime Report* (2003), p. 3.

¹⁴ For more on the linkage between organized crime and militant organizations see: Svante E. Cornell, "Narcotics and Armed Conflict: Interaction and Implications", *Studies in Conflict and Terrorism* 30, 3 (2007).

states to the same degree. The level of impact on Turkmenistan is relatively unknown, even if it is an open secret that the heroin industry in particular continues to maintain a strong grip over the economy. In all these states, organized crime has especially targeted the judicial system, the security, police, and border forces, and the financial sector. As their efforts have largely been successful, this amounts to the de facto criminalization of the state, in other words pushing corruption from the passive accepting of bribes to direct state involvement in organized crime. The worst-case scenario is what David Jordan terms “narcostatization”—where organized crime is perpetrated by the state, as in North Korea.¹⁵ In Greater Central Asia, Tajikistan, Afghanistan, and increasingly Kyrgyzstan seem to be headed in this direction due to the strength that organized crime exerts over the economy and the political process.

Wholesale state capture is rare, but more common is the penetration of law enforcement and particularly counter-narcotics units, which pose the most direct threat to criminal networks. Mexico in the 1990s had to dismantle its entire counter-narcotics unit three times, after it had been co-opted by drug cartels.¹⁶ The implication of high-level individual government officials in organized crime is also common. In Burma, Colombia, and Turkey, governments facing insurgent challenges have resorted to the creation of pro-governmental militias, which have all become implicated in the narcotics trade, to the extent of becoming uncontrollable.¹⁷ The financial strength of organized crime is immense and criminal organizations have shown an interest in investing this in long-term security by co-opting states and officials.

In Colombia, Burma, and other producing states, militant organizations have been directly involved in organized crime. In Central Asia this has been the same case but possibly not to the same extent, even if it is apparent that many military structures are directly involved in the narcotics trade. This is particularly true in the case of Afghanistan where the Northern Alliance is directly involved in the trade and has financed much of its operations with narcotics money, much as other militants in Afghanistan are similarly dependent on narcotics to finance their military operations. In Central Asia the Islamic Movement of Uzbekistan (IMU) has played a pivotal role in heroin trafficking from Afghanistan as it has been involved in organizing some of the transit

¹⁵ Jordan, *Drug Politics*; Raphael F. Perl, “State Crime: The North Korean Drug Trade”, *Global Crime* 6, 1 (2004), p. 117-128; Balbina Y. Hwang, “Curtailing North Korea’s Illicit Activities”, *Heritage Foundation Backgrounders*, no. 1679, (August 2003).

¹⁶ Jordan, *Drug Politics*, p. 142-157.

¹⁷ The Paramilitary AUC in Colombia; the KKY in Burma; and the Kurdish village guards under Sedat Buçak in Turkey.

trade.¹⁸ Complicity in the drug trade is not only limited to Central Asian and Afghan military forces; the Russian military forces in the region are directly involved in the trade and command much of the transport to Russia. Controlling the transit trade is increasingly profitable for all actors involved.

In all drug-producing countries, there is a comprehensive body of evidence implicating the highest levels of the state, occasionally including heads of state, in corruption by or collusion with the narcotics industry. Credible allegations include the Burmese ruling junta¹⁹ and thirty-five percent of Colombia's Congress including former President Ernesto Samper.²⁰ The fact that transit states are increasingly included in this was shown by the impeachment of the President of Lithuania in late 2003 for his close contacts with Russian organized crime.²¹ Afghanistan, as the only producing state in the region, is very much in line with the trend of co-opting officials; it could even be argued that Afghanistan is a narco-state or at least a narco economy. Despite the fact that only Afghanistan is a producing state on any significant scale, all states in the region, including their political elites (which will be seen in a later section), are heavily involved in drug trafficking. Such high-level complicity constitutes a clear-cut threat to the security of these relatively weak states.²² Growing criminal influence over state institutions changes the impetus for decision-making and the implementation of laws. Institutions gradually cease to perform the functions for which they were instituted, and are instead 'privatized,' serving the purposes of the criminal enterprise into which they are co-opted. Although these concrete effects of organized crime on political security are significant enough, it's most debilitating and indeed existential effect may be to undermine the legitimacy of ruling elites.

Domestically, the criminalization of ruling elites poses a danger to their survival or grip on power in the face of public protests. Internationally, it may cause economic sanctions and other forms of

¹⁸ Tamara Makarenko, "The Changing Dynamics of Central Asian Terrorism," available at <http://cornellcaspien.com/briefs/020201_CA_Terrorism.html> (January 1 2005).

¹⁹ Dupont, "Transnational Crime, Drugs and Security in East Asia" *Asian Survey*, 39, 3 (1999); Richard M. Gibson and John B. Haseman, "Prospects for Controlling Narcotics Production and Trafficking in Myanmar", *Contemporary Southeast Asia* 25, 1 (April, 2003), pp. 1-19.

²⁰ Patrick L. Clawson and Rensselaer W. Lee III, *The Andean Cocaine Industry* (New York: St. Martin's Press, 1998) pp. 171-4; Jordan, *Drug Politics*, p. 158-170.

²¹ Arunas Juska and Peter Johnston, "The Symbiosis of Politics and Crime in Lithuania", *Journal of Baltic Studies* 34, 4 (2004), pp. 346-359.

²² Kazakhstan is by far the strongest state in the region, albeit seen from an international perspective still weak. Tajikistan and Afghanistan are two very weak states both in a regional as well as an international perspective.

threats, including military action by states threatened by the resulting unrest. One of the most obvious effects of organized crime is the lack of a legal economy, which tends to collapse in states that exhibit a weak legal economy and are under the strong influence of transit trade organized by criminal organizations. The illegal economy becomes far superior to, and lucrative than, the legal economies and so invites all sectors of society to partake in illegal trade. In fact many come to depend on illicit activity that also creates a form of economic security where the state has failed them. The collapse of legal economies in conflict-torn and transition countries has created a severe corruption problem across the region at all levels. Low-paid government officials in law enforcement are routinely bribed to look the other way as smugglers take a shipment through, and are otherwise involved in protecting the local transport and distribution of drugs. A leading Central Asian specialist estimated the proportion of corrupt officials in the law enforcement agencies of the region to be as high as 70 percent.²³ The Interior Ministries across the post-Soviet space remain the most unreformed sectors of the state, and have attracted little foreign interest with the exception of some activity on the part of the OSCE. This has facilitated and sustained high levels of corruption among these entities.

In Central Asia, as in other post-Soviet states, however, the problem is larger than that of just corruption. The systematic involvement of high-level government officials in organized crime in general and the drug trade specifically is borne out by a substantial amount of direct as well as circumstantial evidence. As will be seen below, this implies that the problem has passed the stage of passive corruption and bribe-taking and moved into complicity—the direct involvement of state officials in the drug trade. This process has apparently affected all regional countries to significant extents, especially at local and regional levels of governments but extending into the central government hierarchies. Available information depends largely on the openness of the countries; consequently, most of the information available concerns Afghanistan, Kyrgyzstan, and Tajikistan, whereas information on Turkmenistan and Uzbekistan in particular is scarcer.

Effects in Central Asia

Afghanistan itself is the country probably worst affected by criminal infiltration, which is unsurprising given that the opiate industry is by far the largest source of wealth in the country, with a value equivalent to over 50 percent of the country's GDP and 92 percent of the world's

²³ Personal communication, former official, Kyrgyzstan Drug Control Agency, June 2004.

production of opium.²⁴ The power of regional potentates is strongly linked to their involvement in the drug economy, and the national government is not exempt. Most blatantly, significant evidence links the dominant faction in the 2001-2004 interim administration, the so-called Northern Alliance, to the opium economy. The Northern Alliance power base is in the Badakhshan province north of Kabul, which it has continuously and firmly controlled over the past five years. Opium production in Badakhshan skyrocketed by 385 percent from 2000 to 2004, beginning with a 162 percent yearly increase in 2001, the year the Taliban implemented a ban on opium cultivation in the areas under their control. Of the 20,000 ha of opium fields eradicated in Afghanistan in 2003, almost nothing was eliminated in Badakhshan.²⁵ All this would point to the systematic involvement of Northern Alliance personnel in the opiate industry. Clearly, no evidence of involvement has been advanced against the leadership of the Northern Alliance, although the hierarchic nature of the organization implies at least a tolerance at the highest levels for the continued presence of the opiate industry. The Northern Alliance is not the only political force in Afghanistan affected by the drug trade. On the contrary all regions and political actors in Afghanistan seem to produce opium, but the Alliance's significant influence on the government (holding a pivotal control of the ministries of defense, interior, and foreign affairs of the administration) makes the issue of criminal infiltration all the more worrisome.

In post-Soviet Central Asia, the most directly affected country appears to be Tajikistan, which is also the country in the region with the most significant international drug control presence. Tajikistan gained funding (mainly from the U.S. through UNODC) to create a Drug Control Agency (DCA) in 1999. This effort was largely inefficient and drug trafficking has increased every year since, both statistically as well as in real numbers. This indicates a strong complicity by the state and avoidance of international efforts in combating narcotics trafficking. The Russian 201st motorized rifle division, on the other hand, tasked to guard large sections of the Afghan-Tajik border, plays a major role in countering the drug trade in the region. Although, however, both institutions (DCA and 201st) have sought to stem the narcotics trade (at least to manage their competing interests), both are also riddled with problems and directly complicit in the narcotics trade. The DCA was widely lauded as a corruption-free institution until the appointment of General Ghafor Mirzoyev as its head in January 2004. A warlord during the civil war, Mirzoyev's great personal wealth is strongly believed to have been accumulated from involvement in the drug trade in the mid-

²⁴ UNODC, *2007 World Drug Report* (New York: United Nations, 2007), p. 37.

²⁵ UNODC, *Afghanistan Opium Survey 2003* (Vienna: United Nations, October 2003).

1990s. The appointment led to a collapse of morale in the organization and dwindling seizures. His dismissal and arrest in August 2004 on unrelated charges may have alleviated the problem, but the episode stands as a dangerous precedent that questions the Tajik leadership's commitment to drug control. Likewise, the Russian military may be instrumental in intercepting large quantities of heroin, but its involvement in the drug trade is widely recognized and has of late been publicly acknowledged.²⁶ Though Tajikistan is desperately poor, great wealth is flagrantly displayed in the mansions of government ministers and other members of the ruling elite, both in the capital and in the provinces. The involvement of officials at the highest levels of the state has been repeatedly, and credibly, alleged. The most publicized example occurred in May 2000, when Tajikistan's ambassador to Kazakhstan was seized with 63 kg of heroin in his car.²⁷ In 2001, the Secretary of Tajikistan's Security Council acknowledged that numerous drug traffickers and couriers are representatives of government agencies, especially law enforcement and security services.²⁸ These instances are compounded by a wealth of allegations implicating leading figures in the heroin industry, and are frequently alluded to by neighboring governments, especially by Uzbekistan.²⁹

Turkmenistan in the late 1990s seized substantial quantities of illicit drugs and precursors, with heroin seizures peaking at nearly 2 metric tons in 1997.³⁰ This suggests that smuggling networks were built up in the country and that a substantial quantity of Afghan heroin did transit Turkmenistan, even though little or no production took place in the vicinity of Turkmenistan's borders at the time. Since 2000, Turkmenistan has refused to provide data on drug seizures,³¹ but there is no evidence to show that the smuggling of drugs through the country has abated. Quite to the contrary, evidence from police cases of heroin smuggling in Western Europe as well as Iran has uncovered links with

²⁶ Asal Azamova, "The Military is in Control of Drug Trafficking in Tajikistan," *Moscow News*, May 30, 2001. This was the first acknowledgment by Russian officials of the long-suspected involvement of its troops in Tajikistan in the drug trade. See also "Civil Order Still a Distant Prospect in Tajikistan," *Jamestown Monitor* 7, 137 (July 18, 2001); Jean-Christophe Peuch, "Central Asia: Charges Link Russian Military to Drug Trade," *RFE/RL*, June 8 2001.

²⁷ "Heroin Found in Tajik Ambassador's Car in Kazakhstan," *Interfax Kazakhstan*, May 22 2000.

²⁸ "Drug Trade Engulfs Tajikistan, Spills into Russia," *Jamestown Monitor*, January 31 2001.

²⁹ "Tajik Leadership Implicated in Drug Smuggling," *RFE/RL Newslines*, May 20 1999.

³⁰ In 1996-1998, 77 percent of heroin seized in Central Asia was apprehended in Turkmenistan. UNODC, *Illicit Drugs Situation in the Region Neighboring Afghanistan and the Response of ODCCP* (New York: November, 2002).

³¹ UNODC, *2007 World Drug Report* (New York: United Nations, 2007).

Turkmenistan.³² Anecdotal evidence of grave heroin addiction problems in the country also indicates that smuggling continues to be a growing problem.³³ In December 2003, Chief Prosecutor Kurbanbibi Atajanova was arrested after 15 kg of heroin were seized from her husband in a border region. She was nevertheless present at a government meeting shortly afterwards, indicating that she was not released from her duties, let alone charged. While this indicates the presence of heroin in the country, it is also a rare example of direct information on government corruption being publicized by domestic agencies. Allegations by exiled former government officers pointing to high-level collusion with the drug trade abound, but the objectiveness of the sources is doubtful as they in their turn have similar allegations directed toward them.³⁴

While Kyrgyzstan does not border Afghanistan, it has become a major transit corridor for opiates from Tajikistan en route north and westward. The focal area is the southern Osh, Jalal-Abad, and Batken areas of the country. Osh is a crucial center for the illicit trafficking of narcotics due to its geographic location, close to the Uzbek border and at the head of the only road connecting the northern and southern parts of Kyrgyzstan. In the southern regions, the government's writ has gradually been withering away, and drug traffickers operate with increasing impunity.³⁵ Moreover, there are clear indications that drug trafficking groups in the south of the country have financed the political campaigns of individuals aspiring to political office.³⁶ International drug control officials confirm that several successful candidates in the 2000 parliamentary elections were elected in the southern parts of the country from the Batken district with the support of drug money.³⁷ The same process was repeated in the February 2005 parliamentary election. Moreover, Kyrgyzstan has gone through rapid changes as a result of the so-called "tulip revolution" in spring 2005. Though not widely reported, this "revolution" seems to have strengthened the position of organized

³² As communicated to the author by the Swedish police criminal intelligence division. Similarly interviews with staff from drug enforcement agencies in Iran have painted a bleak picture of Turkmenistan as a transit state.

³³ "Turkmen Addiction Rising", *IWPR Reporting Central Asia* 64 (August 10 2001). Also numerous personal communications from western researchers in non-political fields visiting Turkmenistan.

³⁴ Rustem Safronov, "Turkmenistan's Niyazov Implicated in Drug Smuggling", *Eurasianet*, March 29 2002; Alec Appelbaum, "Turkmen Dissident Accuses Niyazov of Crimes", *Eurasianet*, April 26 2002; "Russia Turns its Back on Turkmenbashi", *Gazeta.ru*, 27 May 2003.

³⁵ Osmonaliev, *Developing Counter-Narcotics Policy in Central Asia*, p. 22; Oibek Khamidov, "Drug Courier Taken Abroad", *Vecherny Bishkek*, May 19 2004.

³⁶ Niklas Swanström and Svante Cornell, "Kyrgyzstan's Revolution: Poppies or Tulips?", *Central Asia - Caucasus Analyst*, May 18 2005.

³⁷ Author interviews, Bishkek, July 2004.

crime in the country, indeed providing what could become a textbook case of how state weakness and drug trafficking produce the infiltration of state authority by organized crime, even in the absence of armed conflict.³⁸

Uzbekistan is militarily the strongest state in the region, and effectively guards its border with Afghanistan. It is nevertheless believed that substantial quantities of narcotics transit Uzbekistan, mainly from Tajikistan. As elsewhere in the region, corruption in the ranks of the Uzbek law enforcement structures is endemic. The Interior Ministry is also highly autonomous from the Presidential office, a fact that enables the infiltration of the law enforcement structures in spite of the general consensus that the central government is committed to the struggle against the drug trade. Uzbekistan is also the home of well-known suspected organized crime leaders that have significant political clout and semi-official status. The head of Uzbekistan's boxing federation, for example, was denied a visa to attend the 2000 Sydney Olympics by Australian authorities because of alleged links to organized crime. The allegation was vehemently denied by Uzbek officials, sparking a diplomatic incident between Uzbekistan and Australia. Kazakhstan is financially the strongest state and organized crime has relatively little control over the economy; while it is still higher than the international average, with political leaders and high officials undoubtedly involved directly in the drug trade, the level of infiltration and cooption is still much lower by regional standards at least.³⁹

In countries such as Tajikistan, and possibly Turkmenistan, the numerous accusations of high-level participation in the drug trade by high government officials raises the question whether these states are infiltrated by criminal interests to an extent that merits the use of the term "narco-state." In this context, the vague concept of corruption is unsatisfactory in understanding the processes occurring in Central Asia. The World Bank uses the term *State Capture* to describe attempts by organized forces, whether legal or illegal, to buy, control, or otherwise influence administrative decisions, legislative acts, court verdicts, or state policy in general. State capture involves transforming the institutions of the state to serve the interests of narrow interests rather than the population at large. This is conducted by businesses, regional interest groups and the like in many developing and post-communist states.

The World Bank definition does not differentiate between the types of interests that seek to influence state institutions. However, when organized crime infiltrates the state in order to influence or affect its decision-making mechanisms, the process is qualitatively different than

³⁸ *Ibid.*

³⁹ Author interviews, 2006-2007.

“ordinary” state capture, in fact amounting to a *criminalization* of the state. Organized crime has infiltrated state authorities in Central Eurasia with an increasing degree of success, in part because of its absolute and relative financial strength in the region, but also because organized criminal networks have a greater interest than most actors in capturing the state, since the state poses the main possible impediment to organized crime.⁴⁰ Consequently, pervasive state weakness in Central Eurasia has enabled the gradual criminalization of state authority in the region. At present, the question is whether drug trafficking in Central Asia is turning into a business conducted by states or individuals in official positions in states—and whether government complicity is in fact a main reason for the booming organized crime in the region. In this sense, there is substantial reason to argue that the crime-terror nexus in the region has been paralleled by a *crime-state nexus*.⁴¹

Vicious Circle

Central Asia is characterized by the weakness of the states in the region and their pervasive economic and social difficulties, which are intimately interrelated with organized crime. The primary weakness of the Central Asian states is grounded in the fact that, before 1991, no independent state, kingdom, or emirate had existed with the same name or similar borders as the five post-Soviet Central Asian states that suddenly gained independence. These territorial units were created by the Soviet central government in the 1920s, and the delineation was plagued by arbitrary decisions, much like colonial border delimitations in Africa and elsewhere, and with a direct interest in dividing the existing identities and creating new ones. The borders are an obstacle to transportation as well as legal and political and economic relations between and within countries; all this in an area that historically constituted a single economic space.⁴² Accordingly, the border delimitation created economically unviable states whose component parts are geographically isolated from one another. Numerous enclaves, small territorial units belonging to one state but encircled by another, exist, but, more crucially, topography forms a formidable impediment to the physical unity of states, especially in Kyrgyzstan and Tajikistan. Since independence, this has grown to be a significant impediment to trade and economic relations, especially with the securitization of borders following the

⁴⁰ Swanström, "The Narcotics Trade: A Threat to Security?"

⁴¹ Cornell, "Narcotics and Armed Conflict: Interaction and Implications".

⁴² For more information see: S. Frederick Starr, (Ed.) *The New Silk Roads: Transport and Trade in Greater Central Asia* (Washington DC: Central Asia-Caucasus Institute & Silk Road Studies Program, 2007).

Islamic insurgency of the late 1990s and efforts to combat organized crime.⁴³

The absence of historical statehood and the existence of practical boundary problems contribute to existential fears among Central Asian ruling elites, a problem that is reinforced by organized crime and the increasing weakness of the states. The weak legitimacy of states, both internally and externally, was exacerbated by the absence of vital state institutions at independence. This absence has been widely exploited by organized crime and, to a certain degree, they have filled the vacuum and become a more legitimate security provider. These factors contribute to making state-building and the consolidation of sovereignty a primary priority for ruling elites in all countries, a process that is now under pressure from decreased internal legitimacy and organized crime. In turn, ruling elites have eschewed deeper regional cooperation (for example in combating organized crime), understood to be a weakening of sovereignty.⁴⁴ Economic development and a possible economic bulwark against organized crime in the Central Asian states is mainly limited to raw material production, and especially cotton production and energy extraction, while traditional agriculture has been downgraded. Their industrial products are expensive, of low quality, and are not in demand internationally, while the cost-efficiency of their primary products is uncompetitive. Oil and gas have particular potential for Kazakhstan, Turkmenistan, and to certain degree Uzbekistan, even if this is today far from the lucrative business it can become in the future with proper infrastructure that is not directed to Russia solely. Central Asian integration into the world economy has been complicated by the states' landlocked geography, as Afghanistan's continued unrest has hitherto prevented the restoration of traditional trade routes to South Asia and so sustained economic dependence on Russia. All this makes the Central Asian states, most significantly Tajikistan and Kyrgyzstan, dependent on organized crime and more specifically the heroin trade.

Afghanistan has, in contrast to Central Asia, existed as a distinct entity for two centuries, but its slow process of state-building was completely undone by the Soviet invasion of 1979 and the ensuing civil war that lasted for a generation with various configurations of power.⁴⁵ The war led to the collapse of Afghanistan's infrastructure and economy

⁴³ Svante E. Cornell and Regine A. Spector "Central Asia: More than Islamic Extremists", *The Washington Quarterly* 25, 1 (Winter 2002); Swanström, "The Narcotics Trade: A Threat to Security?"

⁴⁴ S. Frederick Starr, "Central Asia in the Global Economy", Supplement to *Foreign Policy Magazine*, September 2004.

⁴⁵ Larry P. Goodson, *Afghanistan's Endless War* (Seattle: University of Washington Press, 2001); Ralph H. Magnus and Eden Naby, *Afghanistan: Mullah, Marx and Mujahid*, (Boulder, CO: Westview, 1998).

and to its international isolation, especially during the 1996-2001 Taliban government. The isolation and the centrality of Afghanistan made it quickly the main contender for controlling opium and heroin production. With few institutions that could counter organized crime and with low economic development, it became a pivotal actor in production and today controls more than 90 percent of the total international production of opium. In terms of organized crime and opium production in the historical heart of Central Asia, Afghanistan's centrality to the political and economic future of the entire Central Asian region became increasingly clear by the late 1990s. It is, at one and the same time, the main security threat to the Central Asian region through its exportation of opium and heroin, but also the hope for Central Asia's economic reintegration into the world economy, as transportation links through Afghanistan to Pakistan and onward were understood to be crucial to the region's future. This has strengthened the linkages between Central Asia and Afghanistan and also made it much more difficult to effectively combat organized crime.

Political Development versus Organized Crime

The relationship between organized crime and political stability and development seems to go in both directions. Weak states are easily penetrated by organized crime and co-opted to a high degree; while strong organized crime seems to weaken states and their operational ability to a very large extent. It seems obvious that organized crime in Central Asia affects state functions negatively and allows little or no independence, i.e. political development. It is even so problematic that the legitimacy of the state is directly affected and in some ways threatened by the influence of organized crime.⁴⁶ Political and legal corruption and cooption have become so commonplace in some states that it has been generally accepted by the people to a degree that was hitherto unheard of. There is really not much the national governments of these states can do to combat organized crime individually, as most states are too weak and too integrated in the business themselves.

When the legal and political structures have become so infested with corruption and illegal control, it is very difficult to reverse the development, as much of the economy and potential personal gains are directly connected to organized crime. The more illegal structures establish themselves, the more difficult, and eventually virtually impossible, it becomes to use political institutions to decrease the influence of illegal structures and improve political participation. It is difficult to see organized crime being interested in create political institutions independent of the criminal structures, especially as they

⁴⁶ Swanström, "The Narcotics Trade: A Threat to Security?"

would potentially be used to combat organized crime or at least improve the surveillance functions. Too many individuals and organizations simply have too large a stake in securing the current structures, and it has become extremely difficult to reverse this without extreme measures. This makes it impossible in reality to ensure stable political and economic development without a secure foundation to start with. There is a need to strengthen and create “islands” of resistance in the individual states and improve the institutions in Central Asia to more effectively combat the problem. Without doubt this requires strong international support and a long term engagement, an engagement that is not prevalent today.

The Long Road to Political Development

Before political, and also economic, development can take place, there is a need to secure a base of stability. When organized crime is in control, partly or fully, of state institutions, the state carries little or no legitimacy and both the economic and political spheres are corrupted. At this stage it is very difficult, if not impossible, to improve the economic and political structures as there would be strong incentives for organized crime to prevent interference. Political development would in essence be impossible without creating independent and less corrupt institutions. Similarly economic development would be impossible as organized crime controls every aspect of the economy either directly through extensive drug trafficking or indirectly through investments and money laundering. Major restructuring of the institutional base is required, which has been called Security Sector Reforms or Institution Building among many other terms. The fundamentals are that without an institutional base it is impossible to secure further development. Institutions need to be manned by uncorrupt officials with both a moral superiority and salaries that make them more difficult to corrupt. Building on human resources is crucial in this process and, in contrast to the building of institutions, the human factor takes both a longer time and resources from the state and the international community. There are a number of engaged people in the region, but they need to be given resources and installed in the right places by their own governments to combat organized crime and to strengthen the institutions in this effort.

The second level is to control the economic sector. Since organized crime tends to be so comprehensive in many of the Central Asian states, it would be difficult to forge any political development before the economic sector is reformed. This is because the political structure could still be influenced heavily by the very strong economic incentives that organized crime offers to political leaders and the population at large in economically weak states—but also in more affluent societies, too. The

economic incentives are simply too great to disregard, and this is especially the case in societies such as Afghanistan, Tajikistan, and Turkmenistan where the licit economy is very weak. Any attempt to create a political structure that would limit organized crime without reducing—eliminating is almost impossible—criminal influence over the economy would be redundant. International investments in Central Asia will be largely absent unless this can be handled, with the exception of the oil and gas industry which seems to prosper regardless of the current problems due to the high demand and importance of diversification. Strengthening the economic institutions would require tying them to the international norms of the World Bank and the WTO. Before this can be done there is a need to train economists and legal experts, and expose them to other systems. This can be done through exchange programs, but also through more direct training programs where the people are removed from their respective constituencies and then reinstated after finalized training. This would carry some legitimacy problems, but could be essential in the worst affected states. The same goes for the legal and policy institutions in the region. This is a simplified version of the process, whereas in reality all processes emerge simultaneously. However, it is crucial that institutional development is established in the respective area before economic development and political reforms are initiated, due to state complicity in organized crime in Central Asia.

It becomes important to create and strengthen new institutions that are able to counter organized crime, i.e. islands of stability. This is difficult to accomplish without strong external intervention and the complete restructuring of the institutions. As already mentioned, a telling lesson comes from Mexico where the drug enforcement agency had to be reorganized three times in the 1990s before it could effectively function—this even in a national setting where the criminal organizations did not have the same control over the economy as they have in Central Asia. A primary concern for the states in the region, but also the EU and the U.S., should be to strengthen existing programs that engage the positive elements within parliaments. For example, some cooperation has been established by the EU Parliamentary Cooperation Committee and its joint sessions with Kazakhstan, Kyrgyzstan, and Uzbekistan. But this cooperation needs to be expanded and more prioritized. Much could be learnt from already existing bilateral engagements, and it would be of benefit to follow the initiatives that have already been initiated such as the cooperation between the French Senate's administration and the Uzbek Oliy Majlis's (parliament's) Senate that could potentially strengthen political and legal institutions in Uzbekistan and elsewhere.⁴⁷

⁴⁷ Nicklas Norling, "The EU's Central Asia Strategy: The Adoption of a Strategy Paper 2007-2013" *Central Asia and Caucasus* 3, 45 (2007), p. 13.

It is crucial that economic structures in Central Asia adhere to international norms and values (i.e. IMF, WB and ADB) to improve the climate for licit economic development and international investments. International investments and international trade will not be accomplished without a reasonable, acceptable legal structure that is guided by predictability and recourse if disputes arise. Moreover, open and transparent economic institutions will first of all increase the costs for money laundering and illicit investments, increase the critique and surveillance of illicit activities, increase the transaction costs for criminal organizations, and, in the end, decrease profit. Only when this is accomplished will it be possible to establish political reforms and development.

Much of the problem is directly related to the tremendous economy behind organized crime, in particular the heroin trade. The trade is a source of huge economic value in a region where both criminal elements and terrorist/rebels would lack large funds without it. The engine behind this is the profit made and it is also there where the international community can act. Money laundering could be made much more difficult if there were more genuine interest, but the reality is that many states and organizations benefit greatly from this trade. However, “going for the money” is a recipe that more states need to take seriously if the trade and the impact on states will decrease. It is not a question of eliminating the trade as such, but rather to increase transaction costs and decrease profit for the criminal organizations. If there is less profit there would naturally be less political impact on the states affected by the trade.

Conclusion

Central Asia faces a great challenge in terms of political reforms and organized crime. In essence, organized crime has strengthened its position in the region steadily after independence, to the detriment of state stability and a free and independent economy as well as development in the political sphere. Needless to say political reforms have been largely absent. This has had a spiral effect, for in lieu of a stable political and economic situation in the region, government officials and militants have increasingly been relying on organized crime as a provider of resources and benefits. It has become apparent that organized crime inhibits political development, but also that weak states reinforce organized crime. Without doubt organized crime has increasingly strengthened its position in many states around the world, but the states of Central Asia are more affected than most other states.

Efforts to combat organized crime have been misguided as they have relied on institutions that have already been co-opted or at least corrupted

by organized crime; this has effectively hindered any meaningful attempts. Similarly, voices for political reforms have been raised internationally, regionally, as well as nationally in Central Asia, but reforms have been largely absent due to the lack of institutions and non-corrupt officials to work with. Many officials are not heavily involved in the business but nonetheless a critical level has been reached in many states. The restructuring and reform of institutions and a strengthening of the situation so that positive forces can take hold and combat organized crime in these states is needed first before economic development can take place. Thereafter political reforms have a greater chance for success.

The international community is by no means innocent in this struggle: the commitment to fighting narcotics in Afghanistan has been dismal and has left much to be desired. Greater efforts need to be implemented in an effort to increase transaction costs by making trade more difficult and less profitable. Much of the aid policy needs to be reformed by possibly focusing less on creating democracy *today* and more on improving the current situation and creating institutions and structures to combat organized crime—which would lead to sustainable democratic development tomorrow.

Energy Supply and Demand in Eurasia: Cooperation between EU and Iran

*Abbas Maleki**

ABSTRACT

Energy diversification has emerged as one of the most important priorities for a majority of the European countries and the EU. Growing energy demand in Europe combined with a high reliance on Russia as an energy producer have led the EU to look to the Caspian Sea region for alternative energy resources, especially in natural gas. Iran has the 2nd largest natural gas reserves in the world and could assist Europe in diversifying supplies. This article argues that there is substantial potential for energy cooperation between Iran and the European countries, particularly Turkey. Increased Iranian participation in the Eurasian energy market, both as consumer and producer, could lead to other benefits including economic development and more efficient energy extraction.

Keywords • Energy Cooperation • European Union • Iran • Turkey • Caspian Sea region

Introduction

One may perceive that the world should be concerned over energy security given recent developments in the Middle East. However, the reality is that despite the war in Iraq, the world has not faced problems in terms of energy supplies. With the partial exception of Iraqi supplies, there were never any disruptions of oil exports from the Persian Gulf. Moreover, Saudi Arabia and other Persian Gulf OPEC producers significantly increased production to fill the gap imposed by disruptions of Iraqi oil. The Persian Gulf contains over 65 percent of the world's proven reserves. Stability in these countries combined with security of oil fields and routes of transportation are of paramount importance to the global oil market. In comparison, Central Asia and Caucasus contain 5 percent of proven oil reserves but are nevertheless important from a perspective of energy diversification.

The development of alternative sources of energy, efficiency, and conservation may bring additional energy supplies to the market, but time lags, investment costs, and delivery prices render these alternative

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fuels uncertain in the foreseeable future. Controversies also exist over the size of proven, possible, and potential resources rate of discovery, development and production costs, fields' life, and the impact of advanced technology. Another factor of uncertainty is that the importing states often lack capability to refine crude oil and distribute to the domestic market in a timely manner. This, in turn, can build bottlenecks that not only put pressure on the average consumer but also have a negative impact on demand and pushes up the price of crude oil.

While it is clear that oil prices and economic growth in developed countries are negatively correlated, this correlation runs two ways: high oil prices have negative effects on economic growth in consuming states but low economic growth in industrialized nations causes a decrease in demand for oil and lower oil prices.

In recent years, the oil market has experienced an unexpected increase in oil demand from countries in Asia such as China and India. According to the International Monetary Fund (IMF), this surge from developing countries could account for 40 percent of the increase in oil demand by 2010.¹

Energy Security in Europe

Energy security is only one of three goals stated in the European Commission's Communication on energy policy issued in January 2007.² The Communication called for "sustainable, secure and competitive energy" and it proposed a series of actions to advance each of these three goals, but was silent on the extent to which the pursuit of one goal may actually frustrate the achievement of other goals.³

After eastern, central and western European countries suffered the consequences of the 2007 Russo-Ukrainian dispute over natural gas supply, debates in the EU have intensified and calls for an effective common energy security policy have become more frequent. The events of last winter highlighted the EU's high dependence on Russia and Middle Eastern countries for crucial fossil energy supply.⁴

However, in spite of the resurgent "resource nationalism" and the publicity given to "peak oil" theories, there is no comparable public concern about energy security. Brief interruptions of natural gas supplies transiting Ukraine or Belarus capture news headlines for a day or so, but only some EU citizens feel personally threatened by it. Resurgent resource nationalism in Russia as well as in many other energy-exporting

¹ Hossein Razavi, "Financing Oil and Gas Projects in Developing Countries," *Finance and Development* (IMF) (June 1996).

² European Commission, "An Energy Policy for Europe" COM (2007).

³ John Gault, "European Energy Security: Balancing Priorities," *FRIDE Comment*, May 2007.

⁴ "EU Energy Policy", *PINR*, April 6 2006.

countries is perceived as a distant and perhaps temporary phenomenon. Indeed, public discontent over rising energy prices does not translate into a clear political mandate for an energy security policy.⁵ Nonetheless, EU member states have so far failed to launch a well-coordinated, comprehensive common energy policy, mainly because national strategies in recent years have been planned independently from one another (for instance, France wagered on nuclear energy, but its main partners, such as Germany, did not)⁶.

European countries have a large deficit between energy consumption and production but nevertheless have other options to pursue. Russia, Turkmenistan, Iran, Iraq, Qatar, Algeria, and Libya are part of these huge gas reserves surrounding the European continent. In a sense, then, Europe is surrounded by a “sea of gas”. The uncertainty displayed among European countries with regard to gas imports from Russia have made them conclude that finding a good source for sustainable supply of natural gas is the most crucial step they can take in the energy sector. Europeans have been studying various routes for gas imports to Europe for many years and have come to the conclusion that Qatar is too far off while Turkmenistan cannot meet their long-term needs and therefore, they should woo Iran.⁷ Though global hegemony has changed over the past years, the European countries are still eyeing Iran as the most strategic country in the region. This is partly because of its importance as a transit route; it is located in a neighborhood of countries with deep impact on regional equations; and, of course, the existence of huge oil and gas reserves in Iran.

Also, due to problems encountered in Russian gas exports to Europe, the European countries face a major challenge in diversifying energy supplies and Iran is an attractive option. Political and regional issues that affect Iran’s economic ties with the EU should, however, also be taken into consideration. Over the past two years, Iran’s insistence on keeping its peaceful nuclear energy program has made the country to top the list of global concerns. Nevertheless, Europe still needs energy diversification and has relatively few options; Iran is one of the primary ones. The primary rationale for this is the dominance Russia repeatedly has demonstrated over Europe’s energy supply. This pertains especially to Russia’s disruption of gas exports to Ukraine which also made European countries worried about its vulnerability vis-à-vis Russia. Today, it seems

⁵ Gault, “European Energy Security,” p. 1.

⁶ “EU Energy Policy”, *PINR*, p. 1

⁷ Any pipeline from Qatar to Europe needs to transit volatile regions like Iraq and the Southern part of Turkey. At the same time, using Qatar’s gas in LNG form is more costly. Turkmenistan, in turn, has an agreement to supply Russia with up to 100 billion cubic meter (bcm) per year and it is unlikely that Turkmenistan will have extra capacity for export to Europe.

that the EU is trying to appease Iran to supply needed gas to its member states.

Iran as an Energy Player

Iran has 1 percent of the world's population, about 7 percent of the world's mineral resources and possesses some 10 percent of the global proven oil reserves and 16 percent of the world's natural gas resources. Notwithstanding, the country's recent economic performance has remained well below its actual potential. While events such as the 1979 Revolution, 1980-88 Iran-Iraq war, as well as regional crises have undermined Iran's economic potential, it is valid to argue that internal problems such as mismanagement of resources, "trial and error" mentality, and other ills have also led to the under-utilization of Iran's economic capacity. Nonetheless, in the past few years, the Iranian economy has experienced a period of sustainable growth and there is reason to believe that in the absence of a major regional crisis, this trend will continue potentially leading to Iranian gross domestic product (GDP) growth rates which would be higher than the world average over the next few years.

In view of that Iran has 136 billion barrels of proven oil reserves, oil will also continue to provide the most important revenue for Iran. Iran has 40 producing fields, 27 onshore and 13 offshore while the majority of crude oil reserves are located in Iran's southwestern Khuzestan region close to the Iraqi border.⁸ Iran also has an estimated 974 trillion cubic feet (Tcf) in proven natural gas reserves. Around 62 percent of Iranian natural gas reserves are located in non-associated fields and are yet to be developed. In 2005, Iran produced and consumed 3.6 Tcf of natural gas and natural gas consumption is expected to grow around 7 percent annually for the next decade⁹. Both production and consumption have grown rapidly over the past 20 years, and natural gas is often used for re-injection into mature oilfields in Iran. According to FACTS Global Energy, Iran's natural gas exports will be minimal due to rising domestic demand even with future expansion and production from the massive South Pars project. In 2005, 65 percent of Iranian natural gas was marketed production, while 18 percent was for EOR gas re-injection, and 17 percent was lost due to flaring and the reduction of wet natural gas from hydrocarbon extraction. Like the oil industry, natural gas prices in Iran are heavily subsidized by the government.¹⁰

⁸ Jahangir Amuzegar, "Iranian Oil Buybacks: A Formula no one likes," *Oil and Gas Journal* 99, 35 (August 27 2001), p. 20.

⁹ US Energy Information Administration, Iran: Background, <<http://www.eia.doe.gov/emeu/cabs/Iran/Background.html>> (November 1 2007).

¹⁰ CIA World Fact Book,

In 2006, Iran produced 4.1 million barrels of oil per day (b/d), used 1.6 million b/d, and exported 2.5 million b/d of crude oil. Iran's oil production faces a natural decline of 8 percent onshore and by around 10 percent offshore which constitute around 350000 b/d. Gasoline demand in 2006 stood at 422000 b/d and demand is expected to grow by 10 percent annually from 2006-2010. Oil imports in 2006 reached 190000 b/d costing Iran a total of US\$6 billion.¹¹ The US Department of Energy recently reported that Iran enjoys the world's second biggest gas reserves after Russia and will assume an important role in the future in supplying needed gas to the EU.¹²

Undoubtedly, Iran's natural gas markets are not limited to Europe and other countries like India, Pakistan, and China are also potential long-term markets for the country. Indeed, intense competition for energy consumption in Asia and Europe has imparted great importance to Iran's oil and gas resources. For example, consumption of fuel in China has increased 41 percent over the past decade and the world's most populous country needs six million barrels of crude oil per day. The doubling of energy demand in China and an up to 75 percent increase in fuel imports to that country has prompted Chinese officials to sign a US\$100 billion contract to purchase crude oil and natural gas from Iran for a period of 25 years.

Due to depletion of oil and gas resources, Iran is feeling an urgent need to develop nuclear energy sources while still taking advantage of oil and gas reserves. Undeniably, Iran's nuclear program which has turned into a major source of contention with big powers such as the United States and the EU, will affect Iran's economic relations with those countries. Although Russia and China are not Iran's companions from ideological and political viewpoints, Iran is a major energy source and a suitable regional market for them.

Cooperation between EU and Iran

In the foreseeable future, the Middle East, and particularly the Persian Gulf producers, will continue to be the driving force to ensure global energy security. The world will grow more dependent on oil supplies from the Middle East and the region also has the hydrocarbon resources to meet growing global demand.¹³ Yet, regional conflicts, military

<<https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html#Econ>> (November 1 2007).

¹¹ "Analyst sees end to Iranian gasoline crisis by 2012", *Oil and Gas Journal* 105, 30 (2007), p. 30

¹² US Energy Administration Information, <www.eia.doe./emeu/cabs/Iran/NaturalGas.html> (November 1 2007).

¹³ Gawdat Bahgat, "Energy Partnership: Pacific Asia and the Middle East" *Middle East Economic Survey* XLVIII, 33 (2005).

operations, and continued political tension in the Middle East have prompted calls to reduce dependence on supplies from that region. Security of supplies for importers can be enhanced by an overall diversification of supply. Put differently, the more producing regions, the more stability in international oil markets. Thus, increasing supplies from Russia, the Caspian Sea region, West Africa, and other regions would reduce the vulnerability of over-dependence on one single region. But again, Iran has a presence in the Caspian Sea as well. The oil and gas wealth is important for economic prosperity in the wider West Asian region, including Iran and its neighbors. One problem is for energy resources to reach the market of high-income importing countries; Iran plays an important role in the exploitation and export of these resources.

Caspian Region

Iran is not so active in Caspian oil and gas exploration and production, mainly because of US sanctions against any activities of Iran in this region. But at the same time, Iran is eager to find ways and routes to escape from US pressures which are even more tense in the Persian Gulf. For this reason, and despite the insistence of Iran's government to contract with a "buy-back regime", which is a service contract, Iran's High Economy Council has approved exploration activities in the Caspian Sea. This marks the first serious step taken by this country to find oil reserves in a new format which is more similar to a Production Sharing Agreement. The High Economy Council comprises several cabinet members and vice presidents, formed to decide over Iran's major economic plans. With regards to the development of Caspian resources, Iran has been in talks with Brazil's Petrobras, known for its experience with deep water offshore projects. The word is that Petrobras is close to finalize a deal to purchase LNG from Iran, in return for a contract to conduct exploration operations in the Caspian Sea.

In contrast to the US supported "East-West" pipelines¹⁴ in the Caspian Sea region, Iran, Russia, and China are looking to other routes from the north, east and south. The proposed Kazakhstan-Turkmenistan-Iran (KTI) pipeline is one such option and a study is also in process in accordance with the Agreement on Joint Studies concluded between KazMunayGas, Total, Japan National Oil Corporation, and Inpex. This is a long-term export option for delivering Kazakh oil to Asian Markets via Persian Gulf. Swapping oil via Caspian Sea is also working and the capacity of Neka-Ray pipeline inside Iran has been expanded to 170 000 b/d. Iran also swaps gas between Azerbaijan and Nakhichevan.

¹⁴ These include the Baku-Tbilisi-Ceyhan (BTC) pipeline, Baku-Supsa pipeline, and Baku-Tbilisi-Erzurum (BTE) pipeline.

Turkmenistan's gas is exported to Iran by a 200 km pipeline from Korpedzhe in Turkmenistan to Kordkuy in Iran, which became operational in 1997. The pipeline initially had the capacity to export some 8 billion cubic meter (bcm) per annum of gas to Iran. This amount was subsequently increased to 12 bcm after the pipeline was upgraded in 2005. Although already possessing huge gas reserves, Iran considers imports from Turkmenistan a worthwhile option. This is partly because Iran could re-export it as electricity or other forms of energy to other countries but gas from Turkmenistan could also satisfy domestic demand in its northeastern provinces. Currently, part of the gas imported from Turkmenistan is re-exported to Turkey and the other part is paid for by Iran and used in domestic ventures.

Moreover, Armenia and Iran signed an intergovernmental agreement in 1995 establishing the route of another pipeline, which stretches 114 km, including 41 km in Armenia and 100 km in Iran. The agreement also sets the price for gas to be transported through the pipeline at US\$84 per thousand cubic meters (tcm). The cost of the project was estimated at US\$120 million. This pipeline has already been tested and will be inaugurated on March 21, 2008, the Iranian New Year.

The supply of gas from Iran to the Ukrainian and European markets is in line with these countries' plans to find access to alternative natural gas supplies. In 2000, Ukraine's VNIPITransgaz launched a feasibility study for the Iran-Armenia-Georgia-Ukraine-Europe gas pipeline, with an underwater section stretching 550 km from the Georgian port of Supsa to the Crimean city of Feodosia. The cost of the project was estimated at US\$5 billion, with a total gas supply volume of 60 bcm per annum, including 10 bcm for Ukraine.

Iran built two trunk pipelines to the former Soviet Union during the Cold War with the intention to send its gas to European countries. After the Iranian revolution, Iran cut gas exports to the Soviet Union because of its own high domestic consumption. However, Iran re-started to export 1.8 bcm of natural gas annually to Azerbaijan from October 2006. These exports are the result of a Memorandum of Understanding, calling for gas to be transported to Azerbaijan through a pipeline located at the border city of Astara.

Europe and Iran

Despite the fact that Europe is not Iran's neighbor, there are several opportunities for both sides to work in regions like the Caucasia, the Caspian, Central Asia and the Persian Gulf. Growing natural gas consumption in Europe combined with the recent moves by major European natural gas suppliers have caused great concern among the European countries.

As mentioned above, Iran has the world's second biggest gas reserves after Russia, and may play an important future role in supplying gas to the EU. By taking advantage of various phases of the South Pars gas field, Iran will be capable of producing 8 billion cubic feet (bcf) gas per day and will earn, at least, US\$11 billion over 30 years. Added to this, Iran also has great potential to produce liquefied natural gas (LNG).

A new gas supply route to Europe from Turkey to Austria via Bulgaria, Romania and Hungary driven by OMV, MOL, Transgaz, Bulgargaz, and BOTAS is currently under study. The potential suppliers of this route and to the so-called Nabucco pipeline are Iran, Azerbaijan, Egypt and later (if the country stabilizes), Iraq.

Central Europe, alone, has an estimated market of 45 bcm of gas and Iran can send 10 to 20 bcm to Turkey to feed this pipeline. Other countries have also showed their inclination to join the project. For example, in an obvious attempt aimed at reducing reliance on Russian gas and boost energy security, Ukraine announced on January 2007 that it is considering joining the Nabucco pipeline project. On the same day, a senior Turkish official commented that his country intends to engage in talks with Iran over the construction of the pipeline. Turkey also has a stated ambition to form a joint company with Iran or Austria to sell gas to European markets via the Nabucco pipeline. The Nabucco pipeline is as valuable for the Turks as it is for the EU to ease dependence on Gazprom. It is of particular importance to the Central and Eastern European countries whose gas imports from Russia, in some cases, amount to almost 100 percent of total imports.

The Ukraine gas crisis of 2006 combined with Gazprom's deal with Algeria's Sonatrach the same year should serve as the final reminder of EU's increasing dependency on Russia. The Iranians know that. For a while, Iran tried to court the Europeans on Iran's role in alleviating this dependence but EU diplomats have made it clear that energy diversification should not come at any price, including political price. All in all, however, Nabucco is much more realistic than the planned India-Pakistan-Iran gas pipeline. Nabucco's first phase is scheduled to be finished in 2013, while the second phase is expected to be completed in 2017. That said, Iran's approach to Russia with the idea of a "gas cartel" along the OPEC model did not really increase European confidence in the Islamic Republic.

Iran-Turkey Energy Cooperation

Bilateral trade between Turkey and Iran has grown rapidly since the moderately Islamist Turks came to power in November 2002.¹⁵ In 2006,

¹⁵ Trita Parsi and Omer Taspinar, "Iran Policy, Is Turkey the Model?" *The Globalist*, August 19 2005.

bilateral trade stood at US\$6.7 billion, compared with just US\$1.2 billion in 2002 and Iran is already Turkey's second-largest supplier of natural gas after Russia. Turkey signed its first natural gas agreement with Iran in August 1996, during a short-lived coalition government headed by the Welfare Party (Refah Party, RP). The deal was worth US\$23 billion stretching over 23 years. The agreement was initially plagued by disagreements over pricing, as the RP appeared to have been primarily motivated by ideological considerations and had agreed on a price well in excess of that offered by alternative suppliers, such as Russia. However, the agreement was subsequently renegotiated and Iran currently supplies Turkey with around 6.2 bcm of natural gas per year, which is used both for industry and for residential heating during the winter in eastern Anatolia.¹⁶

In July 2007, Turkey and Iran signed a Memorandum of Understanding (MOU) to import natural gas from Iran's South Pars field in the Persian Gulf. A final agreement is expected to be signed in November 2007. The proposed project foresees the state-owned Turkish Petroleum Corporation (TPAO) investing a total of US\$3.5 billion to bring the gas to Turkey, including the construction of a US\$2 billion gas pipeline.¹⁷ The Turkish Energy Ministry has repeated Turkey's determination to press ahead with a new natural gas agreement with Iran, despite objections from the United States. If the deal goes ahead, TPAO could become liable to US sanctions under the 1999 Iran Sanctions Act, which makes any foreign company that invests more than US\$20 million in Iran's gas and oil sector subject to punitive measures. When the MOU was signed in July, analysts questioned how Turkey would be able to finance the proposed US\$3.5 billion investment. TPAO does not have an established track record of securing such large sums from the international market, and most foreign financing institutions are reluctant to become involved with projects linked to Iran. On October 3, 2007 officials from the Turkish Energy Ministry announced that Turkey would finance the project itself and that they were confident of being able to find sufficient resources. However, they declined to give details.¹⁸

In another development, Greece and Italy have built a new gas pipeline. Greece's state-owned gas supplier DEPA and Italy's Edison (EDN.MI) have signed a Memorandum of Understanding to build a 220 kilometer-long natural gas pipeline under the Ionian Sea. The pipeline between Greece and Italy will transport natural gas from Caspian Sea states and Central Asia into West European markets via Turkey. Greece and Turkey agreed already in 2004 to construct a pipeline between the

¹⁶ Gareth Jenkins, "Ankara pushes forward with Iran gas deal" *Eurasia Daily Monitor*, October 2007.

¹⁷ "Turkey to fund \$3.5 bln Iran gas deal alone," *Reuters*, October 4 2007.

¹⁸ *Anadolu Ajans*, October 3 2007.

Turkish district of Karacabey and Komotini including a measurement station on the border. The Turkey-Greece-Italy pipeline is part of the Southern Europe Gas Ring project, intended to carry natural gas from Iran and Caspian Sea Region to Europe.

Conclusions

Energy is now a very big political issue. With high prices and high costs, risk factors are growing for the industry. Despite the fact that Europe is surrounded by gas-producers, political considerations impede Iran's role in supplying Europe with gas. Diversification to the Caspian Sea region is an important component in Europe's energy security. Nevertheless, it should also be acknowledged that instability in Central Asia and the Caucasian Republics, neighboring both Europe and Iran, could impact both sides negatively. Iran needs close relations with countries in Europe and Asia, especially the former. This is primarily because Iran's path to the free world, during a very volatile and tense period of US sanctions, is through Europe.

At the same time, the importance of Eurasia for Europe has increased dramatically. Because membership of each new Central or Eastern European country into the EU means additional demand for energy, this also necessitates new supply sources. There are several prerequisites for membership in the EU, including adjustments of state economies. It is expected that new member states adapt to economic structural adjustment programs to improve economic performance and economic development will also lead to a higher energy demand. Some of the Eurasian states have the needed energy resources to support Europe's further development but pipeline politics impede on the flow of energy supplies. Russia, for its part, is trying to dominate Eurasia's energy sector and control its means of delivery.

Iran has very ambitious plans in oil, gas and petrochemicals. Though Iran's strategy on oil's production capacity remains a key topic for debate, major investments in this sector are inevitable. The legal framework for this still remains an issue, though it must be said that slow changes rectifying this have occurred. Iran's focus in the next decade will be on gas and gas-intensive industries while the next important step will be the restructuring of National Iranian Oil Company (NIOC) and consequent corporatization of the energy sector companies.

It should also be acknowledged that Iran began the development of its huge gas reserves relatively late, primarily because of the difficulties in finding gas markets abroad. The first Iranian gas export, which only started in December 2001, were to Turkey, and gas is today also exported to Armenia. On the other hand, the gas imports from Turkmenistan into

Iran that started in 2000 are now expected to reach 14 bcm in 2007.¹⁹ In view of these developments, Iran is increasing its engagement with Central Asia dramatically. It now imports gas from Turkmenistan to consume in the Northern part of Iran and imports oil from Kazakhstan as well, thus making Iran an end-user of Eurasian oil and gas.

The Nabucco pipeline, planned to run from Iran, the Caucasus and Turkey, leading to Europe is a key project. In the past, Europe has preferred to use the Soviet gas pipeline system instead of constructing new links to cheaper Iranian gas. This is now changing. Nabucco is an important pipeline in Euro-Iranian energy relations. It will both open a new gas supply corridor for Europe from the Middle East and Caspian regions and raise transit profiles of participating countries.

¹⁹ Most of Iran's oil and gas fields are located in the southern part of Iran and in the Persian Gulf. It is cheaper for Iran to import gas from Turkmenistan to cover domestic consumption and to free up gas in the Persian Gulf for exports.

State-Building, Power-Building and Political Legitimacy: The Case of Post-Conflict Tajikistan

*Antoine Buisson**

ABSTRACT

The UN-sponsored June 1997 General Peace Agreement put an end to the bloody civil war that had turned Tajikistan into a collapsed state. The ensuing peace-building process nurtured hopes for institution building and political liberalization. However, although central authority has been restored and stability has returned, the state remains weak today while the regime has become increasingly authoritarian since 2000. This paper argues that this situation has much to do with the prioritization of a power-building strategy over state-building since the Kulobis took power. It analyses how the latter have resorted to formal institutions and to informal structures and practices in order to impose and reproduce their domination, and what the consequences are for state institutional capacities. It concludes with a categorization of the post-Soviet Tajik state based on a post-Weberian theoretical model of four state ideal-types: democratic, populist, reactionary and collusive.

Keywords • Tajikistan • State-building • Weak State • Legitimacy • Patrimonialism • Factionalism • Warlordism

Introduction

2007 celebrates the tenth anniversary of the signing of the General Peace Agreement by President Emomali Rahmonov and the leader of the United Tajik Opposition (UTO), Said Abdullo Nuri, which put an end to the Tajik civil war on June 27 1997. This settlement created the political framework and stability necessary to rebuild the state that had come close to implosion. It included provisions concerning political liberalization. A coalition government, in which the UTO should have received 30 percent of the positions, ruled the country until parliamentary

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elections were finally organized in February 2000, thereby putting an end to the “transition period”.

So far, the results in terms of regime transition and liberalization have not met the expectations of the international community at all. The 2000 and 2005 parliamentary elections fell short of the democratic standards of the OSCE.¹ The overwhelming victory of the President’s People’s Democratic Party of Tajikistan (PDPT) in 2000, which ostensibly gathered around 65 percent of votes, opened an era of hegemonic domination of the Kulobi political faction, and of marginalization of the opposition political parties. A multiparty system exists to the extent that it comprises six registered political parties (in 2006), including the Islamic Rebirth Party of Tajikistan (IRPT) since 1999. However, the short-circuiting by informal and illegal practices of the formal rules defining who can access to power, and how, added to the organizational weakness of the opposition parties and have not allowed any changeover of political power so far. On the contrary, the regime is becoming more and more authoritarian.

This being said, substantial changes have occurred in terms of institutional (re)building since the central state authority, which collapsed in 1992, was restored. Central authority was indeed fragmented and paralyzed until the Kulobi-Khujandi Popular Front of Tajikistan (PFT) seized power in December 1992, with the military help of Russia and Uzbekistan. Then, the central government did not have the entire territory under its control until 1997 at best, due in the first place to military fightings and also to strong autonomous (even secessionist) tensions emanating mainly from Leninobod and Gorno-Badakhshon in 1992-1993. Governmental authority was also challenged by powerful sub-national actors that can be defined as warlords, including the paramilitary commanders of the PFT itself. With a bankrupt economy added to this, Tajikistan was then a failing state.² A new Constitution adopted by referendum on November 6 1994 reaffirmed the Tajik unitary state and reinstated the presidency, thus formally starting the rebuilding of the state. The signing of the 1997 Peace Agreements permitted the return of political stability and some recovery of the economy. However, constrained by a dual dependency toward Russia and foreign aid, and

¹ OSCE, Office for Democratic Institutions and Human Rights (ODIHR), *The Republic of Tajikistan. Elections to the Parliament. 27 February 2000*, Final Report, Warsaw, May 17 2000; OSCE, ODIHR, *Republic of Tajikistan. Parliamentary Elections. 27 February and 13 March 2005*, Final Report, Warsaw, May 31 2005.

² On failed and collapsed states, see Jennifer Milliken, *State Failure, Collapse and Reconstruction* (Malden, MA: Blackwell Publishers, 2003); and also Robert H. Jackson, *Quasi States: Sovereignty, International Relations and the Third World* (Cambridge: Cambridge University Press, 1993); William I. Zartman, *Collapsed States: the disintegration and restoration of legitimate authority* (Colorado: Boulder, 1995).

characterized by low institutional capacities, the state remains weak today.

The assumption of this article is that the weakness of the state is directly related to the strategic political choices made by the Kulobi ruling elite. The latter is following a power-building logic rather than a state-building logic. Formal state institutions are devised and used to enhance and reinforce the Kulobi regime that mainly draws on informal structures and practices for its governance. The purpose is thus to analyze how the Kulobi authority has been imposed and reproduced since 1992 and to highlight what are the institutional consequences for the state. It allows, in turn, to categorize the post-Soviet Tajik state³ according to a legitimacy formula, which mixes patrimonial, charismatic, bureaucratic and democratic aspects.

This article is thus organized as follows. The first section elaborates a theoretical model that highlights the importance of institutions and legitimacy, and proposes four ideal types of the state: democratic, populist, collusive, and reactionary. The second section assesses the restoration of the central state in Tajikistan but underlines the weakness of its infrastructural capacities. The concluding third section suggests a categorization of the Tajik state according to the proposed conceptual framework.

Reconceptualizing the State from a post-Weberian and Structural Perspective

As it has been argued by Grzymala-Busse and Jones Luong, the post-Soviet experience requires the existing literature on the state to be refined.⁴ The authors suggest substituting a dynamic approach, which focuses on the processes of state formation by which states come into being and into action in the modern era, for the static approach that considers states as consolidated outcomes and unitary actors. These processes are defined as “elite competition over policy-making authority, which is shaped and constrained by existing institutional resources, the pacing of transformation, and the international context”.⁵ The different “configurations of elite competition produce four ideal types of state-building processes, each of which is illustrated by the post-communist experience: democratic, autocratic, fractious, and personalistic”.⁶ This

³ Strictly speaking, “Tajikistoni state” should be substituted for “Tajik state” because the post-1991 political community is officially composed of various ethnic people, among which Tajiks are the titular “nationality” in the Soviet sense. Yet, “tadzhikskij” is much more employed than “tadzhikistanskij” in official discourses.

⁴ Anna Grzymala-Busse and Pauline Jones Luong, “Reconceptualizing the State: Lessons from Post-Communism”, *Politics & Society* 30, 4 (December 2002), pp. 529-54.

⁵ *Ibid.*, p. 529.

⁶ *Ibid.*, p. 543.

article welcomes the authors' dynamic approach of state-building and state formation that echoes the similar debate that took place in the 1990s between two French scholars, Bertrand Badie and Jean-François Bayart,⁷ and that rejects the universalistic, teleological and constructivist bias of "transitology".⁸ Nevertheless, it seeks to insist on a key but usually minimized aspect of any institution building process, i.e. legitimacy, so as to offer an alternative theoretical model of four state ideal types that allows cross-regional comparisons.

Why State Institutions and Legitimacy Matter

The prescriptions international organizations have been advocating to post-communist countries, since the collapse of the Soviet Union, have evolved in reaction to criticisms and failures. Specifically, they now take institutions into serious consideration, which was not really the case up until 2001.

At the beginning of the 1990s it was assumed that the state framework of post-Communist states was similar to that found in the Western democracies, i.e. consolidated outcomes, and even "that these states were *overendowed* with state structures".⁹ The Communist state was perceived as omnipresent in the political, economic and social life, interventionist, yet ineffective, and also as a predatory structure eager to interfere and distort democratic policies and emerging markets. Such a Leviathan had thus to be reduced in power, size and scope¹⁰ in the opinion of international organizations that were reflecting an ideological context of profound distrust for the state in general. Indeed, since the end of the 1970s, the minimal state had replaced the welfare state as the ultimate

⁷ See Bertrand Badie, *L'Etat importé. Essai sur l'occidentalisation de l'ordre politique* [The imported state: the westernization of the political order] (Paris: Fayard, 1992) and Jean-François Bayart, "L'historicité de l'Etat importé" [The historicity of the imported state] », *Les Cahiers du CERI* 15 (1996). Bayart defines state formation as the adversarial, unintentional, and largely unconscious historical process, which takes place in, out, and between societies through confrontations and compromises, and gives at some point to a native minority the historical opportunity to capture the new institutions to her best advantage.

⁸ According to the "transitology" approach, post-Communist states are supposed to move rapidly from a Pareto-like equilibrium (that of the omnipresent but ineffective and totalitarian Communist state) to another one (that of the Western liberal state) through a unique, universal path. As defined at the beginning of the 1990s, this process consists of a triple transition that should allow to wipe the slate clean by focusing simultaneously on the political regime (democratization), the economy (market liberalization), and civil society (that had to be built and differentiated from the state).

⁹ Grzymala-Busse and Jones Luong "Reconceptualizing the State", p. 530.

¹⁰ Grzegorz Ekiert, "The State after State Socialism: Poland in Comparative Perspective", in T. V. Paul, John G. Ikenberry, and John A Hall, (Eds.), *The Nation-State in Question*, (Princeton: Princeton University Press, 2003), pp. 291-320.

outcome of rationality.¹¹ It was consequently the objective that had to be reached through the transition process. Logically, state-dismantling occurred instead of state-building. But structural adjustment policies did not result in a more effective state. Rather, they reduced not only the size and scope, but also the institutional capacity of post-communist states, which caused many pathologies and dysfunctions typical of a weak state to arise, such as the disintegration of the central authority structures, corruption and organized crime, the explosion of social inequalities and the decline of social services. Such a dysfunctional evolution was aggravated by the fact that, contrary to the prevailing view in 1991, the communist state was institutionally under-developed¹² and had a low capacity to impose and enforce its political decisions in the entire society and public space (notably through a heavy but inefficient bureaucracy). Unquestionably, the Communist state coercion power (the monopoly of legitimate force and an extensive repressive apparatus) was strong, but state infrastructural power¹³ was not in the sense that its institutions were not well organized, coordinated, and adaptable.

The international organizations ended up by acknowledging that institutions mattered,¹⁴ but they had no strategy to strengthen states' institutional capacity and stuck to the "transitology" approach until the 1997-8 economic crisis in South-East Asia, Russia and Eastern European countries.¹⁵ Only then was it recognized that the strength of institutional capacity mattered more than the scope of the state's functions and competence, and that the state was needed to regulate trade and capital flows and to create the conditions of stability. Finally, the events of September 11 2001 strengthened the idea that states are essential to ensure security. State-building has thus become a priority for the international community as a condition of success for economic and political reforms and transformations, and for global stability and security.¹⁶ The imperative is to help building strong states able to command over its own

¹¹ This conception transpired in the so-called "Washington Consensus". Cf. John Williamson, *The Political Economy of Policy Reform* (Washington D.C.: Institute for International Economics, 1994).

¹² Jacques Sapir, "L'économie soviétique : origine, développement, fonctionnement" [The Soviet economy: origin, development, mechanism], in Jacques Sapir (Ed.), *Retour sur l'URSS. Economie, société, histoire* [Back to the USSR: economy, society, history] (Paris: L'Harmattan, 1997), p. 131.

¹³ Michael Mann, "The Autonomous Power of the State: Its Origin, Mechanisms, and Results", in John A. Hall (Ed.), *States in History* (New York: Blackwell, 1986), pp. 109-36.

¹⁴ World Bank, *World Development Report 1997: The State in a Changing World*, (Washington, D.C.: World Bank, 1997).

¹⁵ Francis Fukuyama, "The Imperative of State-Building," *Journal of Democracy* 15, 2 (April 2004), pp. 27-28.

¹⁶ World Bank, *Reforming Public Institutions and Strengthening Governance* (Washington, D.C.: World Bank, 2000); World Bank, *Building Institutions for Markets: World Development Report* (Washington, D.C.: World Bank, 2002).

territory, which requires it to penetrate and regulate society, to extract and appropriate resources.¹⁷ However, this managerial and technical approach to institution building confronts three serious pitfalls: it tends to overplay constructivism, to focus on formal institutions only, and to neglect the question of legitimacy.

State-building is a constructivist process since it refers to the deliberate creation of an apparatus of political control and domination over a territory and a population. Constructivism must not be rejected *per se*, but it must have its limits clearly stated. Indeed, the limited cognitive capacities of individuals and the radical uncertainty characterizing any complex and heterogeneous system (be it economic or sociopolitical) ensure that one cannot foresee all agents' actions or the totality of the consequential effects of any action.¹⁸ Therefore, any totalizing state-building strategy elaborated by political elites is very unlikely to achieve its goals since it will be affected by unintended and unforeseeable effects or events, which are likely to occur in the environment and are constitutive of a state formation process. This brings us back to how the state becomes.

State-building strategies applied to post-Soviet and other countries must bear in mind that, contrary to developmentalist and functionalist theories, the state is not the political outcome of a universal process of rationalization of society, but rather the specific solution of sociopolitical crises entrenched in specific historical, international, economic, and cultural contexts,¹⁹ as well as the result of a dual process of state building and state formation. Any political order is influenced by both external and internal dynamics. This includes military threats and colonial-imperial domination from other states respectively, as well as sociopolitical and economic conflicts and crises between societal structures and multiple agents competing for resources of power. Competition for power and resources is central in state development and reveals that the state is not first and foremost a neutral and integrative structure, but primarily a source of conflict as well as a creation of power. Aiming to impose their goals on the entire society, social agents – like political elites – are struggling to capture a structure such as the state

¹⁷ Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World*, (Princeton: Princeton University Press, 1988).

¹⁸ Jacques Sapir, *Les trous noirs de la science économique. Essai sur l'impossibilité de penser le temps et l'argent* [Black holes in economics: essay on the impossibility to think time and money] (Paris: Albin Michel, 2003).

¹⁹ The developmentalist and functionalist schools of thought present the state as the rational product of the processes of differentiation (based on the division of labor), autonomization, universalization, and institutionalization. Bertrand Badie, Pierre Birnbaum, *Sociologie de l'Etat* [The sociology of the state] (Paris: Grasset, 1979). See also Theda Skocpol, *States and social revolutions: a comparative analysis of France, Russia and China* (Cambridge: Cambridge University Press, 1979).

because it owns and creates resources.²⁰ State development is thus affected by elites' power strategies, but also by underlying constraints (sociocultural resistances and unforeseen effects) and composition effects (such as the appropriation and recombination of informal and formal institutions) that can produce dysfunctional or creative hybridizations.²¹ These intentional and unintentional factors shape state structures on the long historical period, thereby defining the own historicity of the trajectories of state formation, which are neither linear, nor mechanic, nor teleological, and uncompleted. So, the state is in each country a particular case of political development, which implies that the Western model of the state cannot be presented as the only rational solution to crisis and social harmony.

The technical prescriptions international organizations give to build strong, capable states usually focus on formal institutions – i.e. rules and norms that are depersonalized and officially codified and sanctioned – and favor the creation of new ones in conformity with Western models. In so doing, they tend to ignore institutional legacies and the crucial role that informal institutions play in political systems, particularly in unconsolidated post-Soviet states. Experience has demonstrated that these countries' political elites frequently resort to old institutions and notably to norms that are not officially codified and sanctioned, but personalized and discretionary – i.e. informal institutions²² – to establish and consolidate their power. This choice can undermine state capacities that these elites are expected (and likely) to strengthen in order to assert their authority. It shows that functional institution building can be thwarted not only by social resistances, but also by other constraints and composition effects. First, old institutions are more often recycled than new ones are created from scratch²³ because uncertainty and time constraint urge to tap into the available resources, especially in a period of rapid transformation. This fact has been ignored by the “transitology” approach to institution building and is constitutive of path-dependency. Second, some institutions are created to allow informal institutions, which are most often hidden, to keep on functioning in a new context.²⁴ These informal institutions can be patron-client and kinship relations. Like in Central Asian countries, they can actually be at the core of the political system and be used by ruling elites to reproduce their power.

²⁰ Badie and Birnbaum, *Sociologie de l'Etat* [The sociology of the state], pp. 87-97.

²¹ Badie, *L'Etat importé* [The imported state].

²² For the distinction between formal and informal institutions, see Douglass North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, Cambridge, 1990).

²³ Bernard Lepetit, *Les formes de l'expérience: une autre histoire sociale* [The forms of experience: another social history] (Paris: Albin Michel, 1995).

²⁴ Jacques Sapir, *L'économie mobilisée : essai sur les économies de type soviétique* [The mobilized economy: essay on Soviet-type economies], (Paris: La Découverte, 1989).

More generally, formal and informal institutions coexist and reinforce each other; they adapt to changes in the environment and can be (re)combined and intertwined. It results in *bricolages* and hybridizations that can turn out to be functional or dysfunctional.²⁵

Elite competition for power and resources, social resistances, and the combination of formal and informal institutions in power-building strategies all indicate the importance of legitimacy. The question is indeed how power is imposed and reproduced by ruling elites. It is particularly acute in post-Soviet Central Asian states which never existed as such before in history. Rather, they became independent without fighting and even being ready for it and had to restructure and complete their institutional framework. Legitimacy is fundamental for this process to succeed because, as for any decision, the principle of an institution must first be accepted, even though its content might be disputed, and particularly since it can be enforced through coercion.²⁶ Legitimacy is a condition of the strength of state institutional capacities – while the latter reinforces state legitimacy – as well as an essential condition of stability on the long term.²⁷

Paradoxically, this crucial factor is usually neglected or at best partially addressed by the “transitology” and managerial approaches to the state. A first instance is when institutional mimesis is advocated by international organizations to (relatively) dependent countries, such as Central Asian Republics. The “forced” importation of exogenous political institutions, especially when they are not adapted to local realities, questions these countries’ sovereignty and its three constitutive aspects: who makes decisions (are decisions made through an internal process within the considered political community), what is the relevance of the decisions made to the needs and interests of the community, and what are the procedures of legitimization of decision-makers.²⁸ A decision that would be externally imposed and totally irrelevant would easily lose its legitimacy and nurture social contestation and resistances. On the contrary, state-building is more likely to succeed if it takes into account the historical context, the relations of domination and inequality between social forces on the national scene, and the cultural and institutional legacies. It would thereby favor a process of appropriation that usually

²⁵ See debate between Badie,, *L’Etat importé* [The imported state...] and Bayart , “L’historicité de l’Etat importé” [The hisoticity of the imported state].

²⁶ Sapir, “L’économie soviétique” [The Soviet economy], pp. 135-6; Ekiert “The State after State Socialism”.

²⁷ Weber identified this relation between legitimacy and stability. Max Weber, *Economie et société* [Economy and Society], (Paris: Tome 1, Plon), pp. 65, 286.

²⁸ Jacques Sapir, “L’ordre démocratique et les apories du libéralisme” [The democratic order and the aporias of liberalism], *Temps modernes* 610 (September-November, 2000), pp. 309-331.

goes through the recycling of existing institutions and their (re)combination with other ones.

Secondly, international organizations focus on democratic legitimacy and do not take into account other types of legitimacy—be they charismatic or patrimonial—whereas they play a crucial role in Central Asian states. Moreover, a critique must be addressed to the democratization discourse. The liberal conception of the state emphasizes legality as the safeguard of legitimacy, and equals the legal state with the legitimate state. A controversial author like Carl Schmitt made a strong point when he advocated the necessary distinction between the two concepts.²⁹ Strict respect for legality cannot always be the only justification of the legitimacy of state actions. Indeed, the law is by definition incomplete since it cannot integrate the totality of the present and future situations of the world.³⁰ It requires the creation of additional laws. The law being created by the sovereign, it cannot limit the principle of sovereignty, but the wielding of power must be constrained by principles and procedures. Those conditioning a democratic order add to the control of legality, the continuity of sovereignty, the control of the relevance of decisions, and the ex-post control over the decision-maker's accountability. Otherwise, force can take precedence over the law, like in Schmitt's *decisionism*,³¹ and a legally elected majority can well make illegitimate decisions.³²

State Legitimacy Reconsidered: Four State Ideal Types

Legitimacy itself is more adequate than the monopoly of violence to specify the state since other organizations, like big enterprises, are able to get means of violence and to challenge states they are operating in.³³ Legitimacy has its source in sovereignty, whose essence is unlimited but whose exercise must be constrained. Legitimacy entails that for any normative or strategic act, one must be able to determine who can question what, and under which conditions a dispute can take place.

²⁹ Carl Schmitt, *Légalité, légitimité [Legality and legitimacy]* (Paris: R. Pichon et Durand-Aurias, 1936).

³⁰ Sapir, "L'ordre démocratique" [The democratic order...].

³¹ Rune Slagstad, "Liberal Constitutionalism and its Critics: Carl Schmitt and Max Weber", in Ron Elster and Rune Slagstad, (Eds.), *Constitutionalism and Democracy*, (Cambridge: Cambridge University Press, 1988), pp. 103-30.

³² This happened in France when the Vichy regime was established by a majority vote that transferred all powers to one man, thus breaching both the principle of continuity of the sovereignty of the people and the principle of the decision-maker's accountability before the political community.

³³ Weber already noticed that violence was not the proper instrument of the state, but a specific and essential means likely to be used as an *ultima ratio* once every other means had failed to guarantee the enforcement of its decisions over its territory. Weber, *Economie et société [Economy and Society]*, pp. 96-8.

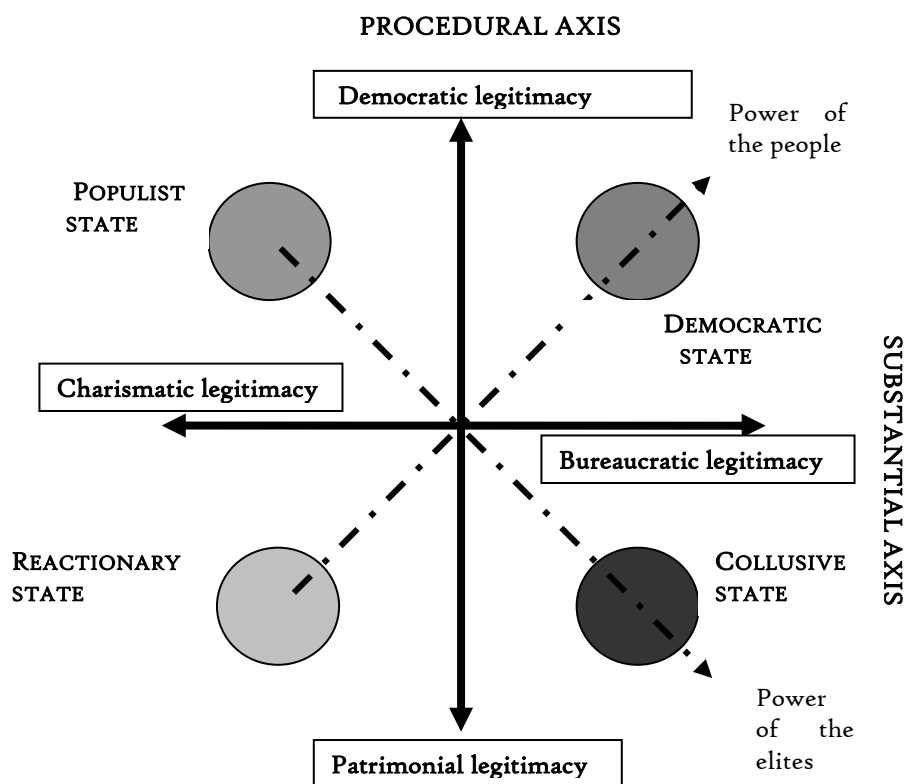
From this perspective, the French political economist Jacques Sapir has thought out a typology according to which two principles of legitimacy emerge, each materializing in two forms of legitimacy.³⁴ First, **legitimacy is substantial** when community members agree that the totality of the consequences of a decision can be reasonably foreseeable. The evaluation norm is unique and can be a political or religious discourse, or a result considered as unquestionable. So, a decision is considered as legitimate when its result is accepted or when the modalities of its verification cannot be questioned by those who do not make decisions. The *charismatic form of legitimacy* refers to a decision that is legitimate according to the religious or ideological discourse stated by a decision-maker that is endowed with extraordinary qualities and considered as a leader. The *bureaucratic form of legitimacy* defines as legitimate a decision that conforms to scientific prescriptions of a Weberian legal-rational bureaucracy. Second, **procedural legitimacy** implies a collective, explicit or implicit, agreement on procedures, which makes decisions legitimate. More precisely, this legitimacy is inversely proportional to the degree of exclusion in the considered community, and directly proportional to the relevance of decisions affecting the situation of community members. In the *democratic form of legitimacy*, the decision procedure is guaranteed by election as a means to designate decision-makers and to sanction their accountability. The *patrimonial form of legitimacy*, derived from the Weberian traditional domination, applies to a decision-maker who gets its legitimacy out of the gains and benefits that he is able to provide for potential challengers.

The point is that states, as systems of decision, articulate these four types of legitimacy. Different combinations give birth to four ideal-types of state according to Sapir's model. The **democratic state** ideally combines participative democracy with an efficient bureaucracy based on competence, refrains from basing its authority on discourses of self-legitimization, and from patrimonial practices. However, a crisis of democratic legitimacy can result in the latter's substitution with patrimonialism, and transform the state into a **collusive state**. A crisis of bureaucratic legitimacy is likely to benefit to charismatic legitimacy and to lead to a **populist state**. Added together, these two kinds of crisis can generate a **reactionary state**, deprived of democratic and bureaucratic principles and structures. In accordance with our conception of state development, a reactionary state can evolve into a democratic state by going through intermediary collusive and populist forms, and conversely.

³⁴ Jacques Sapir, "Construire la cohérence et le rôle de l'Etat" [Building the coherence and the role of the state], unpublished material. Jacques Sapir's work and research focus on the Soviet and post-Soviet economic system and transformations (mostly in Russia since 1991), as well as on economic theory from a heterodox perspective.

Finally, two main axes can be traced out of the four types of legitimacy. The power of the people is characterized by the dual polarity of democracy and competence. Spaces of debate are open and regulated through elections and the verification of the realism and coherence of discourses (hence the role of Parliament and other social actors like the media). On the contrary, a system based on competence but rejecting the democratic principle is constitutive of the power of the elites. Pluralism exists but is limited and closed. When results are not indisputable, elites resort to patrimonial practices to redistribute resources in order to maintain the acceptance of their authority.

Figure 1. Four State Ideal Types



Source: Jacques Sapir, “Construire la cohérence et le rôle de l’Etat » [Building the coherence and the role of the state], unpublished material.

State-rebuilding and State Weakness in Tajikistan

The Tajik state collapsed in the course of 1992 as a result of a typical modern conflict. The political conflict between the opposition and the government, which expressed a legitimacy crisis and a struggle for resources of power among the *nomenklatura* and between different

political factions,³⁵ went into a deadlock. Destabilized by a serious economic and political crisis, central government lost control over its monopoly of violence with the disruption of the Russian military chain of command, the partisan fragmentation of national security forces, and the formation of paramilitary units and militias linked to the criminal underworld that local authorities helped to set up but failed to control.³⁶ Social unrest degenerated into open warfare in May 1992. It could not be stopped by the May 7 1992 agreement that stipulated the formation of a government of national reconciliation (GNR) including 30 percent of opposition members, whose legitimacy was nevertheless rejected by Khujandi and Kulobi representatives. As a result, central authority disintegrated into three centers that had no full control over their own members: Dushanbe and the GNR, which proved unable to restore law and order, Leninobod-Khujand with former prominent *apparachiki*, Kulob and the increasingly powerful but heterocephalous PFT. The latter managed to unite in the beginning of October 1992 under the leadership of a former convicted criminal, Sangak Safarov, and thereafter took military advantage. This decisive step prepared the political breakthrough of the Kulobi-Khujandi alliance at the 16th extraordinary session of the Supreme Soviet in Khujand in November. The GNR resigned, and a protégé of Sangak Safarov, the Kulobi Emomali Rahmonov, took over the presidency of the Supreme Soviet on November 19th, while the Khujandi Abdumalik Abdullojonov was endowed with reinforced powers as Prime Minister. A new government was formed and, on December 10 1992, thanks to the decisive military support of Uzbekistan and especially Russia, the PFT forces defeated the opposition troops and entered Dushanbe.³⁷

The Difficult Restoration of Central Authority

The goal was then to impose and extend the authority of the central government on the entire territory. Differentiated strategies were used to

³⁵ Stéphane Dudoignon, “Une segmentation peut en cacher une autre : régionalismes et clivages politico-économiques au Tadjikistan” [One segmentation may hide another: regionalisms and politico-economic cleavages in Tajikistan], in Stéphane Dudoignon and Guissou Jahangiri (Eds.), “Le Tadjikistan existe-t-il? Destins politiques d’une nation imparfaite” [Does Tajikistan exist? Political destinies of an imperfect nation], *CEMOTI* 18 (July-December, 1994), pp. 73-129.

³⁶ Barnett R. Rubin, “Russian Hegemony and State Breakdown in the Periphery. Causes and Consequences of the civil war in Tajikistan”, in Barnett R. Rubin, Jack Snyder, *Post-Soviet Political Order. Conflict and State Building* (London: Routledge, 1998), pp. 128-61; Kirill Nourzhanov, “Saviours of the nation or robber barons? Warlord politics in Tajikistan”, *Central Asian Survey* 24, 2 (June 2005), pp. 116-7.

³⁷ For an exhaustive chronology of the year 1992, see Davlat Nazriev, Igor Sattorov, *Respublika Tadjikistan: istoriia nezavisimosti. God 1992-j (khronika sobytij). Tom II*. [Republic of Tajikistan: history of independence. Year 1992 (chronicle of events). Tome 2], (Dushanbe, 2005).

re-appropriate the monopoly of force. But the process had to go through the political settlement of the civil conflict, and stability did not return until the beginning of the 2000s.

The Reunification of a Fragmented National Territory. From 1992 to 1997 military fighting between the two warring camps *de facto* entailed the fragmentation of the territory. In its confrontation with the UTO, the government opted for a military strategy that eventually turned out to be ineffective. If the latter first regained control over central Tajikistan, the opposition troops fled to Northern Afghanistan wherefrom they reorganized and launched military operations from spring 1993 until the end of 1996, with the support of some mujaheddin groups and the central Afghan government.³⁸ Their guerrilla warfare succeeded in forcing the Tajik central government into negotiations as early as fall 1993, with the go-ahead of Russia.³⁹ But it took four years to reach a peace agreement due to the radicalization of the two warring sides and until appropriate conditions were combined in 1996. These conditions were the unsettling of the central government by a rebellion of allied field commanders in January-February, a military deadlock with the UTO controlling up to 70 percent of the territory in July, and the threat of the Taliban military breakthrough in Afghanistan (after the fall of Kabul on September 27, Taliban progressed toward the North).

Besides, two major provinces were not effectively controlled by the central government until 1997-1998. Local authorities of Gorno-Badakhshon and Leninobod expressed autonomous and secessionist views in 1992 and 1993. The central government resorted to a mix of force, political maneuvering, and institution building with the restoration in July-November 1994 of the Presidency (that had been abolished in November 1992) so as to oppose “regionalism” with state centralism. It first annulled Gorno-Badakhshon status of autonomy in 1993 and imposed an economic blockade, which compelled local authorities to recognize the central government’s authority in June 1993, provided that they kept a status of autonomy and that no governmental troops were sent there. But this occurred in winter 1994 as a reprisal against opposition forces’ activities in the area. Government troops subsequently

³⁸ The opposition also reorganized politically and gathered into the UTO in October 1994. In other respects, it must be highlighted that other mujaheddin groups, like Dostum’s troops, backed and fought along the PFT. Sergei Gretsky, “Civil War in Tajikistan: Causes, Developments and Prospects for Peace”, in Roald Sagdeev and Susan Eisenhower (Eds.), *Central Asia, Conflict, Resolution and Change* (Chevy Chase: CPSS, 1995).

³⁹ Shirin Akiner, *Tajikistan: Disintegration or Reconciliation?*, Central Asian and Caucasian Prospects (London: The Royal Institute of International Affairs London, 2001); Kamoludin Abdullaev and Catherine Barnes (Eds.), *Politics of Compromise. The Tajikistan Peace Process* (Mars 2001) <<http://www.c-r.org/our-work/accord/tajikistan/contents.php>> (November 25 2007).

left. Since 1997 nominal central authority has been recognized by the local authorities of Gorno-Badakhshon that remains autonomous, a situation thus contrasting with the definition of Tajikistan as a unitary state by the 1994 Constitution.

The central government was particularly worried about Leninobod authorities' inclinations for autonomy in 1992 (with their dealing directly with foreign partners and creating a local autonomous "national guard"). Military and security forces took over the province in December 1993 after a failed attempt in August. Kulobi administrators were then nominated at the provincial and local levels. The Kulobi-led government succeeded in imposing its authority over Leninobod through a patronage agreement that split the Khujandi faction (previously a harsh opponent to Kulobis, Abdudjalil Hamidov was reinstated as provincial governor in 1994;⁴⁰ Kosym Kosymov took over in 1997), as well as through repression and the gradual marginalization of the Khujandi elites in national politics. The latter were removed from all important positions in the central government following the rigged presidential elections of November 1994 (when Rahmonov defeated Abdullojonov), were subsequently deprived of any parliamentary representation after the "tailor-made" February 1995 elections, and were finally excluded from the peace negotiations in which Abdullojonov's Movement for Nation Rebirth strongly wanted to play a role. This led to a failed military revolt in January 1996, to massive unrest in May, and later to the missed assassination attempt against Emomali Rahmonov in Khujand on April 30 1997. Central authority over Leninobod was definitely secured only after the failure of a military offensive perpetrated in November 1998 by Colonel Mahmud Khudoberdyev with the financial and logistical support of Abdullojov and some Uzbekistan security forces.

An Enhanced but Partial Westphalian Sovereignty. Re-establishing the state monopoly of legitimate force was the prerequisite to restore central authority over the entire territory. Russia's full military support and presence on the national territory played a crucial role, together with the peace agreements. The top priority was to reorganize the security structures and create a national army. The former had shattered along partisan lines, which left room for the emergence of paramilitary militias in both warring camps. After the PFT military victory in December 1992, the government substantially strengthened the forces of the Ministry of Internal Affairs (MVD) and of the Committee for National Security

⁴⁰ This was indeed a surprise, since Hamidov previously prevented the central government military manoeuvre in August 1993 by ordering the blowing up of the only bridge linking Khujand to Dushanbe, and put forward the threat of secession. He fled to Uzbekistan in December. His rallying of the Kulobi side in Summer-Fall 1994 understandably produced a split in the Khujandi faction.

(KNB). Both heirs of Soviet structures, they were from now on headed and mainly staffed by Kulobis. However, these security forces were often led or parasitized by insubordinate PFT field commanders who served their own vested interests. Consequently, they were not able to penetrate throughout society until these powerful and rebellious subnational actors were neutralized by 2004 (see below).

Besides, there was no national Tajik army and no republican ministry of Defense during the Soviet period. After independence, the Tajik government neither had sufficient financial capacities nor enough political authority to place under its jurisdiction the Soviet military forces stationed on its territory (the Border-Guards and the 201st Motor Rifle Division); instead, it temporarily legalized their presence under Moscow command.⁴¹ As a consequence, whereas Central Asian neighbors' armed forces were built on units of the Soviet Army Turkestan Military District stationed on their territories, the Tajik army was initially formed out of the PFT paramilitary detachments as early as February 1993.⁴² But powerful commanders soon turned against Rahmonov's authority after the death of Sangak Safarov on March 29 1993 and the official dissolution of the PFT that followed. A real national army did not emerge until UTO paramilitary units were included in it in accordance with the General Peace Agreement protocol on military issues, which proceeded more or less smoothly. Yet, armed forces are today composed of both military, paramilitary and security structures that are not well defined and integrated, and whose loyalty towards the central government might not be taken for granted.

Eventually, Russia is the real geopolitical winner because it remains the only guarantor of Tajikistan's military security, and has succeeded in maintaining this country in the functional status of garrison and buffer state it acquired during the Soviet era with a view to ensure security on the border with Afghanistan.⁴³ This capture of sovereignty undermines Tajikistan's Westphalian sovereignty since the country has become the CIS "independent" Republic over which Russia exerts the most considerable political influence and pressure. Nevertheless, it must be stressed that the Tajik government has managed to diversify its security assistance in the post-September 11 geopolitical context by deepening its military cooperation with other states – such as the United States of

⁴¹ A bilateral agreement was reached and permitted Russian troops to remain in Tajikistan until 1999. Karim Khodjibaev, "Russian Troops and the Conflict in Tajikistan", *Perspectives on Central Asia* (Eisenhower Institute's Center for Political and Strategic Studies) 2, 8 (November 1997).

⁴² Rustam Burnashev and Irina Chernykh, "The Armed Forces of the Republic of Tajikistan", *Central Asia and the Caucasus* 6, 18 (2002).

⁴³ Teresa Rakowska-Harmstone, *Russia and Nationalism in Central Asia. The case of Tadjikistan* (Baltimore: The Johns Hopkins Press, 1970).

America, the European Union, India, China.⁴⁴ In April 2004, Rahmonov felt secure enough to claim Tajikistan was eager to take over border management with Afghanistan and asked for the departure of Russian troops that had been in charge of it since 1992-3. This was a strategic move to push Russia into renegotiating the terms of its patronage and thus maintain its credibility. It resulted in the signing of an agreement on October 16 2004 that “conferred basing rights on the Russian Army troops – specifically, the 201st Motor Rifle Division – in Tajikistan”.⁴⁵ The “new” base is the largest Russian troop deployment in a foreign country (although the number of troops – 5,000 – is twice less than before September 11). It consists of a number of installations in and near Dushanbe, in the Kulob area to the south, which amalgamate with the Aini airfield to the north and the Nurek space surveillance center “Okno” to the southeast of the capital. The latter is being handed over in full ownership to Russia, which will use the land and immovable property gratis for a 49-year period at all those locations. In return, Moscow committed itself to upgrade installations like Soviet era airfields, to defray the costs of training Tajik officers in Russian military schools, and more significantly to hand over to Tajikistan's border troops the mission to protect the Tajik-Afghan border by 2006, to write off US\$242 million of Tajikistan's debt to Russia (amounting to US\$300 million), and to invest US\$2 billion in the Tajik economy. This considerable pledge is partly directed at the construction of the Sangtuda hydroelectric plant and the Rogun dam, and the modernization of the Tursunzade aluminium smelter.⁴⁶

The Neutralization of Warlords. The Kulobi-led government also managed to reclaim internal sovereignty through the neutralization of almost all powerful field commanders, which enabled the reestablishment of its domination over the national territory and population. A product of

⁴⁴ Roger McDermott, “Tajikistan diversifies its military assistance”, *Eurasia Daily Monitor*, September 22, 2004, <http://www.jamestown.org/publications_details.php?volume_id=401&issue_id=3078&article_id=2368543> (November 19 2007).

⁴⁵ The Russian troops had been stationed in Tajikistan without a legal cover since 1999 when Presidents Emomali Rahmonov and Boris Yeltsin failed to ratify a new agreement, owing to differences over the economic, political, and military operating conditions of the base. Vladimir Socor, “Russian Army Base in Tajikistan Legalized; Border Troops to Withdraw”, *Eurasia Daily Monitor*, October 19 2004, <http://www.jamestown.org/edm/article.php?article_id=2368712> (November 19 2007).

⁴⁶ Two Russian companies closely linked to the Kremlin, RusAl and Unified Energy Systems, have pledged to invest US\$560 million in the Rogun dam and US\$200 million in the Sangtuda hydroelectric plant, respectively. Bruce Pannier, “Central Asia: Russia Comes On Strong” *Radio Free Europe / Radio Liberty*, November 17 2004, <<http://www.rferl.org/featuresarticle/2004/11/ffdd150c-4daa-4577-9d8a-893ff8613e82.html>> (November 19 2007).

state collapse and civil war, these strongmen emerged on the Tajik political scene as early as December 1992. They enter the category of warlords, defined as powerful sub-state actors that have established their authority over a population and a territory, on which they are able to maintain basic law and order thanks to their local monopoly of force, and to re-enforce mechanisms of survival. Therefore, they enjoy a certain degree of legitimacy in the eye of the community they are supposed to protect and represent, and are *de facto* challenging the legitimacy of the centralized government.⁴⁷ Apart from confrontation, there are two possible relationships between a rebuilding state and warlords: the latter can parasitize the state or be integrated into state structures (or in the socioeconomic life). In other words, warlords may well be strong enough to impose their nominal acceptance of the central state in exchange of economic gains and social benefits derived from the country's reconstruction process. Or they might be co-opted and fully absorbed in state structures, provided that they relinquish their local monopoly of force, thus ceasing to be warlords. Warlords can also be instrumental in restoring the collapsed state while remaining autonomous agents. But if the rebuilding of the state is to succeed, this "partnership" case can only be transitory and ultimately evolve into the second above-mentioned outcome, or end up with the political neutralization (not to say physical elimination) of warlords that are by definition a threat to the central state authority. PFT just as UTO field commanders can illustrate each of these three cases.

The new government formed in December 1992 was an expression of the intra-elite pact concluded between Khujandis and Kulobis in November. Due to their crucial military role, powerful PFT field commanders were necessarily given high governmental positions and access to economic resources. However, if the latter participated in the restoration of the central state through military campaigns, they soon represented a threat to the state authority and stability for being out of control. For instance, Sangak Safarov acted as the real chief of government, intervening in decision-making and administrative management, although he had no official position. Meanwhile, the government had no means to stop Faizali Saidov's wave of bloody revenge against Gharmis and Pamiris. Safarov tried to put an end to this but the two men quarreled and were killed during the shooting that broke out. This event in turn unleashed the political appetites of Safarov's former lieutenants, which were all eventually thwarted by Emomali Rahmonov. Considered as a colorless, puppet-like, politician in November 1992, the latter gradually succeeded in asserting himself as the

⁴⁷ Nourzhanov "Saviours of the nation or robber barons?", p. 110.

only patron of the Kulobi faction. This involved the strengthening of the central government authority, at least to a certain extent.

While lower level field commanders were neutralized through the disarmament and demobilization of their militia units, and absorbed in political or economic structures, all PFT warlords that refused Rahmonov's leadership or opposed the peace process were sooner or later eliminated (killed, exiled or imprisoned). A good illustration is Yakub Salimov, a famous racketeer in Dushanbe before 1992, who became Minister of Interior in December 1992, and then tried to fill the shoes of Safarov. To neutralize him, Rahmonov had to first build strategic alliances with other Kulobi field commanders (like Ghaffor Mirzoev and Suhrob Qosymov) and politicians (like Abdumajid Dostiev and Mahmadsaid Ubaidulloev). He was then able to consolidate his political and institutional power by becoming president of the country in November 1994 (the presidency was then reestablished and institutionalized by the new Constitution). When Salimov opposed negotiations between Rahmonov and Nuri in 1995, the president had enough support in his camp to dismiss his Minister of Interior in August and to send him in diplomatic exile in Turkey. Meanwhile, he managed to secure the loyalty of security forces by instrumentalizing rivalries between Mirzoev (commanding the new Presidential Guard from January 1995) and Qosymov (commanding the 1st Special Operation Brigade of the Interior Troops from 1994), his *protégé*. This made possible the defeat of the joint attacks of Salimov and Colonel Mahmud Khudoberdyev in August 1997 (in Dushanbe) and again in November 1998 (in Leninobod). Forced in exile in Russia, Salimov was arrested in Moscow in 2003 and extradited to Tajikistan in February 2004. He was eventually sentenced on April 25 2005 by the Tajik Supreme Court to 15 years in a high security prison on charges including treason and abuse of power.⁴⁸

Co-opted in state security structures, warlords like Mirzoev and Qosymov were definitely instrumental in the propping up of the central authority. But their long-lasting integration implied that they pledged allegiance to the president, so as to compensate a threatening autonomy carved out of their ability to finance the armed forces they commanded through various economic activities. Qosymov seems to have accepted that rule, unlike Mirzoev who, among other charges, was accused of planning a coup and was dismissed from his position in January 2004, and

⁴⁸ Rustam Nazarov, "Tajik Opposition Leader Arrested", Institute for War and Peace Reporting, September 25 2006, <http://iwpr.net/?p=rca&s=f&o=238840&apc_state=henirca2005> (November 24 2007). Exiled in Uzbekistan where he had some support, Khudoberdyev was apparently killed in October 2001 at a meeting with Uzbek military officials by his second in command, Nourzhanov "Saviours of the nation", footnote no. 95, p. 124.

finally arrested in August.⁴⁹ In the meantime, he had been appointed to head the country's Anti-Narcotics Agency, ostensibly to give time for Rahmonov to secure support from Qosymov and Russia with a view to neutralize him gradually. He was sentenced in August 2006 to life imprisonment for attempted coup, abuse of office, and murder.

After June 1997, UTO warlords had also to be co-opted in state structures or to be neutralized. Those who opposed the peace process were either driven out of the country (like Juma Namangani, who was Mirzo Ziyoev's chief of staff) or killed by mixed PFT-UTO armed forces (like Rahmon Sanginov in June 2001 and Rezwon Sodirov in December 1997). The most powerful UTO warlord, the Gharmi Mirzo Ziyoev, became Minister for Emergency Situations, a portfolio that was created especially for him in July 1998. The Badakhshoni Salamsho Muhhabatshoev was appointed Chairman of the State Oil and Gas Committee. The Gharmi Mirzo Nizomov became Head of the State Customs Committee. His fellow countryman Mahmadruci Iskandarov was made director of the state gas provider Tojkgaz in 2001. Just like their PFT counterparts, co-opted UTO warlords benefited from a massive redistribution of material wealth, which they could use as personal patrimonies to finance substantial private armies. The president proved able to secure patronage relationships (notably with Ziyoev, whose brigade was instrumental in defeating Khudoberdyev in November 1998) and to play with interpersonal rivalries so as to dismiss weaker elements (like Muhhabatshoev and Nizomov in 2003), and to neutralize those who rebelled against this marginalization and decided to challenge the president politically (Iskandarov).⁵⁰

In the end, the state resorted to various means to re-appropriate its monopoly of legitimate force: military action, co-optation and patronage, administrative and judiciary measures in cooperation with other countries such as Russia. Still, some powerful warlords like Qosymov and Ziyoev retain a great deal of autonomy, and their loyalty to Rahmonov's regime may not be taken for granted in the case of a major political crisis.

⁴⁹ Rachid Abdullo, UNTOP, Dushanbe, February 2006.

⁵⁰ Iskandarov protested against Rahmonov's policies in 2002, was sacked from TojikGaz in November 2003, and engaged in politics with the Democrats. After he publicly attacked the amended election legislation approved in June 2004, he had to go to Russia in August to escape accusations of corruption linked to TojikGaz. Arrested there in December, Russian authorities refused his extradition and released him in the beginning of April 2005. But Iskandarov was abducted two weeks later, supposedly by unknown forces, and turned over to Tajik authorities. At the term of a controversial trial, he was sentenced in October 2005 to 23 years of prison on charges of embezzlement, murder and terrorism. US Department of State, "Tajikistan", *Country Reports on Human Rights Practices - 2006*, March 6 2007, <<http://www.state.gov/g/drl/rls/hrrpt/2006/78843.htm>> (November 25 2007).

Power-building vs. State-building and its Institutional Consequences

Besides containing warlordism, state rebuilding was compromised by the fight for political hegemony between Kulobis and Khujandis from December 1992 up till November 1994, which incapacitated the government. The establishment of a new Constitution and the restoration of the presidency epitomized the return of statehood, to the attention of both the national and the international communities. But it did not start a coherent process of state rebuilding. Holding the supreme leadership of the country for the first time in history, the Kulobis have indeed prioritized a power-building logic up to now. The restoration of central authority and institution building are means to that end rather than elements of a developed strategy to build up the “strong state” that official discourses largely promote. The resort to post-Soviet state monopoly (on main economic activities and resources like land, cotton, aluminum, ores and precious stones, and on ideology), to the reinvention of a nationhood ideology, and to political authoritarianism leaves little room for institutionalization. It reveals a conceptual confusion between state and regime.

What Building a “Strong” State means in Tajikistan Today

The Kulobi leadership equates strong state with strong regime. The rationale is twofold. First, sovereignty lies in the person who holds and exercises power, i.e. in the supreme decision-maker who is then legitimate and cannot be constrained by the law he himself creates. This differs from the Bodinian conception, which considers that sovereignty resides in the community’s common interests⁵¹ and that the exercise of power must be constrained, but resembles Schmittian *decisionism*. Second, to the leadership, strength means the capacity to conquer and to retain power. The state is generally a structure to be conquered, through which the victor’s will is imposed. But in Tajikistan, this appropriation turns out to be particularistic and exclusivist, and involves the resort to force and all other means to defend it against rivals who can possibly be considered as enemies. The priority is then to reinforce the rulers’ power and regime, by strengthening security and police structures and to keep full control over the modalities of access to power. Eventually, “strong” equates “authoritarian”.

Such a conception is the by-product of Soviet institutional and ideological legacies, adapted to the context of independence. These legacies can all be summed up in a trilogy: ideological monopoly of the state, Party hegemony, and repression of all ideas challenging the official doctrine. The Communist Party survived but has no longer any

⁵¹ Louis Bodin, *Les six livres de la République* [Six books of the Commonwealth] 6 (Paris: Fayard, 1986).

ideological and political hegemony, which was recovered by the presidential administration. While the Constitution states that the people are the holder of sovereignty (just as the 1977 Soviet Constitution did), the presidential administration—and ultimately the president—today purports embodying “people’s mandate”. Present rulers are still deeply influenced by a Soviet political culture that excluded the idea of the diffusion of authority, of the competition between ideas and programs, and that favored the unity of decision, authority and thought, and the unanimity of behaviors.⁵² In the Soviet system, remaining in power did not depend on open and competitive elections, but on mechanisms of informal alliances and purges. So it is in the new system. Although they no longer consider themselves the depositaries of “scientific socialism”, politicians still apply the principle of state monopoly of truth, whose corollary is the continuation of control and repression of non-conformist and alternative ideas.

Except sheer force and repression, formal institutions can be a major instrument for ruling elites who can take advantage of their position of power to confiscate power and build a so-called “strong” state. For instance, rulers are anxious to anoint their regime and the state with a democratic legitimacy through the writing of a democratic constitution and the establishment of a representative Parliament. However, none of the two functions of a democratic Constitution is enforced, i.e. the control of the conditions of the formation of a democratic majority, and the control of this majority’s actions and accountability. Elections are rigged in a more or less sophisticated way and the rubber stamp Parliament has no power to control the government that is formed and chaired by the President, the Prime Minister having a purely decorative role. Law is enacted in the interests of those in power, who can then pretend to act legally. It may also well not be abided by those who think themselves above it. The judicial system is controlled by the executive and used as a punitive tool against economic and political actors that could appear as challengers.

Formal institutions can have another function: to allow informal structures and practices to work as crucial instruments at the hands of rulers anxious to stay in power. In this respect, political factionalism and neo-patrimonialism are at the core of Tajik political system. An informal structure, a political faction is a specific, recombined type of *açabiyyâ* that consists of a network of individuals related by links of real or fictitious kinship, as well as by patronage connections. It works according to non-codified rules and codes, and is oriented towards the defense of parochial

⁵² Hélène Carrère d’Encausse, *Le pouvoir confisqué. Gouvernants et gouvernés en U.R.S.S.* [Confiscated power: rulers and citizens in the USSR], (Paris: Flammarion, 1980), p. 232.

political and socioeconomic interests.⁵³ As in other Central Asian Republics, its specificity lies in its territorial base, either local or regional, while the ethnic factor plays no role. Far from testifying to the permanence of a traditional society within a bureaucratic state, political factionalism is the product of the adaptation and recombination of pre-existing solidarity groups—that had mostly a social dimension—to the constraints imposed by the Soviet empire, and in particular to the irruption of a form of modern state imported by the Soviets. Transferred into *kolkhozes* through collectivization, social *açabiyyâ* adapted and became the root of political networks devised to access state resources and power in a system characterized by the competition for resources and the indirect administration of Soviet Republics by Moscow. Matrimonial and patronage links were added to kinship so as to get “local” representatives in the Party-State structures, which appeared first at the district and provincial levels. The result was the emergence of networks characterized by a rural base and a regional political solidarity and identity. In Tajikistan they are embodied in the four regionalist political factions of Khujand, Kulob, Gharm and Badakhshon.

Political factions work in accordance with the rule of “localism” (or *mahallgerâyî* in Tajik, *mestnichestvo* in Russian), which consists in relying on people from one’s region of origin to make a career for oneself, and to promote them in return once a position has been obtained in state structures or elsewhere. This involves practices of cronyism, nepotism and patronage. Another specificity is that these solidarity networks are articulated with the state production sector, as well as with the informal and criminal sectors that were already vibrant at the end of the Soviet period.⁵⁴ *Apparatchiki* and technocrats got used to diverting state economic resources and channeling them to their solidarity networks. This involved the mobilization of illegal groupings and activities that could prosper under the protection these influential political figures could ensure by working in the Party-State apparatus. This mixed picture created the conditions for the apparition of neo-patrimonialistic practices after independence and the civil war.

⁵³ Olivier Roy, “Groupes de solidarité, territoires, réseaux et Etat dans le Moyen Orient et l’Asie Centrale” [Solidarity groups, territories, networks, and the state in the Middle East and Central Asia], in Hosham Dawod, *Tribus et Pouvoirs en terre d’Islam* [Tribes and powers on Muslim land], (Paris: Armand Colin, 2004); Olivier Roy, *The New Central Asia: The Creation of Nations* (New York: New York University Press, 2004). See also Kathleen Collins, “Clans, pacts, and politics in Central Asia”, *Journal of Democracy* 13, 3 (July 2002), pp. 142-3 and Kathleen Collins, “The logic of clan politics. Evidence from the Central Asian Trajectories”, *World politics* 56 (January 2004), pp. 232-3, although I contest the generalized use of “clan” for Tajikistan and Uzbekistan.

⁵⁴ Boris Z. Rumer, *Soviet Central Asia: ‘a tragic experiment’* (Boston: Unwin Hyman, 1989); Dudoignon “Une segmentation”.

Neo-patrimonialism is the practice of private appropriation of political space and of the resources of various social spaces through a predatory logic.⁵⁵ It is facilitated in socially segmented (communalized) societies, such as Tajikistan, where political power can distort and move boundaries between private and public spheres without facing much resistance from society. In the end, it enables a political regime to maintain patronage relationships and thus necessary loyalties for its own perpetuation. In certain continuity with the Soviet Party-State, a “Faction-State” has been taking shape, at least partially, since Kulobis’ accession to power. The latter initially resorted extensively to predatory practices after their military and political victory in 1992. Extravagant predation later decreased in order not to destabilize the new state and thanks to the progressive neutralization of warlords. But neo-patrimonialistic practices have ever since remained the backbone of the Kulobi regime. Indeed, they have been instrumental first to carve out loyalties inside the Kulobi faction, and then, after June 1997, to extend these loyalties to co-opted UTO members. Cooptation and recruitment in state structures are not only patrimonial and focused on the president-sovereign’s faction, family, and clients, although they are the ones that are granted with the most important positions. They are also extra-patrimonial in the sense that the president has established new kinds of vassalage ties with major provincial authorities, like in Sughd and Gorno-Badakhshon, as well as relations of trust and respect with extra-factional competent politicians and technocrats (for instance among its advisors).

The Weakness of State Capacity in Tajikistan

The diversion of formal institutions and the common use of such informal structures and practices as political factionalism and neo-patrimonialism have a bad effect on state infrastructural power. They reduce state capacities of command, extraction and regulation by hampering the processes of differentiation, autonomization, universalization, and institutionalization. Although the validity of these functionalist processes has been rejected when used to explain the mechanical, deterministic and teleological emergence of the modern state, they can be relevant to give a static description of state structures at a particular historical moment.

The Tajik state is not differentiated from particularistic social groups. It appears as the instrument of the Kulobi faction, whose leaders use it as their patrimony. But the situation is a little more subtle. The Kulobi faction has certainly taken control over all crucial political and economic positions through a process of “kulobization” that was first detrimental

⁵⁵ Badie, *L’Etat importé* [The imported state...], pp. 23-9.

to former allies – Khujandis and Tajikistani Uzbeks (like the groups of Boimatov and Khudoberdyev). But “kulobization” has been nuanced by two factors. On the one hand, vigorous internal struggles have opposed various Kulobi factions, and are still looming even though Rahmonov seems today unrivaled. On the other hand, “kulobization” was partially halted by the necessary inclusion of UTO members in the state structures after June 1997. Yet, it was reinvigorated after the official end of the “transition period” in February 2000. Today, the other political factions hold different secondary political positions. For instance, Khujandis have kept the purely symbolic position of Prime Minister (Okil Okilov), while a Gharmi (Saidullo Khairulloev) heads the lower house of Parliament but is fully loyal to Rahmonov. But factionalism is not the key explanatory factor of the contemporary political game. Indeed, national resources and economic activities are rather divided between big families and networks (like those of Kosym Kosymov, Amirsho Miraliev, Murodali Alimardonov, Mahmadsaid Ubaidulloev) that may belong to different factions (including Khujand with Kosymov) or networks (like the Hissori Alimardonov) provided that they are loyal to the president. Consequently, patrimonialism as well as the personalization and concentration of powers in the hands of the Presidency illustrate the overlapping of public and private spheres in both economics and politics.

The Tajik state inherited various institutional organs such as a civil bureaucracy, a legal system, and security structures. However, they were highly destabilized at independence and during the civil war by the loss of funds, competent staff and rules. Today the state is far from being fully autonomous. Apart from the above-mentioned Kulobi appropriation, it has not recovered a full monopoly of legitimate force since its army remains weak and its security depends extensively on Russia, and since some warlords might still be able to win the loyalty of private armed groups put on their payroll. Moreover, ministers and civil servants are generally not recruited for their skills and on meritocratic criteria, but through interpersonal, family and patronage connections. As the saying goes, “it’s better to trust your own people than the others”.⁵⁶ There seems to be a difference in the presidential administration though, and especially among the president advisers, many of whom are actually competent Khujandi technocrats. Relations of authority in the civil service are not impersonal due to the personalization of power at different levels. Since sovereignty is incarnated in the president who concentrates all powers, the rule of law cannot be established to allow the

⁵⁶ Discussion with a Tajik analyst working in an international NGO, Dushanbe, March 2006.

autonomization of state structures. The latter is also hampered by the lack of fiscal resources (see below).

The personalization of social relations and institutions, and the confiscation of power and resources by particularistic groups prevent the integration of society through mass participation in politics and the construction of ex-post economic equality (implying the redistribution of wealth). In such a system of power of the elites, social groups cannot express their interests freely and be actively and efficiently represented by trade unions, associations, political parties and Parliament. They know that the state is neither capable of protecting them against economic hardships, nor willing to share equally the benefits of economic development. Consequently, people tend to favor communal logics to associative logics, and stick to localist identities rather than embrace the state-national identity, thus decreasing internal sovereignty. The state is thus a dysfunctional arena to ensure the arbitration and regulation of conflicts. Social grievances and conflicts tend to be mitigated through informal pacts and agreements, instead of being officialized through institutions.

This dysfunctional situation has three major consequences for state infrastructural power. First, although authoritarian, the Tajik state has a weak command capacity. It must here be underlined that the Government has no full control over decision-making due to Russia's and international organizations' influence. This being said, decision-making and enforcement face serious problems of relevance and efficiency. All powers are centralized and concentrated in the hands of the presidential apparatus, to the detriment of the Cabinet of Ministers, in sheer continuity with the Soviet period. The policy-making principle is simple: gathering information from his board of senior advisers, ministers and other institutions such as the Institute on Strategic Studies and the Academy of Sciences, the president decides, while the Parliament ratifies "presidential" laws and the Cabinet of Ministers implements policies. However, governmental action greatly lacks coherence. Policy-making was first focused on the technical issues of privatization and fiscal policy through which various networks wanted to appropriate resources. Strategic priorities have appeared only around the year 2000 with the help of international organizations like the IMF, the World Bank and UNDP. Since then, the government has been encouraged to elaborate poverty reduction strategies (PRS) and a National Development Strategy (NDS) in 2005 that must still be enforced. Still, the relevance of decision and policy-making remains low. Policy enforcement confronts several structural obstacles. First, at the central government level, there is often overlapping between the presidential apparatus and the Cabinet of Ministers. A second reason is the officials' lack of skills and professionalism. Third, there is a serious lack of horizontal and vertical

coordination. Connection between administrative levels is only top-down, but the State is not effectively represented under the district level, i.e. at the community level where one finds *jamoats* and *mahallas*.⁵⁷ A collection of villages, *jamoats* are local self-governing bodies and the lowest administrative unit; they are further subdivided into neighborhoods governed by local *mahallas*, but these traditional community councils are not a formal part of state administration.⁵⁸ Since 2004, *jamoat* leaders are no longer nominated by the president but elected by their local community (just like *mahalla* leaders). But *jamoats* and *mahallas* do not have proper budgets and financial capacities, and the unique intermediary between the state and local communities remains the district level, which collects and distributes resources according to central orders.⁵⁹ The enforcement of decisions often stops at that level, while different non-state actors (like warlords, politically well-connected and influential individuals, or NGOs) fill the authority gap at the community level, thus contributing to the fragmentation of the state.

The second consequence for state infrastructural power is the poor quality of fiscal policy.⁶⁰ Tajikistan seriously suffered from the abrupt end of transfers from Moscow at the end of 1991, which amounted to almost 50 percent of the total receipts, and from the decline in profitability of major taxpaying enterprises. From 1999, the government started to restructure the tax system and to build a new one to collect taxes from private sector enterprises. Among numerous technical problems (such as the deficient statistical system), the government experiences big problems with the collection of taxes (that generate over 90 percent of state revenues). Some are due to a lack of coordination between the Ministry of Finance and the Ministry of State Revenues and Duties created in January 2002 by merging the tax and customs committees, as well as to the need to reform the customs system. Other problems are linked to the limited state capacity to control its own agents through institutions and procedures, which offers opportunities for

⁵⁷ The administrative-territorial division of the country consists of three tiers of local government: community level (first tier, with *jamoat* and *mahalla*), district level (second tier, with cities and *raion* subordinated to *oblast*), and provincial level (third tier, with *oblast* subordinated to the national government). Mamadsho Ilolov and Mirodasen Khudoiyev, "Local Government in Tajikistan", in Igor Munteanu and Victor Popa (Eds.), *Developing New Rules in the Old Environment*, Local Government and Public Service Reform Initiative (Budapest: Open Society Institute, 2001), p. 608.

⁵⁸ Asian Development Bank, *Country Governance Assessment of the Republic of Tajikistan*, (Manila: ADB, December 2004), p. 26.

⁵⁹ Stéphane A. Dudoignon, "From Ambivalence to Ambiguity? Some Paradigms of Policy Making in Tajikistan", in Luigi De Martino, *Tajikistan at a Crossroad: the Politics of Decentralization*, Situation Report 4, (Geneva: CIMERA, January 2004), pp. 119-150.

⁶⁰ Asian Development Bank, *Country Governance Assessment of the Republic of Tajikistan*, pp. 32-43.

predation and corruption.⁶¹ Predation is conceived here in a restrictive sense, i.e. the uncontrolled state extraction capacity that ultimately benefits not the state but central or decentralized agents with no return in terms of public policy (or other forms of redistribution of wealth) for the taxpayers. The distinction with sheer corruption is blurred when agents take advantage of their official position to divert legally extracted resources for their private interests and enrichment, which characterizes the patrimonial state. Both centralized and decentralized predations thrive in Tajikistan and are related to rent-seeking behaviors and problems of administrative control. The anti-corruption commission established in 1999 was subsequently disbanded because it succumbed to vested interests. Its role has been taken over by the Procurator-General who depends on the executive, in fact the president. Ministerial and parliamentary audit capacities are very weak. There are also the issues of local tax collector retention of any taxes over the official target for local governments, and of the resort to bribes by taxpayers to avoid paying full taxes. In the end, the lack of institutional and legal control entails the criminalization of political and economic life, as well as the fragmentation of authority.

As a result, the state is not capable of regulating the economy. Policy-making and enforcement are not transparent and efficient enough. Forms of predation at the central and local levels of government divert economic resources to private ends. For instance, ministers (such as those in charge of industry, economy and trade), heads of financial institutions (like the National Bank), and heads of provincial administrations (as in Sughd – former Leninobod) take advantage of their positions to run their own businesses, use state resources as their patrimony, and act above the law thanks to the protection of cronies in the dependant judicial sector.⁶² Predation pushes economic agents towards the informal sector or at least does not give them incentives to join the formal sector, which is eventually detrimental to state revenues and public policies. The state does not fulfil its role of macrostructure that produces rules, norms, and procedures, and that enforces the rule of law so as to create delimited spaces of stability and predictability, as well as an atmosphere of confidence that decentralized economic agents need as a prerequisite to operate and defend their rights⁶³. In the end the state has not sufficient policy-making, resources and control capacities to impulse economic

⁶¹ Minxin Pei, “Rotten from Within: Decentralized Predation and Incapacitated State”, in Paul, Ikenberry, and Hall, *The Nation-State in Question*, pp. 321-49.

⁶² Discussion with a Tajik entrepreneur, Khujand, September 2006.

⁶³ A private sector with small and medium enterprises exists in Tajikistan but develops at a slow pace. World Bank, *Republic of Tajikistan: Private Sector Development Strategy*, report No. 38637-TJ, (WB, April 2007).

development on a large scale, though it is a condition of its legitimacy, and highly depends on foreign help and assistance.

Conclusion: Categorizing the Central Asian post-Soviet Tajik State

The articulation of the notions of institutional capacity, sovereignty and power-wielding allows the issue of state legitimacy to be addressed according to the four ideal types presented previously.

Let us begin with substantial legitimacy. President Rahmonov is endowed with political charisma for two main reasons: by making peace, he has restored state authority and statehood, and reinstated Tajikistan as a recognized actor of the international order (thus its legal international sovereignty), thereby creating the conditions for economic recovery and stability. He is thus considered the strong man and guide of post-war Tajikistan. In this respect, he was awarded the Order of Hero of Tajikistan in 1999. Two factors bolster Rahmonov's charisma in the eye of the population. First, although he appeared at first inexperienced to fit in the role of a national leader when he was only a sovkhos director, he managed to fill the shoes of a statesman. Internally, he proved to be a pragmatic and clever tactician when asserting his power; externally, his multivector foreign policy enabled to open up the country, attract funds and find new strategic partners. In addition, official discourses on "strong state", "strong power", and "strong leader" find a positive echo in a poorly educated, agrarian, population. Respect and habit of "strong" authority are internalized through family education (respect for the elder); they were also institutionalized during the Soviet period, and are reinforced by the trauma caused by the failure of *perestroika* democratization and by the civil war. Tajik people want peace and social harmony, and so value the leader who appears as the only guarantor of sociopolitical order and stability. To a certain extent, they are receptive to the personality cult that the president enjoys through governmental media (especially on TV), textbooks, and official discourses.⁶⁴ Rahmonov is often affectionately referred as "Oli Djanop" (Supreme Being), "diadia" (uncle), or named after his given name Emomali. This can be sincere, or hide a good deal of hypocrisy or irony. Indeed, confirmation of the president's charisma has come up against several criticisms for a few years. People are well aware that growing authoritarianism goes with confiscation of political power and economic resources by a tiny elite. Frustrations and distrust toward the new system, politics and politicians in general are high in society. The new national identity ideology

⁶⁴ Rahmonov's personality cult is discreet in the sense that there are no statues and photos of the president in front of each official building, as in Niyazov's Turkmenistan. But it is widespread because power is highly personalized and Rahmonov is portrayed as Ismoil Somoni's heir and the saviour of the Tajik nation and state.

elaborated to bolster statehood building meets very little popular enthusiasm and is ill-at-ease with the role and place that Islam can take in it, thereby creating tensions in society. Still, people tolerate the system and prefer trying to circumvent its rules rather than contesting them, which would risk creating instability. So, charismatic legitimacy is far more important in today Tajikistan than at the time of the RSS of Tajikistan, when Tajik CP first secretaries' personal aura was limited by their role of local administrators and was coming first and foremost from their communist bureaucratic legitimacy.

Charisma is much more routinized through patrimonialization than bureaucratization in Tajikistan.⁶⁵ Bureaucratic legitimacy has indeed substantially decreased with the collapse of communist ideology, and the disorganization and patrimonialization of the inherited bureaucratic system. The rule of law is not effective and civil servants obey a personal sovereign, not impersonal rules and regulations. Civil servants are not selected according to their skills and through open competition, but through interpersonal connections. Professional qualification is very low in Tajikistan because of the collapse of the education system, the discrediting of diplomas that are now usually purchased, and the generalization of the venality of offices in the bureaucracy. This situation is aggravated by the massive brain drain of skilled persons that have left abroad or gone working for foreign organizations. Moreover, civil servants receive low and sometimes irregular salaries, and therefore have other occupations to make ends meet.⁶⁶ Due to economic uncertainty and to a lack of discipline and control, they take advantage of their position to get benefits and resort to predation and corruption. In such an environment, no public interest can be constructed through institutions. The weak capacity of command, extraction and regulation of the Tajik state is greatly due to a bureaucracy whose organizational structure is not clear enough, that lacks coordination, depersonalization and control, professionalism (though it seems to have been increasing gradually for a few years), and efficiency. Bureaucratic legitimacy thus suffers from weak institutional capacity, little scope, and low foreseeability, which results in a huge lack of confidence from a population that struggles for survival through its own efforts, notably massive labor migration to foreign countries like Russia.⁶⁷ The legal-bureaucratic respectability that Soviet civil servants were enjoying has disappeared to a great extent

⁶⁵ On the routinization of charisma, see Weber, *Economie et société* [Economy and Society], pp. 326-36.

⁶⁶ Overemployment in the civil service is a way to diffuse social and economic tensions.

⁶⁷ Involving from 600 000 to one million Tajikistonis, labor migration is the main factor of poverty reduction today in Tajikistan. Migration remittances would amount to 30 or even 50 percent of GNP. See Alexei Kireyev, "The Macroeconomics of Remittances: The Case of Tajikistan", *IMF Working Paper*, WP/06/2, (January 2006).

today, to the benefit of anti-establishment social actors like Islamist groups.

Neo-patrimonialism enables the appropriation and personalization of power and resources, but also to compensate for the lack of bureaucratic competence and efficiency with the distribution of advantages to specific groups or challengers. These groups are political factions, solidarity networks and extended families that pledge allegiance to the president. As such, this technique already existed during the Soviet period, and was largely used from 1946 onwards although officially criminalized.⁶⁸ But it has been generalized and institutionalized since 1992, taking advantage of the atomization of Tajik society. On the one hand, it is a form of distribution of resources that can find real legitimacy in the eye of society when the state is weak. For instance, the province of Khatlon and the region of Kulob in particular, that had received a poor share of industrial investments during the Soviet era, have seen their economic development prioritized since 1997, to the detriment of the wealthy region of Khujand.⁶⁹ Various forms of solidarity networks become recipients of economic resources thanks to their members who have been attributed (or have purchased) a position in state structures. At the local level, where the state is neither well represented nor efficient, sub-national actors like warlords, mafia bosses or other politically well-connected and influential individuals (like notables) often play a role of protector and development agent for the community they are supposed to represent. Their decisions and deeds are thus often more relevant to the community's situation than those of the state. On the other hand, neo-patrimonialism creates anomy, uncertainty, mistrust, and entails the incapacity to control actions and accountability, and prevents the construction of ex-post economic equality between people and country regions. Even though the president has co-opted and absorbed elements from factions other than his own in state structures, he is perceived as seeking political and economic hegemony for Kulobis, which Khujandis had done during the Soviet period, and which was one of the causes of the civil war. Further, patrimonialism tends to become monopolistic and to prevent the market economy from developing.⁷⁰ In continuity with the Soviet system, a form of state capitalism is emerging, and is characterized by arbitrariness, favoritism, personal and political interests.

The Tajik leadership puts forward democratic legitimacy in its discourses and some institutions (like Constitution, Parliament, legal and judicial systems). But it appears as a mere *façade*, whose *raison d'être* is to abide by international standards so as to maintain international

⁶⁸ Rakowska-Harmstone, *Russia and Nationalism in Central Asia*.

⁶⁹ Boymatov "Economic Relations between Centre and Regions: the Case of Sughd Province", in De Martino *Tajikistan at a Crossroad: the Politics of Decentralization*, pp. 46-84.

⁷⁰ Weber, *Economie et société* [Economy and Society], pp. 316-20.

recognition and to attract funds and assistance. Both the international community and Tajik society are being told that democracy takes time to build and must adapt to a specific cultural context (which is true to a certain extent), and that it requires strong economic development (the usual developmentalist argument). But so-called democratic institutions are incapacitated by the non-respect of principles and procedures. The Parliament cannot exert any control over the legality of governmental actions, and over the government's responsibility. The government and president cannot be held accountable by other civil associations like the media. The source of sovereignty is not the people but the ultimate decision-maker—the president and its apparatus—that are *de facto* above the law. Power and resources are appropriated by a few elites. In the end, democratic legitimacy is just as low as exclusion is high in society. It is thus lower today than it was in 1988-1991, a period that saw gradual but partial democratization. The sharing of power stipulated in the peace agreements was certainly temporary. But, the 30 percent quota were not fully respected and since 2000, Kulobis seem to seek political hegemony through the marginalization of political opposition, a tightened control over civil society, and the reduction of freedom of expression, three measures that have been encouraged by threatening “color revolutions” in other CIS countries, including the neighboring Kyrgyzstan in 2005. The result is confiscated power and managed democracy, with plebiscitary aspects. However, the combination of neo-patrimonialism with authoritarianism has not produced a form of “oriental despotism” as in neighboring Uzbekistan, because the Tajik state has not been turned into a police state – at least at this point in time, although Kulobis have kept state social ownership of land and an economy that greatly rests on artificially irrigated agriculture.⁷¹

Based on this analysis and our theoretical model, it becomes possible to categorize the post-Soviet Tajik state. The state legitimacy formula has significantly changed since 1991. Democratic and bureaucratic forms of legitimacy play a lesser role today, whereas charisma and neo-patrimonialism became the key mechanisms of the political system. The Tajik state in 2007 can thus be mainly characterized as a mix of reactionary and collusive state, with some populism, whereas it was acquiring a democratic though collusive form in 1991.

⁷¹ One can consider genuine “oriental despotism” to have been created by the Soviet state since this historical experience has combined an extremely powerful state – capable of controlling its entire territory through the monopoly of force – with the (state) social ownership of land and with the development of artificially irrigated agriculture. See Karl A. Wittfogel, *Oriental Despotism: A Comparative Study of Total Power* (New Haven: Yale University Press, 1957); Dominique Colas, *Dictionnaire de la pensée politique* [Dictionary of political thought], (Paris: Larousse, 1997), pp. 65-66.

The Tajik state power capacity to elaborate procedures of legitimization seems today to be reaching its limits. Although Emomali Rahmonov (now Rahmon) is at the height of his power and was reelected President in November 2006 with 79,3 percent of the votes,⁷² the credit of legitimacy granted to him in 1997 as peace-maker and guarantor of social harmony risks running dry for several reasons. The state has still weak institutional and policy-making capacities. Despite economic recovery, people still face economic hardships and have to care for themselves, essentially through labor migration, in order to survive. People have lost confidence in politics and politicians because of the civil war, the confiscation of power and resources by an unaccountable minority, and the inability of opposition political parties to efficiently organize, propose and struggle for alternative ideas. Political and economic favoritism today benefits Kulobis and some extra-factional allies. But the exclusion and unequal distribution of wealth is a highly destabilizing factor. It encourages the (often unemployed) youth in search of social justice and equity to turn to radical Islamist contestation. It can also lead marginalized factions (Khujandis, Gharmis and Badakhshonis) to overturn Kulobi domination. Yet, the memory of the civil war, the necessity to struggle for economic survival, as well as Russia's support to Kulobis are strong disincentives to violent conflict in the short or medium term. But economic deterioration, caused for instance by a crisis in the so essential Russian economy, would dramatically deplete already scarce resources and thereby stir inter- and intra-factional conflicts up, with possible resort to warlordism. Growing authoritarianism, neo-patrimonialism, collusion, and institutional weakness influence each other and thus brings to question the future of political stability in Tajikistan.

⁷² The OSCE/ODIHR considered that the 6 November 2006 presidential election did not fully test democratic electoral practices due to a lack of genuine choice and meaningful pluralism, to the absence of competition and debate in a media environment under government control. OSCE, Office for Democratic Institutions and Human Rights, *Republic of Tajikistan. Presidential Election - 6 November 2006*, (Warsaw: OSCE/ODIHR Election Observation Mission Report, April 18 2007).

Chinese Migration to Kazakhstan: a Silk Road for Cooperation or a Thorny Road of Prejudice?

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ABSTRACT

This article presents research findings on contemporary Chinese migration to Kazakhstan and examines the causes in the following areas: economic, socio-demographic, geographic as well as political and legal dimensions both in the country of origin and destination. It also examines the dynamics and major characteristics, of the migrants' regional distribution as well as the patterns of migrant flows. Three main types of migration flows are identified: (a) commercial (*trade, or 'shuttle'*) migration, (b) labor migration, both legal and irregular, and (c) repatriation of ethnic Kazakhs from China. The article also offers results of a sociological survey on the attitudes towards Chinese migrants in Kazakhstan.

Keywords • Migration • Kazakhstan • China • Border trade

Introduction

China's dynamic economic growth, trade expansion and a huge demographic potential draw attention of policy-makers and researchers from all over the world. For Central Asian countries and particularly Kazakhstan, which borders China in the east, the issues of economic and trade cooperation, national and regional security and "demographic pressure" are especially relevant. There has been a rise in research interest recently towards economic and trade relations between Kazakhstan and China, which however did not extend to demographic and in particular, migration processes between two countries.

How does bordering a "demographic giant" affect Kazakhstan? Has migration to and from Kazakhstan increased? What are the attitudes of Kazakh citizens towards Chinese migrants? What are the prospects of Chinese migration to Kazakhstan? Growing Chinese migration coupled with the lack of information on the issue, could potentially stir public resentment, alarmism and "sinophobia" in Kazakhstan. Already, there

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has been an increasing number of publications warning about the threat of “Sinocization” of Kazakhstan in the mainstream media.

This article aims to fill a gap in knowledge of contemporary Chinese migration to Kazakhstan. It focuses on the period after 1991, when Kazakhstan became an independent state and examines the causes of migration both in the country of origin and destination; the dynamics, structure and general characteristics of migration flows; and also highlights the attitudes of Kazakh citizens' towards Chinese migrants based on the findings of an applied sociological survey. The article is based on the author's recent research on labor and other types of migration trends in Kazakhstan, Central Asia and China. The methodology includes analysis of official statistics, expert interviews, as well as a number of applied sociological surveys, conducted by the author or under her supervision between 2000 and 2007, some of which are pioneering for the region.¹

Contemporary Migration from China to Kazakhstan: Main Causes and Types

Causes of Migration from China to Kazakhstan: “Push” and “Pull” Factors

China is one of the fastest developing economies globally. China's economic presence in Central Asia has been growing steadily, playing an increasing role in international trade and economic relations, especially with Kazakhstan. Over the past seven years, trade turnover between the two countries has rocketed, both in terms of growth rate and absolute values. Between 1999 and 2005, export of goods from Kazakhstan to China increased by over 5.2 times; imports from China to Kazakhstan by 15.7

¹ Elena Y. Sadovskaya, *Migratsiya v Kazakhstane na rubezhe XXI veka: novye tendentsii i perspektivy* [Migration in Kazakhstan at the threshold of the XXI century: new trends and perspectives] (Almaty: Galym, 2001); Elena Y. Sadovskaya, *Trudovaya migratsiya kak sredstvo adaptatsii k ekonomicheskomu krizisu v Kazakhstane* [Labor migration and its role in the adaptation to the economic crisis in Kazakhstan] (Almaty: Galym, 2001); Elena Sadovskaya, “Remittances and their role for labor migrants' households in the Republics of Central Asia,” *Central Asia and the Caucasus* 3 (2006), pp.109-123; Elena Sadovskaya, *Trudovaya migratsiya v Kazakhstane v 2000-e gody: novye vyzovy, novye resheniya* [Labor Migration in Kazakhstan in the 2000s: New Challenges, New Responses] (Almaty: 2006, forthcoming); Elena Sadovskaya, “Trudovye migratsii kazakhstanskikh grazhdan v period suvereniteta” [“Labor migration of Kazakhstan citizens during sovereign period”], *Labor in Kazakhstan*, 5 (2007), pp. 17-25; Elena Sadovskaya, “Kitayskaya migratsia v Kazakhstane: otnoshenie kazakhstanskikh grazhdan k kitayskim migrantam (rezultaty sociologicheskogo issledovaniya)” [“Chinese Migration to Kazakhstan: the attitudes of Kazakhstani citizens towards Chinese migrants. Results of a sociological survey”], *Analytic* 4. (2007, forthcoming).

times; and the overall commodity turnover by 6.7 times.² Over the past three years, China has ranked third among Kazakhstan's foreign trade partners. However, foreign trade imbalance is still present: Kazakhstan primarily supplies crude oil, ferrous metals and copper to China, while China exports into the country basic goods such as clothes, footwear, electronic household goods and food. Thousands of Chinese traders and businessmen go to Kazakhstan to trade in Chinese-made consumer goods.³

China's demand for energy resources has been growing over the past year, and its urge to diversify energy supplies (primarily coming from Africa and Middle East) reinforces China's interest in raw materials from its neighboring countries, Russia and Kazakhstan. In June 2003, Kazakhstan's President Nursultan Nazarbayev and China's Chairperson Hu Jintao signed a number of documents, including the Agreement on the Program of Cooperation between Kazakhstan and China for 2003-2008. The latter identified cooperation in the oil and gas sector as a strategic direction. Construction of the oil pipeline between Kazakhstan and China is the largest bilateral project to date. Within the framework of the above mentioned cooperation agreement, a section of Atasu-Alashankou pipeline financed by the Chinese party was constructed in December 2005⁴ (whereas a section of Kenkiyak-Atyrau pipeline was completed in December 2002). Such projects and joint ventures stimulate an ever increasing labor migration flow from China to Kazakhstan.

Demographic factors play an increasing role in migration from China into Kazakhstan. China has the largest population in the world (1.3 billion), which comprises significant labor resources and therefore, labor

² Data of the Committee of the Customs Control of the Ministry of Finance of the Republic of Kazakhstan, 2005, quoted from: Elena Sadovskaya, *Kitayskaya migratsiya v Kazakhstane* [Chinese Migration to Kazakhstan] (Almaty: 2007, forthcoming).

³ The following statistics testify to the fact that 'shuttle trade' (or the so-called "folk trade" – "narodnaya torgovlya" in China and "non-organized trade" – "neorganizovannaya torgovlya" – in Kazakhstan), remains significant. According to the Kazakh Committee of the Customs Control, the foreign commodity turnover between the two countries in 2005 amounted to US\$3,676 million, whereas according to the Commerce Ministry of the People's Republic of China it totaled US\$6,810 million. The difference has to do with the fact that the statistical bodies of the People's Republic of China include 'folk trade', while their Kazakh counterparts do not. At the same time, research by the National Bank of Kazakhstan assesses goods turnover in frontier and 'shuttle' trade and takes it into account when preparing the annual report on the national budget ("Platezhny balance").

⁴ "Nefteprovod Atasu Alashankou: obyavlena gotovnost' nomer odin" ["Oil pipeline Atasu – Alashankou is ready to be open"], *KazInform*, <<http://inform.kz/index.php?lang=rus&select=archive§ion=kazinform&y=2005&m=12&d=15#143099>> (December 15 2005); "Ob'yem vlozheniy v stroitel'stvo nefteprovoda Atasu – Alashankou prevysil \$800 mln" ["China's investments into the oil pipeline Atasu – Alashankou exceeded \$800 mln"], *Kazinform*, <<http://inform.kz/index.php?lang=rus&select=archive§ion=kazinform&y=2005&m=12&d=15#143112>> (December 15 2005).

mobility potential. 15.9 million persons were born in China in 2004, with a natural population increase of 7.6 million. According to the UN's prognosis, China's population will total 1,395.2 million persons in 2050.⁵ China's demographic and labor potential significantly exceeds that of Kazakhstan. In 2005, Kazakhstan's population was 15.1 million, with 278,900 births and a natural increase of 121,800 persons. According to the UN's prognosis, Kazakhstan's population will reach 15.4 million in 2025 and 13.9 million in 2050.⁶ These statistics testify to a serious demographic pressure of Kazakhstan's eastern neighbor.

China is currently witnessing a favorable period of fast increase in the working-age population. According to Chinese experts, up to 190 million persons will be reaching working age in 2000-2015 with about 12 million persons (i.e. the number exceeding by almost 1.5 times, the entire working-age population of Kazakhstan) entering China's labor market every year. On-going economic structural reforms in China will undoubtedly contribute to the stabilization of the labor market, but the number of new jobs created each year (10 million) will not be sufficient in the situation where the demand for jobs is 2.5 times as high as the supply. Workforce redundancy and unemployment (estimated to exceed 90-130 million persons in the urban areas only)⁷ are powerful "push" factors in migration within and from China.

In Kazakhstan, large-scale emigration of the 1990s had a negative demographic impact on the labor market. More than 3.1 million persons emigrated from Kazakhstan since 1992 (out of a total population of 16.5 million); net migration comprised 2.0 million persons while up to 63-65 percent of emigrants were of working age, and around 45 percent (of those older than 15) had a university degree or a professional certificate. A consequence of this emigration and "brain-drain" is that Kazakhstan now suffers from lack of a labor force in industry, agriculture, education, health and other sectors.⁸ For example, the needs of KazMunayGaz, Kazakhstan's national oil and gas company, alone, comprise up to 25,000 oil and gas specialists.⁹ During Kazakhstan's economic revival in 2000-

⁵ World Population 2002. UN Population Division, Department of Economic and Social Affairs, <www.un.org/esa/population/publications/wpp2002/WorldPop2002.PDF> (November 30 2007).

⁶ *Ibid.*

⁷ Quoted from: Mikheev V., (Ed.), *Kitay: ugrozy, riski, vyzovy razvitiy* [China: Threats, Risks, Challenges to Development] (Moscow: Moscow Carnegie Center, 2005), pp. 297-298.

⁸ Sadovskaya, *Migratsiya v Kazakhstane na rubezhe XXI veka*, [Migration in Kazakhstan at the threshold of the XXI century: new trends and perspectives], pp. 19-20; E. Sadovskaya, *Migratsionnaya situatsiya v Respublike Kazakhstan v 2005 godu*. [Migration situation in the Republic of Kazakhstan in 2005. Analytical Overview for the International Labour Organization in Russia] (Almaty-Moscow, 2005).

⁹ Irina Dashevskaya, "Rynok truda v Kazakhstane: problemy, tendentsii, perspektivy" [Labor market in Kazakhstan: problems, trends, perspectives],

2006, the need for highly qualified specialists and skilled workers significantly increased. This created a number of “pull” factors for potential immigrants. If the favorable economic situation and high economic development rates continue with the current production patterns, the need for workforce in Kazakhstan will increase.

The next important factor stimulating migration movements between the two countries is a steadily developing international legal framework. A number of bilateral agreements on economic cooperation and trade, energy and investment, border and customs control, visa regime, have been signed over the last 15 years which set up a legal basis for the development of a long-term cooperation between two countries. The first agreement relating to mutual travels of citizens was signed during the *perestroika* period in July 1988 in Moscow between the Governments of the USSR and People's Republic of China. This opened doors for Chinese citizens to travel to the USSR. With Kazakhstan being a part of the Soviet Union at that time, the neighboring Xinjiang-Uyghur Autonomous Region (XUAR) was chosen as a principal partner. In July 1991, the Kazakh Soviet Republic and XUAR signed the Agreement on Principles and Spheres of Development of Cooperation. The parties undertook to create favorable conditions for the movement of goods, services and capital and to strengthen economic cooperation; it was then that the Druzhba-Alashankou border terminal started its operations.¹⁰

The establishment of bilateral relations between the People's Republic of China and the sovereign Republic of Kazakhstan started in late 1991, after the break-up of the USSR. China recognized the independence of Kazakhstan and the two countries established diplomatic relations in January 1992. In early 1992 Kazakhstan and China signed a number of bilateral agreements detailing the relations and communication between the two countries. One of the agreements stipulated visa-free travel for owners of all types of passports which prompted the intensification of trade migration from China to Kazakhstan which peaked during the period between 1989 and 1993.

According to Kazakhstan's Border Services, between 150 and 200 Chinese citizens (ranked as “tourists”) entered Kazakhstan daily in 1993-1995, with 30 to 50 not coming back, i.e. settling in the country or leaving for other ex-Soviet or Western countries. Thus, the official estimate is that over these three years no less than 130,000-150,000 Chinese citizens used Kazakhstan as country of destination or transit.¹¹ Uncontrolled entry

<<http://www.seminar.kz/articles/?id=68&pageNo=3>> (May 10 2005).

¹⁰ Kosymzhomart Tokaev, *Vneshnaya politika Kazakhstana v usloviyakh globalizatsii* [Kazakhstan's international policy in the era of globalization]. (Almaty: 'GAUHAR', 2000), p. 334.

¹¹ Sadovskaya, *Migratsiya v Kazakhstane na rubezhe XXI veka* [Migration in Kazakhstan at the threshold of the XXI century], pp. 175-176.

of a large number of Chinese nationals and their unregistered business activities increased the “shadow economy” sector and caused resentment among various local population groups, generating fears of “Sinocization” of Kazakhstan. A new agreement “On citizens’ business travel” was promptly signed in October 1993, limiting visa-free travel to holders of diplomatic and service passports. This substantially amended the previously uncontrolled nature of trade and transit migration between the two countries.

Another “pull” factor relates to the geography of the two countries – namely, their geographic proximity and the 1,782-km border they share, connecting western Xinjiang-Uyghur Autonomous Region (XUAR) of China and East Kazakhstan and Almaty oblasts (regions) of Kazakhstan. Kazakhstan’s largest diaspora abroad lives in China and numbers 1.3 million persons, of whom 99 percent live in XUAR. Uyghurs comprised 45.6 percent of the population of XUAR, and the relevant diaspora (1.5 percent) live in Kazakhstan. The multiethnic composition of Xinjiang contributes to a pattern common in many migration flows, whereby migrants move to those locations in destination countries where the relevant diaspora resides; this also stimulates cross-border migrations and frontier trade, and promotes development of small businesses in the neighboring regions of both countries.

Thus, it is a combination of “pull” and “push” factors in the country of origin (China) and of destination (Kazakhstan), such as economic (including situation on the labor market), socio-demographic, geographic, political and legal, that determine the main directions of migration flows between two countries. There is also a historical factor that plays an important role in migration flows. It concerns repatriation of ethnic Kazakhs from China to Kazakhstan within the framework of state repatriation policy in Kazakhstan. The repatriation relates to the residency of the ethnic Kazakhs diaspora in China and is rooted in the centuries-old relationship between China and the Russian Empire as well as Soviet Union.¹² However, the history of these relations as well as contemporary international security issues are beyond the scope of the present article, which instead focuses on the current main migration flows from the late 1980s through to 2006.

¹² Elena Sadovskaya, *Kitayskaya migratsiya v Kazakhstane* [Chinese Migration to Kazakhstan] (Almaty: 2007, forthcoming); See also: Konstantin Syroezhkin, *Mify i realnost’ etnicheskogo separatizma v Kitae i bezopasnost’ Tsentralnoy Asii* [Myths and reality of ethnic separatism in China and security in Central Asia] (Almaty: Dayk Press, 2003).

Migration Movements from China to Kazakhstan

Dynamics and Main Characteristics of Migration Movements

Developing trade and economic cooperation led to increased Chinese migration to Kazakhstan and expanded spheres of employment for migrants. The author developed a classification of Chinese migration by the migrants' primary employment sector. According to this classification, the evolution of main types of migrations can be traced as follows:

- Trade (in late 1980, through 1990s and beginning of the 2000s);
- Energy (from late 1990s to early 2000s);
- Construction (from the first half of 2000s);
- Transport (in the mid- and long term perspective);
- Chinese and joint ventures in small production, service and other sectors, generating a growing flow of labor migration (through 1990s up till now).

Current and future infrastructural Chinese-Kazakhstani projects will further determine the sectors of employment as well as professional and qualificational structure of the Chinese working force in Kazakhstan.

Chinese migration to Kazakhstan is characterized by diverse migration flows similar to those from other countries. However, the author's analysis reveals a number of characteristics specific to migration from China:

- Relatively rapid increase in the number of migrants in the 2000s;
- Diversification of migration flows;
- Growth of both licensed and irregular labor migration;
- Presence of such a specific type of migrations as "commercial" (trade) migration, or "shuttle trading";
- Ethnic heterogeneity of migration flows: unlike migration to other countries, Chinese migration to Kazakhstan is represented not only by Han Chinese, but also Kazakhs, Uyghurs and other ethnicities;
- Increasing role of "social" and "migrant networks" in the organization of migration and business.

Main Types of Contemporary Migration from China to Kazakhstan

"Commercial migrations". The emergence and development of Chinese migration to Kazakhstan can be traced back to the *commercial migrations* or "shuttle trade", similar to that in all other post-Soviet countries. Commercial migrants essentially purchase goods in foreign countries and bring them back to their country of origin, making profit

by selling them at a higher price. A distinctive trait of Kazakh-Chinese commercial migration in Kazakhstan is that it has been a *bi-directional process*. It started in late 1980s with mass travels of Chinese citizens and strengthened in the 1990s during the crisis and stagnation in Kazakhstan, when a counter flow of Kazakh small individual businessmen started bringing goods from China.

Commercial migration of that period is characterized by an “informal” nature, whereby shuttle traders were not duly registered as individual entrepreneurs at the administrative bodies of Kazakhstan. This can be explained by the fact that shuttle trade emerged during the economic crisis, when it was a matter of a survival, with observance of laws being a secondary priority. Commercial migrations remained a dominant type of labor migration in the 1990s.¹³ Chinese shuttle traders of that period were also represented by individual entrepreneurs, normally specializing in clothes and footwear made in small artisan workshops. Though often of a low-quality, these goods were always in high demand in the situation of economic crisis and lowered living standards of the 1990s.¹⁴

The mass nature of commercial trips by both Chinese and Kazakh citizens is supported by the findings of a representative sociological survey led by the author in 2005.¹⁵ According to its results, 15.8 percent of Kazakhstan’s urban population was involved in labor migration from 1992 to 2005, with 32.6 percent of those involved in shuttle trade. 9.7 percent of all respondents traveled to China.¹⁶ (see Diagram 1).

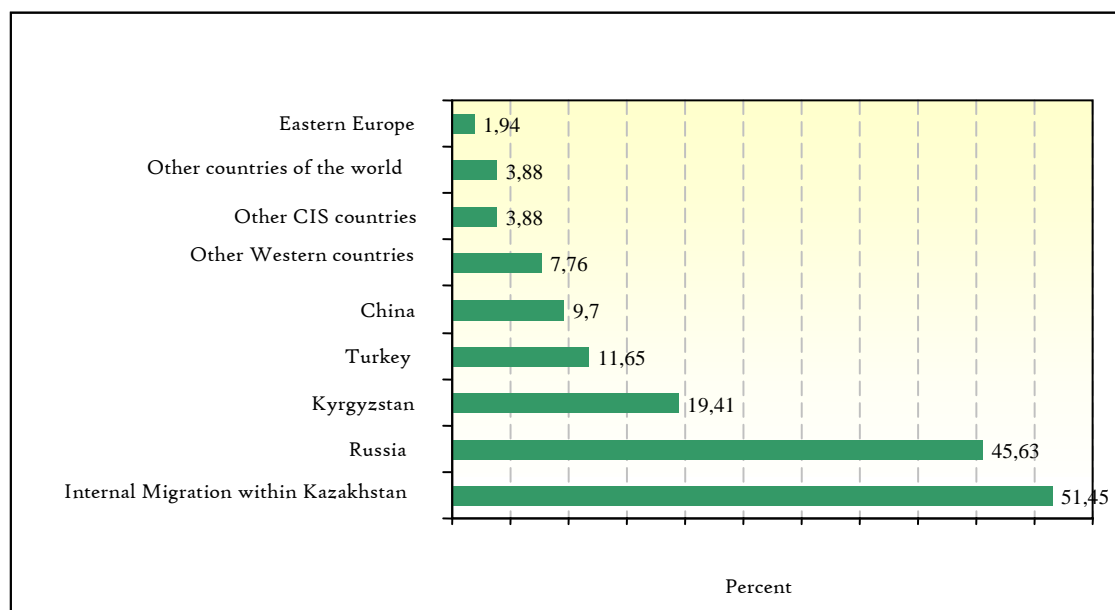
¹³ Sadovskaya, *Trudovaya migratsiya kak sredstvo adaptatsii k ekonomicheskomu krizisu v Kazakhstane* [Labor migration and its role in the adaptation to the economic crisis in Kazakhstan], pp. 39-89; See also: Zayonchkovskaya Zh., (Ed.) *Trudovaya migratsiya v SNG: sotsial'nye i ekonomicheskie efekty* [Labor migration in the CIS: social and economic effects] (Moscow: Independent Research Council on the CIS and Baltic States Migration Studies, Institute for Economic Forecasting of the Russian Academy of Sciences, 2003)

¹⁴ Kazakhstani as well as Chinese experts are aware of the low-quality goods and other problems of the “folk trade” and bilateral trade in general in Kazakhstan and Central Asia, see for example, Zhao Huasheng, “Problemy politiki Kitaya v Tsentralnoy Azii”, *Kazakhstan v global'nykh protsesakh*. [“China’s policy issues in Central Asia”], *Kazakhstan in the global processes*, 2 (2004), pp. 63-73; Zhou Xiaopei. “Sotrudnichestvo mezhdru SUAR (KNR) i Kazakhstanom: dostizheniya i perspektivy” *Kazakhstan i sovremenniy mir*. [“XUAR (China) and Kazakhstan cooperation; achievements and perspectives”], *Kazakhstan and a Modern World*, 3 (2004), pp. 206-209.

¹⁵ Sociological survey on labor migration among urban citizens of Kazakhstan, used the Omnibus method, for the representative republican sampling of 2000 respondents. The survey covered 27 Kazakhstan cities with population over 50,000 persons. The sampling structure included multi-stage stratification using random selection of respondents at the final stages; the selection was representative in terms of gender, age, place of residence, size and type of locality. The survey was based on personal telephone interviews with respondents aged 16 or older. Sample error did not exceed 5.0 percent. Conducted by GfK Kazakhstan in February 2005. Project was funded by J. and K. McArthur Foundation.

¹⁶ Sadovskaya, “Trudovye migratsii kazakhstanskih grazhdan v period suvereniteta” [“Labor migration of Kazakhstan citizens during sovereign period”], pp. 17-25.

Diagram 1. Commercial Migrants from Kazakhstan in 2005, by Destination Country (in percentage terms) N=2,000



“Shuttle traders” and businessmen from Kazakhstan tended to go to Urumchi (administrative center of Xinjiang), Beijing and Shanghai. When crossing the Chinese border, they indicated “private” or “tourism” as purpose of their visit. Between 1994 and 2006, China remained one of the three most visited non-CIS countries for Kazakhstan's commercial migrants. In 2000s, the proportion of people involved in commercial migration started to decrease due to the gradual institutionalization of business transactions. Shuttle traders gave way to intermediary firms specializing on transport and trade. Further into the 2000s, the development of electronic communications and technologies and the institutionalization of trade business allowed, for example, goods to be ordered online.

Labor Migration from China to Kazakhstan. The second stage of migration movements between the two countries is characterized by the recruitment of (licensed) foreign labor in Kazakhstan, which started in early 1990s, as well as the spread of irregular migration in the 2000s. Employment of foreign labor in Kazakhstan goes back to 1993, when according to the governmental statistics 2,100 foreign workers were hired, including 559 from China (26.7 percent of all foreign workforce). During the 1990s, the share of Chinese workforce remained insignificant. From 1993 to 2003 the foreign labor figures in Kazakhstan remained low too, but in the 2004-2006 period, the numbers rose considerably, reaching 40,897 foreign workers in 2006. The majority of foreign specialists and workers

come from Turkey, China, Russia, the United States and United Kingdom.¹⁷

Increased economic cooperation between the two countries in the early 2000s, spearheaded by a number of agreements and construction of the oil pipeline, gave a new impetus to workforce flows, manifested through migration of Chinese specialists and workers to Kazakhstan. For example, in 2006, 5,008 persons (12.2 percent of all foreign workers) in Kazakhstan were from China. The number of Chinese workers has grown by 9 times in 2006 since 1993, when their number was 559; the number increased by 3,4 times, from 1,457 to 5,008 persons between 2004 and 2006.¹⁸

The regional distribution of Chinese workers has been diversifying: in the 1990s, their presence was largely confined to the city of Almaty, as well as the Almaty and Aktobe oblasts (regions), whereas in the 2000s not only the south (Almaty city and Almaty oblast), but also the west of the country (Aktobe, Atyrau and Mangistau oblasts) became destination regions. The number of licensed work force attracted to Astana, the new capital of Kazakhstan was among the biggest in 2006.

The oil and gas, construction, trade, small industrial production and service (including banking, hotel, restaurant, medical services, etc.) industries make up the main employers of workforce from China. Licensed workforce is represented primarily by Han Chinese employed by Chinese and joint venture companies.

Almaty, Kazakhstan's former capital, is one of the main centers of employment for the Chinese labor force and represents the widest range of economic sectors. In Almaty, one can find not only offices of the big Chinese or Joint companies like China National Petroleum Corporation (CNPC), but also banks (e.g., Bank of China), tourist agencies (e.g., China Business Tour). Chinese cuisine is very popular in Almaty as noted by the numerous Chinese restaurants such as "Pekin" – Beijing, "Velikaya stena" - Great Wall, "Lu Pin", "Printsessa" - Princess. The central office of "Tyan Shi", a nutritional supplement distribution network, "Yalan," a big trading center in the suburban area of Almaty and numerous small shops can also be found.

Information on Chinese and joint ventures operating in Kazakhstan is inconsistent. This has to do both with the shortcomings of national statistics on small and medium enterprises, and "peculiarities" of their functioning, in the sense that many get set up and closed quickly, or do not submit tax reports, or are not located at their registered addresses etc. According to one recent assessment, over 20 Chinese companies, 61 joint

¹⁷ Data of the the Ministry of Labor and Social Protection of the Republic of Kazakhstan, archives and current statistics, 1993-2007, quoted from: Sadovskaya, *Kitayskaya migratsiya v Kazakhstane* [Chinese Migration to Kazakhstan].

¹⁸ *Ibid.*

ventures and 615 companies with the participation of foreign capital are accredited in Kazakhstan. These are engaged in the oil and gas sector, construction, production of textile, plastic and metalware.¹⁹

In one interview, the Chinese Ambassador to Kazakhstan, Zhou Xiaopei pointed out that according to official statistics over one thousand enterprises were registered in Kazakhstan as legal entities. In reality there are probably fewer enterprises than that, since the majority of them were small trade firms set up in the 1990s, which gradually ceased to exist due to lack of stable partners and commercial channels, as well as increased market competition.²⁰

The emergence of Chinese businesses in Kazakhstan in many respects follows a similar path to business development in other post-Soviet countries, in particular, Russia. According to Russian experts, labor migration from China is an integral part of China's strategy of global economic expansion, aiming at encouraging Chinese business abroad.²¹ Chinese migration to Kazakhstan is thus designed to create conditions for the "transnational management" doctrine, whereby the Chinese diaspora in destination countries forms communities and small businesses for the purposes of economic and geopolitical expansion of China.

So far Chinese migration to Kazakhstan is primarily of a temporary nature, and does not consist of a permanent relocation of Han Chinese. Some of the Kazakhstani experts interviewed point out that the strategy of small and medium Chinese entrepreneurs in Kazakhstan was to accrue start-up capital and return home to expand their business or move to the Western Europe, U.S. and Canada. According to basic observations, Chinese businesses tend to employ primarily Han Chinese staff, therefore as these and joint businesses expand, the number of Chinese workers they employ is likely to grow.

However, the increase in Chinese migration can be attributed not so much to the *legally employed* Chinese labor, which is controlled by the authorities, but to the spontaneous *unregulated flow of labor migrants*, which exceeds the legal one manifold. Migrants would enter Kazakhstan legally, but then start working without a formal employment contract,

¹⁹ Sergey Nesterenko "Kazakhstan-Kitay: novyi impul's strategicheskomu partnerstvu". [A new incentive to the Kazakhstan-Chinese strategic partnership] *Kazakhstanskaya Pravda*, June 4, 2003 <www.nomad.su/?a=3-200306050035> (June 5 2003)

²⁰ Interview of the Chinese Ambassador to Kazakhstan Mr Zhou Xiaopei to the newspaper *Novoye Pokoleniye*, October 1 2004.

²¹ Vilya Gelbras, "Kitayskie khuatsyao. Politika Pekina v: Mirovoy Opyt Migrastionnoy Politiki: Retrospektiva and i Noveishiye Tendensii" [Chinese khuatyao. Beijing's policy. In G. Vitkovskaya, (Ed.) *World Experience of Migration Policy: Retrospective Review and Recent Trends*, (Moscow: International Organization for Migration in Russia and Kazakhstan, Gendal'f, 2004), pp. 326-344; Vilya Gelbras, *Kitayskaya realnost' Rossii*. [Chinese reality of Russia] (Moscow: "Euravey", 2001).

often just by oral agreement, which makes them illegally employed. Such irregular labor migration remains largely undocumented, but as a rule tends to increase alongside the increase in the licensed laborers in the destination country. For example, Kazakhstan's Ministry of Interior reported cases when Chinese businesses maintained a "rotation" of invited workers. Chinese specialists would be invited for business purposes (consultations, participation in negotiations, contract signing, etc.). Upon their arrival, they would get registered with the migration police and thus obtain the right to stay in the country for 30 days. During this time-period they work in Chinese and joint oil and construction companies. In one month's time they would be replaced by another group of specialists or workers and this "rotation" would occur throughout the year. Many would do jobs different from the ones specified in their invitation letter.

According to Kazakhstan's National Security Committee's Border Service statistics, the number of arrivals from China to Kazakhstan in 2000 was 46,000 and for the first 10 months of 2006 - 103,700.²² This reflects a 2.3-times increase over 6 years. However, there were only 5,008 licensed Chinese specialists in Kazakhstan in 2006. Of those who enter to work (as opposed to diplomatic, business, tourism or private visits), a majority would be employed without signing contracts or agreements. Illegal employment negatively affects Kazakhstan's labor market, makes it more difficult to regulate migration processes and poses security threats to the country. As such, such trends require further study and policy work.

Repatriation of Ethnic Kazakhs from China. Another migration process that started in early 1990s and increased significantly after 2000, is the *repatriation of ethnic Kazakhs* (oralmans). Kazakhstan's legislation defines oralmans as "foreign nationals or stateless persons of Kazakh descent, who were permanently residing abroad at the time when the Republic of Kazakhstan became sovereign and who have come to Kazakhstan to permanently reside here".²³ This process constitutes the main direction of Kazakhstan's state migration policy: between 1991 and 2005, 481,400 ethnic Kazakhs immigrated to Kazakhstan.

Annual immigration quota for oralmans was established in 1993, and Chinese Kazakhs have been included into the quota since 1994. Even though this quota was gradually reduced throughout the 1990s (from 500 families in 1994 to 40 families in 2001), it was never fulfilled. However in

²² Data of the the Border Service of the National Security Committee of the Republic of Kazakhstan, 2000-2006. quoted from: Sadovskaya, *Kitayskaya migratsiya v Kazakhstane* [Chinese Migration to Kazakhstan].

²³ December 1997 Law "On Migration"; and March 2002 Amendments to the Law "On Migration", accessed through <www.zakon.kz>.

the 2000s, due to the improving economic situation in Kazakhstan, repatriation of ethnic Kazakhs from other countries (including China) considerably increased. In 2002 the cumulative number of arrivals from China was 4,293, in 2004 and 2006, the numbers were 13,190 and about 37,788 persons, respectively.²⁴

According to Kazakhstan's Migration Committee under the Ministry of Labor, the Kazakhs from China tend to settle in the Almaty and East Kazakhstan oblasts, adjacent to China, with a limited number living in the South and North-East oblasts. Kazakhs from China usually know both Kazakh and Chinese and some of them try to find jobs at Chinese or joint ventures in Almaty or the Western region. Their integration is often complicated because they prefer to settle compactly, and preserve their customs and traditions. This is further slowed by a predominant use of Arabic script for writing in Kazakh among the oralmans from China, which makes it more difficult for their children to study in Kazakhstan's schools.

We may predict an increasing role of "social" and "migrant networks" in migrations between newly arrived ethnic Kazakhs and the Kazakh diaspora in the country of origin, i.e., China. This trend has been observed in the 1990s when Kazakhs and Uyghurs alongside the Han Chinese from China arrived in Kazakhstan to trade and start small business.

Already, at that time, these Kazakhs and Uyghurs in the country of destination, i.e., Kazakhstan, formed "informal networks" for "their" ethnic groups' immigrants to promote their own commercial and businesses interests of various kinds. Similarly, small Han Chinese communities and the emerging infrastructure between China and Kazakhstan may facilitate Chinese immigration to Kazakhstan in the future.

The Attitudes of Kazakhstanis towards Chinese Migrants: Results from a Sociological Survey

Chinese-Kazakh migrations are centuries old while the contemporary period of such movements between the Republic of Kazakhstan and People's Republic of China is less than 20 years. It is too early to judge what influence Chinese migration has had on ethno-social structures of Kazakhstan's society. Chinese migrants have not formed any *Chinatowns* or autonomous communities; adaptation of Han Chinese migrants is not

²⁴ Archives and the current data of the Migration Department of the Ministry of Labor and Social Protection of the Republic of Kazakhstan (1991-1997), Agency on Migration and Demography (1997-2004), Migration Committee of the Ministry of Labor and Social Protection of the Republic of Kazakhstan (2004-2007). Quoted from: Sadovskaya, *Kitayskaya migratsiya v Kazakhstane* [Chinese Migration to Kazakhstan].

even an issue due to the temporary nature of their stay in the country. The Ministry of Interior Affairs of Kazakhstan pays a special attention to the control of migration flows from China.

However, Chinese migration has an impact on inter-ethnic relations in Kazakhstan's society and influences the attitudes of the Kazakhstanis in a rather specific way: one may observe that Chinese migration is accompanied by a number of "myths". There are many myths and concerns with regard to "influx of Han Chinese", their "massive obtaining of the citizenship", "applying for the permanent residence", "buying estate property", "rapidly growing number of inter-national marriage", etc. Though the Kazakh Ministry of Interior Affairs statistics confirms that these concerns have nothing to do with the real situation, the number of fears have not decreased. Contrary to popular fears, Chinese migrants do not naturalize in Kazakhstan *en masse* and do not marry Kazakhstan's citizens - 74 cases only have been recorded since 1991, according to Ministry of Interior data. Neither Kazakhstan, nor Russia are in fact the most attractive countries for Chinese citizens, a majority of whom prefer to move to the economically developed eastern regions of China or developed Western countries. Few crimes have been committed by migrants from China; they tend to work hard, are law abiding, and not drink.

What are the causes of these concerns? What are the attitudes of Kazakhstanis towards Chinese migrants as Chinese migration to Kazakhstan increases? The issue of the attitudes towards migrants from China, have not been studied in depth yet. In order to fill up the gap in this sphere, the author conducted a survey collecting representative data about the attitudes of Kazakhstanis towards migrants from China and their awareness of China's culture and present-day life. The objectives were to find out (a) awareness of the presence of Chinese citizens in Kazakhstan and reasons for their migration; (b) opinions about the impact of migration on labor market and prospects of Chinese migration; (c) degree of awareness of China's culture, history, traditions and present-day social and economic life; and (d) attitudes towards Chinese migrants.²⁵

²⁵ The survey used a representative sample and was conducted through face-to-face interviews. The sample included 588 urban residents, aged 18 and above. Respondent selection was based on stratified random probability sampling. The strata included 14 oblasts of Kazakhstan grouped into five regions: Northern (Qkmolinskaya, Koustanyaskaya, Pavlodarskaya, SeveroQKazakhstanskaya oblasts), Eastern (VostochnoQKazakhstanskaya oblast), Southern (Almatinskaya, Zhambylskaya, Kyzylordinskaya, YuzhnoQKazakhstanskaya oblasts), Western (Aktoubinskaya, Atyrauskaya, ZapadnoQKazakhstanskaya, Qngistauskaya Qblast) and Central (Karagandinskaya oblast); the city of Almaty was considered as a separate stratum. The fieldwork was conducted in May 2007. Sample error did not exceed 4.1 percent. The survey was conducted by Social and Marketing Research Agency "BRiF Central Asia"

Presence of Chinese Migrants in Kazakhstan

According to the opinion of majority of respondents in urban areas (68 percent), there are Chinese migrants in their cities. Among those who noted presence of Chinese citizens in their cities, more than half (56 percent) thought that there were not so many migrants in the city, 36 percent noted that there were many, and 8 percent found it difficult to answer the question. Among the respondents in Almaty and the Northern region, there are significantly more of those who think that there are Chinese citizens in their cities: 98 percent and 73 percent respectively. In the Central and Western regions the share is 54 percent and 51 percent respectively (average value by regions is 68 percent). At the same time, a significantly higher number of respondents of the Western (39 percent) and Southern (33 percent) regions think that there are no Chinese citizens in their cities (average value by regions is 24 percent).

There is a definite contradiction that in the Western region, which is one of the centers of Chinese labor force employment, only half of respondents (51 percent) mentioned that there are Chinese migrants and the greatest number of respondents (39 percent) answered that there are no migrants from China. However, according to the governmental data (Ministry of Labor, Internal Affairs of Kazakhstan), alongside with licensed labor force a large number of irregular labor migrants from China is found in the Western region, working without contracts. Though a number of Chinese workers and specialists are working in the Western region on a “rotating scheme” (*“vakhtovym metodom”*), its quantitative presence cannot be missed by local residents. The level of education of respondents in the Western region is lower than the average across the regions. Awareness about China is significantly lower than in other regions, presumably, it has a certain impact on perception of respondents from the Western region. Differences in perception of presence of Chinese migrants in Kazakhstan correlate not only with residence but also with age, national identity and educational groups.

Reasons for Migration of Chinese Citizens to Kazakhstan

According to the respondents’ opinions, the main goals of arrival of Chinese citizens to Kazakhstan are employment (57 percent) and trade (49 percent). A certain number of respondents believe that Chinese citizens come to Kazakhstan to pursue other goals: for contract marriage and obtaining permanent residence – 8 percent, for obtaining Kazakh citizenship – 6 percent, and for purchasing property – 4 percent. (The

(Almaty). Research was funded by the Norwegian Institute of International Affairs under the Ministry of Foreign Affairs of Norway.

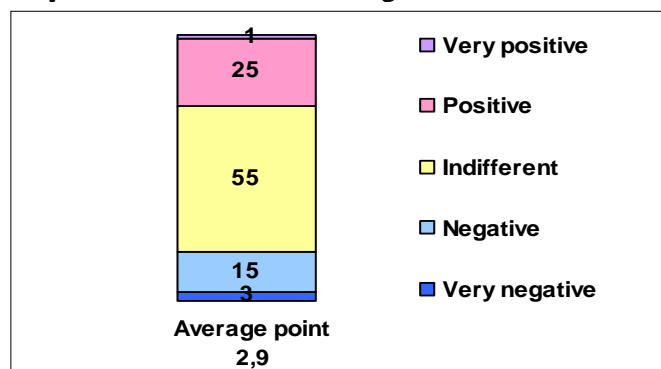
total sum of responses to this question exceeds 100 percent because this question allows more than one response).

The Eastern region has the largest share of those who think that the Chinese come in order to trade (69 percent), which is by 40 percent more than an average among other regions (49 percent). 42 percent of respondents in Eastern Kazakhstan think that the Chinese come to work. This opinion is explained by the fact that the Eastern region neighbors on China and trans-border trade is rather developed there. Respondents in Almaty believe that the main goals of Chinese migration are employment (67 percent) and trade (61 percent). The city of Almaty is a center of wholesale and retail trade between China and Kazakhstan since late 1980s, and such perception is justifiable. Perceptions of the reasons behind Chinese migration in Kazakhstan are the most diversified in Almaty and the Southern region.

Kazakhstanis Attitudes towards Migrants from China

In the course of the survey, respondents were asked to evaluate their attitudes towards migrants from China according to a 5-point scale, where 1 is 'Very Positive', and 5 is 'Very Negative'.

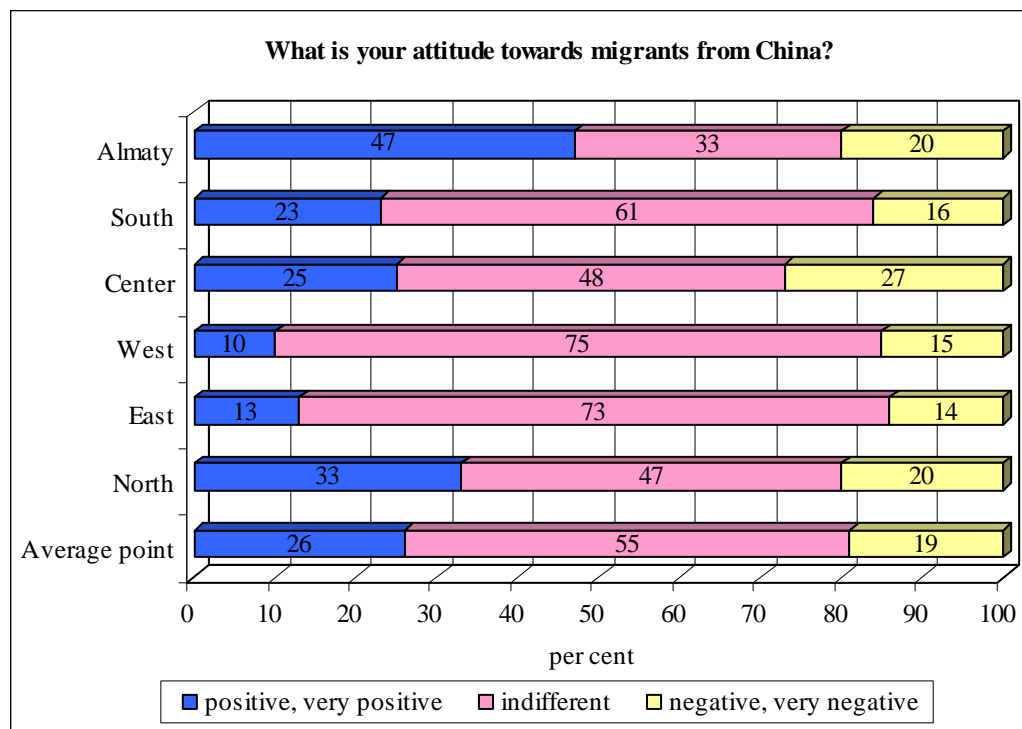
Diagram 2. "What is your attitude towards migrants from China?" N=588



The results of the survey indicate that over half of the respondents (55 percent) have an indifferent attitude towards Chinese migrants; 1 percent of respondents have a very positive attitude towards Chinese migrants, 25 percent were positive; 15 percent were negative, 3 percent were very negative. The average point is 2.9 out of 5. (Diagram 2)

In the course of the research, some inter-regional differences in attitudes were revealed. Although the indifferent attitudes towards migrants prevail, the share of these in the Western and Eastern regions is 75 percent and 73 percent, respectively. Respondents in Almaty more often reported positive (43 percent) and very positive (4 percent) attitudes towards Chinese migrants (47 percent in total) (Diagram 3)

Diagram 3. “What is your attitude towards migrants from China?”, region breakdown N=588



Among respondents in the Central region (Karagandinskaya oblast), there were significantly more negative (22 percent) and very negative (5 percent) attitudes towards Chinese (27 percent in total). 25 percent had positive attitudes towards migrants. Similar distribution can be found in the Western and Eastern regions: there are no respondents who have very positive attitudes; these two region have the smallest share of respondents who have positive attitudes towards the Chinese migrants: 10 percent and 12 percent. They also have the smallest share of respondents with bad and very bad attitudes – 15 percent and 14 percent respectively. The most tolerant respondents are found in Almaty and the Northern region (2.7 and 2.9 points, respectively), and less tolerant – in the Central and Western regions (3.1 points each). The largest share of indifferent attitudes was found in the Eastern and Southern regions (3.0 points each).

Some of the differences in attitudes varied according to the nationality of respondents. For example, among representatives of different nationalities (“others”) there were 1.5 times more of those who have positive and very positive attitudes towards Chinese migrants (36 percent) compared to Kazakhs (24 percent). Russians had more indifferent attitudes towards Chinese migrants than representatives of other ethnic groups (“others”): 59 percent compared to 45 percent. The share of those with negative attitudes towards migrants is as follows: among Kazakhs – 21 percent, Russians – 15 percent, “others” – 19 percent.

Thus the average is 2.8 for “different nationalities” (the most tolerant attitudes), 2.9 for Russians, 3.0 for Kazakhs (on a 5-point scale).

Awareness of Chinese Culture, Traditions and Present-Day Life in Kazakhstan

Diagram 4. “Awareness of Chinese culture, traditions and present-day life in Kazakhstan”, N=588

Are you familiar with...

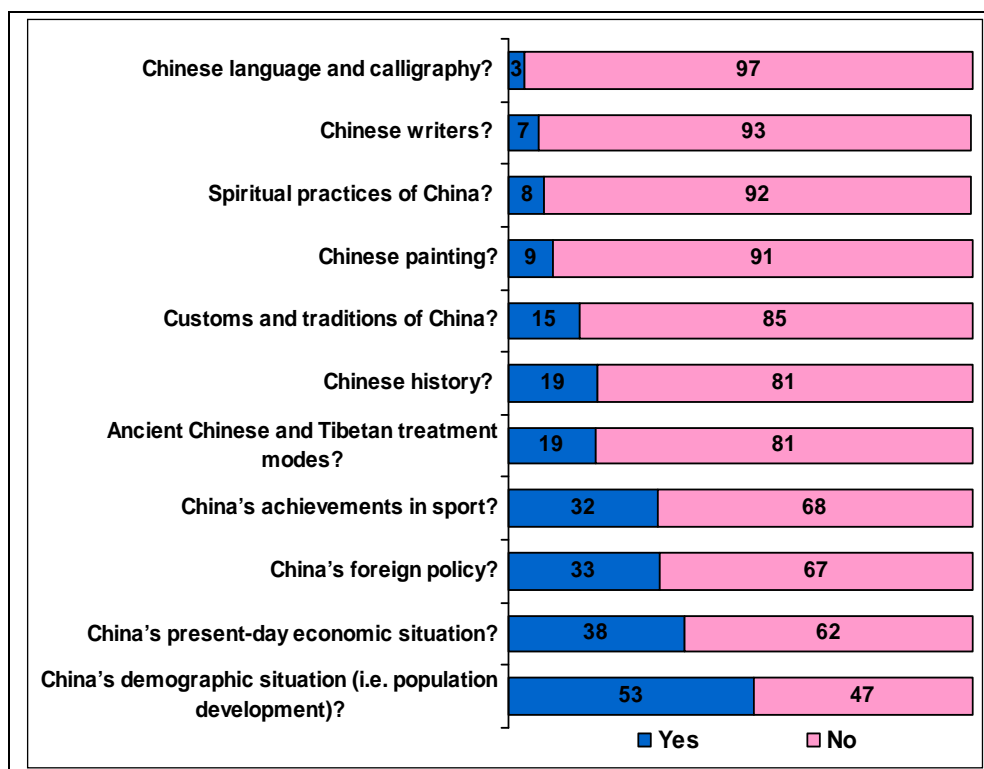


Diagram 4 demonstrates the respondents' low level of awareness of: Chinese language and calligraphy (3 percent), literature (3 percent), spiritual practices (8 percent), painting (9 percent), customs and traditions (15 percent), history (19 percent). Thus, on average, only 10.2 percent of respondents are familiar with China's culture, history, and traditions. 19 percent of respondents are familiar with traditional ancient Chinese methods of treatment.

Awareness of present-day life of China (social and economic situation, foreign policy, etc.) is much higher – on average it is 39 percent, i.e. almost 4 times more than that of history and culture. Additionally, respondents were more aware of social-demographic situation (i.e. population development) of China – 53 percent. As for other aspects of China's present-day life, respondents were more aware of sports achievements – 32 percent; this indicator was most equally distributed

among regions, and insignificantly depended on education, age and social status.

Respondents' Awareness of China: Regional Differences

The Central and Western regions demonstrate the lowest level of awareness of China's culture, history and traditions, as well as the lowest awareness, compared to other regions, about present-day social and economic realities (except demographic situation in the Central Region).

In the Eastern region, which borders with China, the level of knowledge about history and present-day realities of China is slightly lower than in the republic on average. The level of knowledge in the Southern region is higher than the average, according to the survey. In the Northern region, urban respondents demonstrate a higher level of knowledge of almost all issues apart from Chinese traditions.

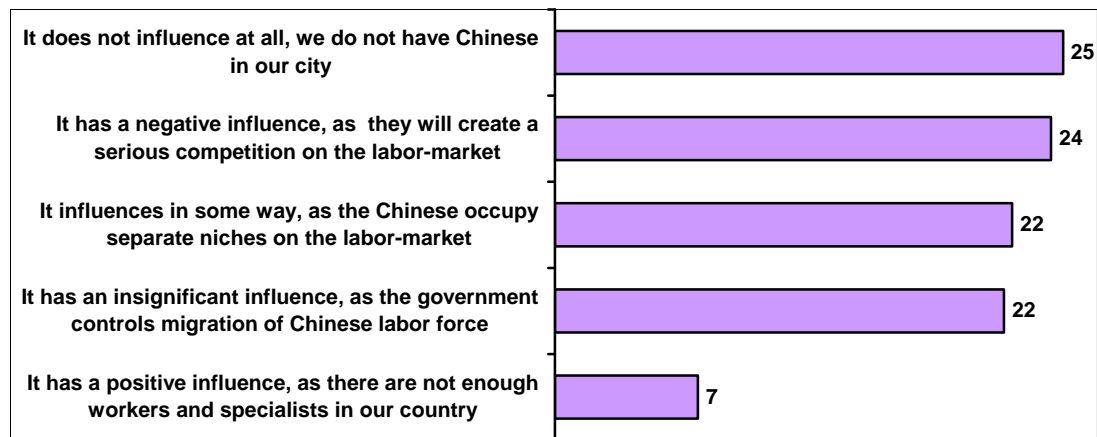
The city of Almaty is leading: the level of knowledge in some spheres is 1.5-2 times higher than in other regions because of a higher educational level of Almaty residents, its longstanding status of a political and administrative capital, and closer political, business, scientific and academic relations with China. Respondents in Almaty were significantly more aware of all aspects of China's social and cultural life than respondents in other regions: social and demographic situation – 57 percent (compared to the average of 53 percent), present-day economic situation and sports achievements – 47 percent each (compared to the average of 38 percent and 32 percent respectively), and foreign policy – 38 percent (32 percent on average). In Almaty, the share of those who used traditional Chinese and Tibetan methods of treatment was two times higher and reached 38 percent of respondents, compared to the average of 19 percent. The level of awareness about customs and traditions of China is 33 percent (15 percent on average), about Chinese history – 32 percent (19 percent on average). The only indicator that is slightly lower (6 percent) than the country average (7 percent) was Almaty residents' knowledge of Chinese literature.

The respondents in other regions are mostly aware of the present-day life of China. Among other correlations (apart from regional ones) one may note the dependence of awareness level on education and demographic (age) group. The groups with higher and continued higher education demonstrated higher level of awareness compared to average values almost in all aspects, and the 30-39 and 40-49 age groups – in the majority of aspects covered. The share of those familiar with present-day economic and social of life of China is lower with the decrease in the respondents' level of education.

Impact of Chinese Migration on Kazakhstan's Labor Market

In the course of the interviews, respondents were asked to evaluate the impact of migration of Chinese citizens on the labor market in Kazakhstan. (Diagram 5)

Diagram 5. "In your opinion, to what degree does Chinese migration influence the labor market?" (in percent)



Only 7 percent of respondents think that Chinese migration has a positive impact on the labor market in Kazakhstan, addressing the deficit of workers and specialists in the country. 24 percent of respondent think that migration from China has a negative impact on Kazakhstan's labor market as Chinese citizens will create a serious competition on the labor market. 44 percent of respondents noted that migration of Chinese citizens influences the labor market in Kazakhstan to some extent: "it has a certain influence, because the Chinese occupy separate niches on the labor market" and "influences insignificantly, as the government controls the migration of Chinese labor force" – 22 percent each. 25 percent of respondents think that migration of Chinese citizens does not influence the labor market at all, because the number of Chinese in their cities is very small.

We may identify a correlation between the opinions regarding impact of migration of Chinese citizens on the labor market in Kazakhstan and the attitudes towards migrants from China. The respondents, who believe that Chinese migration has a positive or an insignificant influence of the labor market in Kazakhstan, have positive attitudes towards Chinese migrants. Whereas the respondents who tend to assess the impact of Chinese migration on Kazakhstan's labor market as negative, have mostly negative attitudes towards migrants from China. Among respondents who think that migration of the Chinese does not influence the labor market in Kazakhstan was a significantly higher number of those with indifferent attitudes.

Expectations Regarding Chinese Migration in the Next 5-10 Years

The majority of respondents thought that migration of Chinese citizens to Kazakhstan will increase in the next 5 to 10 years (67 percent). Among respondents of the Southern region, those who think that migration of Chinese citizens to Kazakhstan will increase are prevailing (75 percent). A significantly higher number of respondents in the Central region, compared to other regions, think that Chinese migration to Kazakhstan will either stay on the same level (44 percent) or decrease (13 percent). Only 42 percent of respondents expected the increase of Chinese migration, which was 1.5 times less than the average.

Main Findings and Interpretation

According to the opinion of the majority of urban respondents, there are Chinese citizens in their cities (68 percent), but their number is not too high (56 percent). The main goals of migration of Chinese citizens to Kazakhstan are believed to be employment (57 percent) and trade (49 percent). Respondents expect an increase of migration of Chinese citizens to Kazakhstan (67 percent) within the next 5 to 10 years.

China is a country that Kazakhstan shares a border with. The two also have centuries old relationship. Nevertheless, the survey has demonstrated that Kazakhstan's urban population (and most likely rural population as well) is barely familiar with Chinese culture or present-day life. As the survey revealed, there is a low level awareness of culture and history of China, and customs and traditions of the Chinese people (10.2 percent).

The survey revealed that respondents' attitudes towards Chinese migrants are mostly indifferent (55 percent, average point is 2.9 out of 5), but vary by region. According to the survey, negative and alarmist attitudes towards Chinese migrants are evolving among some of the urban residents: almost a quarter of the respondents (24 percent) are concerned about serious potential competition on the labor market and 18 percent displayed negative attitudes towards Chinese migrants. This can be interpreted as emerging national stereotypes.

Social stereotype is a simplified, schematic perception of a social process, phenomenon or group. Stereotypes appear in situations where there is the absence or lack of information. As a result, people "reconstruct" a situation and "position" oneself in social relations with "others". Such a response may serve as an adaptation mechanism in rapidly changing social environment.

Social stereotypes can refer to political, national, gender, and other identity. National stereotype is a schematic image of an ethnic group that often includes evaluations of appearance, intellectual abilities, moral qualities, or lifestyle, etc. The structure of stereotypes includes three components: descriptive, evaluative and prescriptive. National

stereotypes are usually characterized by congruency of all components and tend to be emotionally charged, negatively or positively oriented.²⁶ Like other types of stereotypes, national stereotypes become national prejudices in situations of limited or distorted information. Mass media can play a negative role in the formation of national stereotypes and prejudices, triggering and increasing tensions, as was the case in Russia in the last years.

As an example, let us take the Western and Central regions of Kazakhstan which have an average of 3.1, indicating the least tolerant attitude towards Chinese migrants compared to other regions. A working hypothesis may be formulated that among the population of these regions, both evaluative and prescriptive elements of national stereotypes towards Chinese migrants are being formed. This consists of the negative evaluation of their impact on Kazakhstan's labor market, generally indifferent or negative attitudes (especially in the Western region), concerns over the increase in migration, and denial of their presence (especially by Kazakh respondents in the Western region).

Unlike in the Western region, where there is a relatively large number of Chinese migrants, the attitudes in the Central region (specifically in Karaganda and cities of Karagandinskaya oblast) are of a more prejudicial nature as the number of migrants is significantly lower. The prejudice is emerging against the background of an objectively adverse conditions, such as high unemployment in the former industrial center, and thus lower living standards, which raised the levels of anxiety and negative expectations regarding labor competition against the Chinese migrants.

One of the explanations of this phenomenon is that emerging stereotypes are deeply rooted in collective historical memory of the Kazakh people. Another reason is the heritage of the Iron Curtain and decades of distrust and tensions between China and the USSR which weakened the intensity of inter-national and personal contacts between the people of the two countries. The mass media's opportunistic treatment of the subject might have played a role. A low level of language proficiency, especially with regards to such complex language as Chinese, is a significant obstacle in mutual contacts.

This interpretation is merely a prudent hypothesis and is based on a general observation of how often national stereotypes, based on superficial knowledge about another ethnic group, absence of information and interpersonal contacts, turn into national prejudice and bias. Studying national stereotypes towards Chinese in Kazakhstan was not an explicit goal of the present research. However, the survey revealed

²⁶ *Entsilopedia po sociologii. Natsional'ny obshchestvenny i nauchny fond* (Encyclopedia of Sociology.) (Moscow: Mysl, National Public and Research Fund. In Vol 2), p. 594.

concerns regarding the consequences of Chinese migration to Kazakhstan and emerging negative attitudes towards Chinese migrants among some urban groups. This calls for further in-depth research on the issue.

Conclusion: Chinese Migration to Kazakhstan: a Silk Road for Cooperation or a Thorny Road of Prejudice?

Moving back from the “perceptions” and “attitudes” to the *migration context*, we may observe, that Chinese migration is not entirely problem-free. Since the shuttle trade has widely spread in late 1980s and through 1990s, a number of small “*trade minorities*” have emerged in Kazakhstan from the early 1990s. However, their composition remains impermanent and fluid and requires further in-depth study. As considered above, poor entry regulation and illegal employment of the Chinese workforce remain as issues to be addressed. Chinese economic and trade expansion on the background of the growing demographic pressure will be one of the major challenges in the decades ahead.

However these are internal challenges that Kazakhstan itself faces, that are not necessarily problems that are caused by Chinese international migration *per se*, such as updating and expanding the national legislation. Actually, the response to the challenges of any type of *international* (“*external*”) migration, including from the Chinese, depends on addressing the *internal problems* of Kazakhstan. Kazakhstan should work out a comprehensive solution to a range of socio-economic problems such as unemployment and self-employment, small and medium business development, education and advanced professional education, national policy, to name a few key issues.

Without underestimating the problems of present-day migration processes in Kazakhstan, including those from China, one might have expected that interstate trade and economic relations between Kazakhstan and China would be accompanied by the increase in social and cultural relations and human contacts. However, this process is hampered by the lack of openness of China itself, as well as inadequate bridge-building on all levels including the humanitarian sphere such as education, science, culture, tourism and personal contacts. China’s policies need to go beyond trade or economic components and to also include encouragement of human contact. This requires breakthrough thinking from intellectuals and decision makers, along the lines of what happened nearly three decades ago, when China ended its own isolation and moved towards openness and cooperation. This strategy was a win-win solution that can again serve as inspiration to revive the best traditions of exchange and cultivation which characterized the ancient Silk Road.

As for Kazakhstan, some of the initiatives to strengthen mutual relations could include the revival of the Academic Institute of Oriental Studies, support for joint research teams and projects, increasing student and scholar exchanges with China, celebrating a Year of China in Kazakhstan and Year of Kazakhstan in China, etc. The media should play a more constructive role in building a positive image of China and encouraging friendly relations between the two nations.

Kazakhstan has yet to learn about China's culture and society. This opens prospects for the “discovery” of China's rich historical and cultural heritage and the learning of its customs and traditions. Such a development would help in overcome stereotypes and prejudices, and inculcate a tolerant attitude towards Chinese migrants.

Submission Guidelines and Process of Selection

Many of the articles are solicited, but authors are encouraged to send their work directly to the Editor who will suggest changes and determine the relevance of the articles for each issue. Articles can also be sent to any of our senior advisors, but the Editor has full responsibility on accepting or refusing individual articles. Shorter articles will be responded to within a week, whereas the response to longer analytical pieces could take up to three weeks. Some articles will be dealt with by the editors immediately; most articles are also read by outside referees. Copyright of articles remains with *Central Asia-Caucasus Institute and Silk Road Studies Program*, unless another agreement has been reached.

Manuscript. Each submitted article should be sent to the Editor by e-mail attaching the word document. All correspondence will be conducted through e-mail during the process. The Editor reserves the right to edit the article to conform to the editorial policy and specifications of the CEF Quarterly and to reject the article should it not be acceptable to our editorial committee for publication.

Regular Articles: Articles should be in-depth and offer a long-term analysis of the particular problem. References are preferred to support your evidence according to the Chicago system. The articles should aim at 7000 words. Each article should be summarized in an abstract of not more than 150 words and include keywords.

Commentaries: Commentaries require a three to four sentence introduction to the article based on a news hook. Rather than a general, overarching analysis, the article must offer considered and careful “judgment” on the issue supported with concrete examples. Recommended length is 2000 words.

References. All authors should adhere to the Chicago reference system in their articles. These should appear in the form of footnotes. References to books and articles should be contained in the notes and not in a separate reference list. Provide translations of non-English language titles.

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

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

Newspapers, News-agencies & Magazines: Toby Harnden, “Drug Trade ‘Reaches to Afghan Cabinet,’” *Daily Telegraph*, February 5 2006.

Electronic Sources: George Bush, “Principles of Ethical Conduct for Government Officers and Employees,” Executive Order 12674, April 12 1989, pt. 1, <www.usoge.gov/exorders/eo12674.html> (October 30 1997).

Subsequent references: a reference to a single source in the previous note should be replaced by ‘*Ibid.*’; in later notes by author’s surname, title and page number.

Style: American spelling throughout; percent rather than per cent or %; Capital letters for the East, West, North and South, when global; western, eastern, northern and southern; Dates: November 6 2005.

Figures & Tables. All figures and tables must be discussed or mentioned in the text and numbered in order of mention. Define all data in the column heads. Figures and tables should be of good quality, and contain full references to the original source.

Affiliation. On the title pages include full names of authors, academic and/or professional affiliations, and the complete address of the author to whom correspondence and hard-copies should be sent.

NOTE: Submissions which are likely to require undue editorial attention because of neglect of these directions or poor presentation or language will be returned.

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