Same Bed, Different Dreams: China’s “Peaceful Rise” and Sino-Russian Rivalry in Central Asia

ABSTRACT

This paper seeks to make a contribution to the understanding of the nature and direction of the China-Russia relationship in Central Asia. There is no clear consensus in the academic literature as to how stable and sustainable it is. We do need more academic work done in this area, including consideration of the implications for Central Asian security and political relations. This paper offers a unique perspective on Chinese foreign policy in Central Asia and its dilemmas in dealing with Russia (and, less so, America). Although China’s recent economic and military policies have stimulated arguments about a potential clash with the US, this article contends that China’s most lasting and tangible gains have come at Russia’s expense in Central Asia.
The nature of Sino-Russian relations has been a subject of intense debate on a global and regional level.1 Throughout the decades of 1990s and 2000s, Sino-Russian relations veered between conflict and cooperation. During 1992-2000 China and Russia converged on the rationale to create a counterweight to the US and to deter terrorism and Islamic forces. The years of 2001-2004 characterize the strategic, if not normative, divergence between China and Russia due to war on terrorism. In the years since 2005, with the US suffering a strategic retreat, in spite of points of divergence, China and Russia continued to publicly acknowledge the importance of their “strategic partnership” in regional and global affairs. The strategic divergence between China and Russia has reasserted itself again since 2009. This global phenomenon manifests itself in slightly different forms from region to region. Most US and foreign attention has focused on China’s assertiveness in East Asia.2 Analysts now view China as the gateway or gatekeeper to Russia’s acceptance in Asia. Elsewhere Stephen Blank has argued that China is broadening its sway in Asia, particularly in the Russian Far East (RFE), and analyzed the causes and consequences of Russian failure in Asia.3 Meanwhile the signs of growing Russian dependence on China in

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economics and energy are palpable as are the signs of China successfully subordinating Russia to its Asian economic agenda. Chinese analysts apparently also believe that Russia’s dependence on China as this gateway mitigates Chinese apprehensions about Russia reemerging as a future threat to China.

The purpose of this article is to provide an analysis of Sino-Russian strategic divergence and contributing factors to it during 2008-2011 in Central Asia. Our focus is less on Russian strategy to cope with the China challenge than on China’s grand strategy of “peaceful rise” in Central Asia and the behaviors of Central Asian countries between China and Russia. The article particularly explains how China is transforming economic power into enduring political advantage and imposes limits on Central Asian countries’ freedom of action.

**Sino-Russian Relations in Central Asia**

Two main common interests underpinning Sino-Russian relations are countering the threats of “three evils” (terrorism, separatism, and extremism) and opposing US influence. Opposition to US influence in Phase I and threats of “three evils” in Phase II led to a convergence of Chinese and Russian interests.


There was an undisputed growth in the Western interest and influence in Central Asia. The USA pronounced Central Asia and the Caspian region as areas of special US interest. Growing Western influence in Central Asia was one of the factors that prompted Moscow and Beijing to cooperate in the region. Growing Islamic militancy and extremism in the region emerged as a common threat for the countries of the region as well as Russia and China. At the same time, Beijing's rulers were stung by the lurking apprehension of growing ethnic assertiveness and separatism among the restive Uyghur Muslim minority in their Xinjiang province bordering on the Central Asian states. Beijing, therefore, opted for proceeding cautiously in dealing with Central Asia as well as Russia by laying greater emphasis on the maintenance of peace and stability in the region. At the same time, China tried to get the Central Asian regimes to commit to upholding China's unity and territorial integrity while abstaining from any assistance or encouragement to Uyghur separatism in Xinjiang. China also abstained from trying to take advantage of the difficulties of Russia and the Central Asian states in the immediate post-Soviet period.

**Phase II (2001-2004): American Preeminence and Sino-Russian Divergence**

The presence of the United States and NATO in Central Asia since 2001 was evident; there was a Central Asian “tilt” toward the U.S. post-9/11. For both China and Russia, imperatives of fighting terrorism prevailed over containing US influence. Due to war on terrorism, China and Russia failed to unite to counter American preeminence. At first Russia and China substantially tolerated U.S. military presence. Chinese leaders displayed more reluctance than their Russian counterparts even to suggest that they aim to establish an anti-American bloc.

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As Russia’s partnership with the West began to crack from 2003 and onwards, strategic convergence between Russia and China re-emerged and was eventually strengthened by a new normative convergence.5 There emerged an “Axis of Authoritarianism.” Russia began to divert from the Western liberal democratic model. Moscow and Beijing used the SCO to enhance their strategic influence in Central Asia at the expense of Washington. The border disputes that had been under negotiation for 40 years were finally resolved in 2004 and the agreements were ratified by the Russian Duma in July 2005.6 Both China and Russia increased their economic activity in, and cooperation with, the Central Asian countries between 2001 and 2004.7 Russia increased its influence through negotiating long-term deals for supply of gas. Russia’s inroads to Turkmenistan were boosted by a strategic gas agreement signed by Putin and Niyazov on 10 April 2003. The agreement singled out Turkmenistan as a provider of gas to the Russian markets until 2028.8 With the launching of the “Great Western Development Plan” in 2000, Sino-Central Asian trade and economic relations since 2001 experienced a ‘boom.’9

Phase III (2005-Present): Declining Western Influence and Sino-Russian Rivalry

During 2005-2008 Uzbekistan’s break with the USA in 2005 and subsequent realignment with Russia was the beginning of the decline in Western influence. It became also clear that Kyrgyzstan would not choose the ‘Western path’ after all. Moscow and Beijing have used the

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6 Ibid., p. 21.
7 Ibid., p. 29.
8 Ibid.
SCO to enhance their strategic influence in Central Asia at the expense of Washington. In the economic sphere there were signs that Western interests in Central Asia are being replaced by Russian and Chinese ones. In July 2007 the ‘energy club’ was established within the SCO framework.

During 2009-2011, a new configuration of great powers began to set in. An increasing number of analysts argue that China is slowly reorienting Central Asia towards Beijing and away from other major powers including Russia and the US. In the words of some analysts, the region is becoming “almost a laboratory for Chinese foreign policy.” China’s increasing energy engagement is perceived as a challenge by Russia and triggers competition rather than cooperation. China’s economic power grew so much in 2009 that Russia was forced to accept China’s investments in Central Asia as a positive phenomena. Central Asian states also now go to China’s money markets to raise foreign investment capital. Similarly the astounding dynamism of China’s commercial penetration of Central Asia compared with the visible signs of Russia’s inability to compete commercially or to lend to and invest money in Central Asia over the last decade has triggered increasing anxiety in Moscow and moves to restrict Central Asian trade with China like the new Eurasian Union.

By 2010 China had become the largest foreign commercial presence in Central Asia, the center of its money markets, and the source of huge amounts of aid, trade, loans, and investments

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13 *Ibid.*, pp. 29-31
in infrastructure and energy. Similarly its military capabilities for operations in Central Asia, including peace support operations, have grown by an order of magnitude even if China remains extremely reluctant to commit forces to the area. China’s gains in Central Asia have come largely at the expense of Central Asian states and of Russia and pose a special challenge to their interests there. China is already supplanting Russia in key commercial, economic, and political arenas in Central Asia and developing military capabilities to match or eventually surpass Russian capabilities for action there. For example, Tajikistan will replace its old Russian aircraft with Chinese aircraft. China joined Russia and Kazakhstan in providing financial support for candidates in Kyrgyzstan’s recent elections. Similarly China will soon get more gas from Central Asia than does Russia. This long-term trend poses serious challenges to Moscow.

“Border Rectifications”

Major shifts in the balance of power have revolved around disputes over the control or ownership of land between major powers and their allies. More generally, nations have gone to war over territory more than any other issue that divides them. The foundation of China’s policies toward Russia and Central Asia since 1991 lies in the border treaties it signed with these states over this period. Those treaties demarcated the borders between China and all the post-Soviet successor states: Russia, Kazakhstan, Kyrgyzstan and Tajikistan. Consequently, these treaties laid the foundation for the Russo-Chinese amity since 1991, China’s subsequently

15 Dushanbe, Avesta, in Russian, December 22, 2011, Open Source Center, Foreign Broadcast Information Service, Central Eurasia, (Henceforth FBIS SOV),
16 China Reform Monitor, August 13, 2011, at the American Foreign Policy Council, www.afpc.org
flourishing commercial and political relationships with Central Asian states and the original basis for the Shanghai Treaty of 1996, which established the framework for the Shanghai Cooperation Organization.¹⁸

Yet in the last several years, we see repeated instances of China “rectifying” these border treaties, primarily, but not exclusively, with Central Asian states, to reclaim previously conceded territory. At the time of the original treaties, China’s position had been quite concessionary. China has revised its boundaries with Kazakhstan, Kyrgyzstan, and Tajikistan in far less benign ways than it did in the 1991-96 territorial settlements with these governments. Consequently these settlements have triggered anti-Chinese backlashes in response.¹⁹ In late 2009 China requested that Kazakhstan allow Chinese farmers to use one million hectares of Kazakh land to farm soya and rape seed.²⁰ Earlier in 2004, the Kazakh autonomous region of Ili in Xinjiang obtained permission to rent 7,000 hectares of agricultural land—which had been abandoned since the 1990s—for ten years from the governor of the Kazakhstan border district, Lake Alakol. The roughly 3,000 Chinese renters now grow soya beans and wheat on the land. This transaction provoked scathing attacks in the media against the government, apparently out of concern that the country was being carved up at Beijing’s behest.²¹ Similarly in Kyrgyzstan,

Kyrgyz political life has been profoundly structured by the process of settling border issues with China, an issue that provoked the largest popular demonstrations seen in the country since independence. The first border

²¹ Marlene Laruelle and Sebastian Peyrouse, China As a Neighbor: Central Asian Perspectives and Strategies (Stockholm: Institute for Security, Development and Policy, 2009), p. 80
agreement, in which approximately 30,000 hectares were ceded to China, was signed by the president in 1996 and ratified by the parliament (Jogorku Kenesh) two years later in 1998. In the second, signed in 1999, more than 90,000 hectares of the Uzengi-Kuush region were ceded to China. This provoked the opposition’s wrath. Tapping into national sentiment, it used the settlement to try to topple the government. In fall 2001, some MPs refused to ratify the treaty, arguing that the final text of the agreement had not been made known to them, that no maps with precise geographical boundaries had been attached, and that it did not have any assessment of the value of the lands.22

In 2011 Tajikistan announced a new border rectification with China. Allegedly this “rectification” of the borders ensures Tajikistan’s territorial inviolability, definitively solves its border problems with China, and ensures its stability “for decades to come.”23 That statement implies that otherwise Tajikistan’s security vis-à-vis China would have been questioned if not at risk. The details of this agreement indicate China’s visible presence in Dushanbe’s decision-making. Indeed, Shukhrob Sharipov, Director of the Presidential Center for Strategic Studies, argued that, “If we had not decided to transfer the land (at this time), we would not have been able to resist China’s pressure.”24 This agreement, allegedly based on a prior bilateral accord in 2002 that was ratified again in 2010 cedes about 1100 square KM in the Pamir Mountains to Chinese farmers, about 1% of Tajikistan, albeit a sparsely settled area.25

22 Ibid, p. 82
government hailed this as a victory because China had actually claimed some 28,000KM and settled for only about 3.5 percent of its claims.

Tajik statements hardly suggest a benign China making concessions to get Tajik land. Instead they tend to confirm the skeptical foreign perception of China’s stance on border issues. Indian experts argue that China begins by making inflated claims so that its settlements resemble concessions.26 These statements also suggest Tajikistan’s uncomfortable and even coerced recognition of its excessive dependence upon China to the point where it compromises Tajikistan’s sovereignty and integrity. This deal clearly owes much to China’s overwhelming economic power vis-à-vis Tajikistan and illustrates how China translates its economic power into lasting political gains. China is currently the biggest foreign investor in Tajikistan, its trade with Tajikistan is 17.8 percent of Tajikistan’s foreign trade, and has invested billions of dollars in low interest loans to build up Tajikistan’s roads and tunnels and lay electric cable there.27 According to the opposition Tajikistan is becoming increasingly economically dependent on China due to its large investment in the area. But worse yet, the raw material resources in the land ceded by Tajikistan allegedly equals China’s entire investment in Tajikistan to date. Thus China has apparently recouped its investment at no cost and has both the land and its resources while continuing its investments and penetration of Tajikistan.28

The backlashes caused by such “rectifications” in these countries, are, however, not strong enough to allow them to resist China. These recent episodes also appear to confirm Sebastien Peyrouse and Marlene Laruelle’s conclusion that attitudes towards China, even if not

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26 Nadkarni, op. cit., pp. 33-34
27 Singh, op. cit.
28 Ibid
loudly articulated in Central Asia, are clearly a factor in the domestic politics of Central Asian
governments. They further argue that,

Contrary to widespread opinion the ostensible Sinophilia of Central Asian states ought to be qualified,
The reason that the heads of states and their foreign ministers make so much publicity about their friendly foreign
relations with Beijing is precisely because they do not view their troublesome neighbor as simply a power like the
others. Central Asia cannot afford to endorse policies that are contrary to Chinese interests.

“Three Evils”

As Graham E. Fuller and S. Frederick Starr stated, “it is appropriate to view China not as
a neighbor of Central Asia but as a part of Central Asia.” At the heart of China’s grand
strategy of “peaceful rise” lies the integration of Xinjiang with Central Asia, South Asia, in
particular Pakistan and Iran. As such the Xinjiang problem is comparable to that of a Muslim
majority in Kashmir for India. Since unrest in Xinjiang and Tibet are not far behind Taiwan as
potential threats to either China’s stability or integrity foreign policy must forestall those threats
and create auspicious conditions for China’s continuing development, the basis of its power
abroad. Uyghurs constitute 8 million of the 17 million population of Xinjiang. There is a
significant Uyghur diaspora across Central Asia, especially in Kazakhstan, Kyrgyzstan, and

29 Laruelle and Peyrouse, p. 111
30 Marlene Laruelle and Sebastien Peyrouse, “Central Asian Perceptions of China,” China
31 Graham E. Fuller and S. Frederick Starr, The Xinjiang Problem (Washington, D.C.: Central
Asia-Caucasus Institute, Paul H. Nitze School of Advanced International Studies, Johns Hopkins
University, 2004), p. 10.
32 Clarke, op. cit., p. 105.
33 Fuller & Starr, op. cit., p. 11.
34 Ibid., p. 10. There are around 200,000 Uyghurs in Kazakhstan and around 50,000 in
Kyrgyzstan. On the other hand, there are small Kazakh, Kyrgyz and Tajik minorities in Xinjiang.
Uzbekistan. Xinjiang is also a strategic region for China. Xinjiang hosts China’s nuclear test site Lop Nur and elements of the Second Artillery Corps, China’s strategic missile force.

Recognizing this, China has long sought to get these states to prevent Uyghur citizens of their countries from supporting separatism in China. This was a key reason for China’s establishment in 1996 of the Shanghai Cooperation Organization (SCO). Recently, Pakistan-based militants in the Federally Administered Tribal Areas (FATA) are increasingly a threat to China. In July, 2011, Turkestan Islamic Party (TIP) militants trained in FATA launched yet another attack against China with bomb explosions in Kashgar, Xinjiang, ahead of China’s launch of “China-Eurasia Expo” in Urumqi. Russia has been unconditionally supportive of China’s stance on the Xinjiang issue, this support was reaffirmed once again when riots in Xinjiang broke out in July 2009.

China is keen to ensure that Central Asian states do not give any support and encouragement to the Uyghurs in Xinjiang. Consequently any attempt by Central Asian governments to support their kinsmen in Xinjiang or to tolerate such action by their Uyghur citizens could generate quick and sharp reprisals. For example, China has held Central Asian businessmen in China as “collateral” i.e. hostages for their governments’ good behavior on

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35 Ibid.
37 Ibid.
issues pertaining to Xinjiang.\textsuperscript{40} Central Asian leaders understood that they could not have good relations with China and support the Uyghurs. Since the 1990s Central Asian leaders have understood what are China’s “red lines” and what it means to deal discreetly with China. Therefore they have not transgressed those “red lines” thus demonstrating how effectively China can transform economic power into enduring political advantage and impose limits on their freedom of action. Nazarbayev openly attacked national splittism and stated that Kazakhstan “will never allow factions of ‘East Turkestan’ to involve themselves in activities here against China that will hurt Sino-Kazakhstan relations.”\textsuperscript{41}

Kyrgyzstan is a key component in China's overall approach to Central Asia. China and Kyrgyzstan share a 1,100-km porous land border, with two main border crossings at the Irkestan and Torugart passes through the Xinjiang Uyghur Autonomous Region (XUAR). Chinese leaders fear that due to the large number of Uyghurs that live in Kyrgyzstan (estimates range from 50,000 to 250,000) instability in the republic may spill over into Xinjiang and instigate radical elements in the Uyghur community within its borders. It could also put at risk the vast network of expansive infrastructure (e.g. road, railway, pipeline), which is part of China's comprehensive economic development extending from Central Asia to Xinjiang. China has long privately pressured Kyrgyzstan to eject the United States from its base at Manas despite the base’s importance for the campaign in Afghanistan. China views U.S. bases in Central Asia as constituting a potential source of its strategic encirclement.\textsuperscript{42} Indeed, President Jiang Zemin

\textsuperscript{40} Farangis Najibullah, “ Kyrgyzstan: China Keeps Nationals and Business’ Collateral’,” \textit{Radio Free Europe Radio Liberty}, July 21, 2004

\textsuperscript{41} Fravel, \textit{Strong Borders Secure Nation: Cooperation and Conflict in China’s Territorial Disputes}, p. 161.

called for the withdrawal of U.S. forces already in 2002, ironically in Tehran.\(^{43}\) Apparently China and Russia are still pressuring Kyrgyzstan to oust the US from the base at Manas.\(^{44}\) In 2009 the US Ambassador to Kyrgyzstan, Tatiana Gfoeller, revealed that China’s Ambassador to Kyrgyzstan, Zhang Yannian “did not deny categorically” a covert cash offer by China to close the base. Indeed, he became visibly upset when confronted over this issue.

US military outposts in Kyrgyzstan, particularly at Manas, have far more significance to Chinese national security than the mere resupply of the Afghan war theatre. Manas is an ideal breeding ground for US intelligence agencies and for the Pentagon to run covert destabilizing operations into China’s strategically vital and politically fragile Xinjiang. And since it is only 250Km from China it also provides far-ranging reconnaissance and surveillance capabilities. The flow of people back and forth between the two countries provides excellent cover for US-run espionage and possible sabotage. According to retired Indian Ambassador, K. Gajendra Singh, now heading the Foundation for Indo-Turkic Studies in New Delhi, the Bakiyev regime permitted the US military to use its facilities at Manas Airbase, including highly sophisticated electronic devices, among other purposes, to monitor key Chinese missile and military sites in Xinjiang.\(^{45}\) Further adding to concerns in Beijing over US actions inside Kyrgyzstan is the

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Pentagon’s new Northern Distribution Network (NDN), created ostensibly to supply the
Afghanistan war. The NDN runs through Tajikistan, Uzbekistan and Kyrgyzstan. Many in the
Shanghai Cooperation Organization region suspect that the NDN will be used by the Pentagon to
encourage spread attacks by groups like the ‘Islamic Movement of Uzbekistan’ or the ‘Islamic
Jihad Union’ and the murky Hizb ut-Tahrir movement – all of which are clustered within the
Ferghana Valley between Kyrgyzstan, Uzbekistan and Tajikistan.

Beijing has sought to prevent further “color revolutions” from taking place in the region.
China, like Russia, believes that the peaceful governmental upheavals that took place from 2003-
2005 were essentially fomented or instigated from abroad as part of a conscious policy aimed at
reducing Beijing’s regional influence. Indeed, China reportedly thought about using force to
prevent the revolution in Kyrgyzstan in 2005, and has since then sought a base in Kyrgyzstan to
forestall further such outbreaks. China’s subsequent warm embrace of Uzbek President Islam
Karimov immediately after the Andijan massacre underscores that continuing dread of any
upheaval in Central Asia as does its forceful response to the unrest in Xinjiang.

Beijing has invested enormous resources in trying to stabilize Central Asia around its
economy. Thus Xinjiang, like all of China’s border regions, has worked out its own regional
development plan and China also has invested massively in infrastructure along its Western
frontiers (not just Xinjiang) to build local cooperation and sustainable economic development in
Central Asia and adjacent areas as well as rapid transport systems for its armed forces if
necessary. China continues to build more multilateral free trade zones in and around Xinjiang,

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46 John W. Garver, “China’s Influence in Central and South Asia: Is It Increasing?” in David
Shambaugh Ed., Power Shift: China and Asia’s New Dynamics, Berkeley and Los Angeles:
University of California Press, 2005, pp. 205-227; Zhu Feng, “China’s Regional Activism in
East Asia, Gi-Wook Shin and Daniel C. Sneider, Eds., Cross Currents: Regionalism and
including two new ones to Pakistan, and make Khorgos the largest transshipment station in Asia.  

There are signs that China has begun to adopt a more expansive view of its defense needs in Central and even South Asia as its threat perceptions change. Pakistan openly solicited China to build a naval base at its seaport of Gwadar which China is reconstructing but apparently Beijing is more interested in establishing bases in either the Federally Administered Tribal Areas of Pakistan (FATA) or the Federally Administered Northern Areas (FANA) that border Xinjiang. China’s purpose of trying to suppress even further the continuing unrest in Xinjiang is obvious. Chinese authorities in 2011 for the first time accused rebels based in Pakistan of responsibility for some of the continuing attacks in Xinjiang that it calls terrorism. So this move would be part of its anti-terrorist policy. But Indian authorities have also revealed that China retains a force of about 4000 men, including PLA forces, in northern Pakistan’s areas of Gilgit Baltistan, part of Pakistan’s part of Kashmir province. And some Indian officials believe that Chinese troops have been present at the Line of Control dividing that area from Indian Kashmir. Whatever the truth is, China is becoming more deeply enmeshed in Pakistan’s economy and defenses, coupled with the recent purchase by PetroChina of huge energy fields in Afghanistan, this may signal a new push to expand Chinese influence into South and Central Asia.

“The New Silk Road”


49 ibid.
Roads and connectivity are crucial issues around which nations develop strategic plans.\textsuperscript{50} Infrastructure developments create the mechanisms for future exploitation by expanding economic and military power projection capabilities.\textsuperscript{51} Central Asia has been “landlocked” economically, politically, and geographically. In some measure, this was the case after the decline of the Silk Road trade in the sixteenth century and during the 70 years of the Soviet era. Central Asia is central in the “battle for resources and infrastructure” between the major powers. Traditionally, all transport and communications links of Central Asia have been through Russia. China has also extended access to the sea to the land-locked Central Asian states through its ports on the Pacific Ocean. Access to the sea across the Chinese territory helps the Central Asian countries in their search for alternative routes and in that measure reduces their dependence on Moscow. Beijing sees the region as a source of fuel that could reduce Beijing’s risky dependence on maritime routes. Routes connecting the landlocked Central Asian countries to the Indian Ocean would allow them access to maritime transportation channels, which though longer, are still cheaper than inland transportation.\textsuperscript{52}

Russia harbors ambitions for North-South trade corridors linking Russia, Iran, India, and Central Asia. Russia perceives China’s development of the port at Gwadar, Pakistan, as conflicting with its own goals. Moscow is keen to ensure that Russia is not bypassed in the transport and pipeline building activities in the region. It would like to be connected with them. Russia is keenly projecting itself as a bridge between Europe and Asia through the transport

network across Russian territory. China’s attempts to gain access to Central Asian energy resources conflict with Russia’s goal of establishing monopolistic control over the region’s energy sector.

In the late 1990's, the Chinese government opened official talks with Kyrgyzstan and Uzbekistan on the construction of a railroad that would connect all three countries. The idea was born almost simultaneously when the Shanghai Five –the forerunner of the Shanghai Cooperation Organization (SCO) – was formed in 1996. Since then, economic cooperation between China and the five Central Asian states has expanded rapidly. Since 2000 Sino-Central Asian commercial relations have considerably increased and in 2009-2010 for the first time China’s net trade with the Central Asian region exceeded that of Russia. China's economic influence is predominant in the Central Asian states with which it shares borders: Kazakhstan represents China's most important economic partner in Central Asia and Beijing is also the first trade partner for Kyrgyzstan and the second trade partner for Tajikistan. China accounts for 34% of Kyrgyzstan's foreign trade, 15% of Kazakhstan's – it is Kazakhstan’s second largest export partner after the EU – and 10% of Tajikistan's. China is actively developing cooperation with Kazakhstan and Turkmenistan in the energy sector. For Kyrgyzstan and Tajikistan, China has become an important exporter of consumer goods. Chinese companies are also involved in the construction of hydropower plants in Tajikistan and Kyrgyzstan.53

Energy may become the most divisive issue in the Chinese-Russian relationship in Central Asia. As Fiona Hill, Erica Downs, and Igor Danchenko wrote, China’s “growing energy footprint in Central Asia is gradually undercutting Russia’s political leverage and

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economic influence over its Central Asian neighbors.\textsuperscript{54} Chinese investment volumes into Kazakhstan’s economy are growing at a staggering speed. Analysts expect investment flowing from China to exceed $20 billion. Some Kazakh members of parliament expressed alarm over the snowballing of the national debt to China. The figures rose from $4 billion in 2008 to $7.9 billion in the first six months of 2009. China currently ranks fourth among the main lender countries to Kazakhstan after the Netherlands, the United States and the UK.\textsuperscript{55} China holds key oilfields in Kazakhstan. China’s 21 percent stake in Kazakhstan’s oil production has further surpassed Russia’s by 2.5 times.\textsuperscript{56} In 2009 China’s Export-Import Bank lent the state-owned Development Bank of Kazakhstan $5Billion, and CNPC lent Kazmunaigaz, Kazakhstan’s state-run gas company, another $5Billion. Moreover, CNPC bought a 49% minority holding in Kazakhstan’s company AO MangistauMunaigaz from KazMunaiGaz National Co for $3.3 Billion. This deal enabled Kazakhstan to continue its robust pace of exploration for oil, which finances its overall development plan. Having received an estimated $21.1 Billion in 2008 in investment for exploration and production, Kazakhstan needed to maintain that pace during this crisis to prevent an even more severe economic contraction than occurred in 2008-09. Thus Kazakhstan’s need for capital and reliable export markets played into China’s strategy that was clearly facilitated by its deep pockets and cash reserves.\textsuperscript{57}

Turkmenistan is a particularly interesting case for studying Russian–Chinese interaction


in the energy field. Russia is only the third-largest importer of Turkmen gas at present (it ranked first until 2008-2009). The pipeline between China and Turkmenistan now leaves Russia with only 30 billion cubic meters (bcm) of gas annually (as opposed to a planned 80 bcm).58

In 2009 China rescued Turkmenistan from Russian attempts at coercion regarding gas supplies and prices and lent it $4 billion to finish the Turkmenistan-China gas pipeline and send China 30BCM of gas annually.59 Due to subsequent deals with Turkmenistan once the entire pipeline with its Kazakh and Uzbek branches is finished in 2012 China will receive at least 40BCM of gas annually, and eventually 65 BCM of gas annually, more than Russia gets from Central Asia and more than 50% of China’s 2010 consumption of natural gas. Chinese support to Turkmenistan not only strengthened Ashgabat’s energy independence and allowed it to diversify its energy exports, it also weakened Russia vis-à-vis China in both Central and East Asia.60 China’s post-2009 loans have given it a priority place in the ongoing exploration of Turkmenistan’s immense gas reserves. Thus in December 2009 a consortium comprising CNPC, South Korean, and UAE companies won contracts to develop the field in South Iolotan. Subsequent deals have only magnified China’s priority position in Turkmen gas.61

China’s primacy in Central Asia’s gas market is undoubtedly a blow to Russia with long-lasting consequences. In March 2008, Russia agreed to raise the gas price from 20098 for Turkmenistan, Kazakhstan and Uzbekistan up to European levels. As a result, Gazprom had to buy Turkmenistan’s gas well above the actual market price and sought to obstruct Turkmenistan’s ability to ship gas as a mysterious explosion on the Turkmenistan-Russia

58 Ibid.
61 Ibid
pipeline occurred in April, 2009 nad shut down traffic thre for the balance of the year. However, the Turkmenistan-China gas pipeline project came as an indication that Ashgabat managed to develop alternative gas export routes. But the Chinese, effectively forestalling the Russians in muted competition for gas resources of Central Asia, dashed all hope of Russia successfully carrying out its plan. Moscow overplayed its hand by halting gas imports from Turkmenistan unilaterally in April 2009, citing the slump in demand as well as an “accidental” explosion on the pipeline near Degtyarlik. Those moves destroyed Ashgabat’s confidence in Russia’s reliability in terms of “security of demand.”

As a result China no longer must approach Russia as gas supplicant and now has a superior bargaining position despite its growing demand for gas. Despite fifteen years of discussion and negotiation no agreement on the price, route, or volume of Russian gas for China exists yet. The large Central Asian gas supplies to China from Turkmenistan, Uzbekistan, and Kazakhstan beginning in 2012 enable China to resist Russian demands for a market price for its projected gas pipeline from Siberia to China. Meanwhile China already produces 76bcm of gas a year and consumes only about 80bcm with Australian LNG making up the difference. And the recent discoveries of large quantities of shale gas in China will only further strengthen China vis-à-vis Russia and Central Asia on gas issues.

“Shanghai Spirits”

SCO(Shanghai Cooperation Organization) is an institution born with Chinese

62 Ibid.
characteristics. The Chinese constructed the SCO as an institution that reflects their preferred values. Indeed, Chinese officials rhapsodically describe the “Shanghai Spirit” (Shanghai jingshen) that guides the organization’s work. In the words of Richard Weitz,

The Central Asian governments also like how the SCO includes both China and Russia and is therefore not dominated by a single great power—a condition that gives them more room to maneuver. Despite the possible emergence of a Sino-Russian condominium, China’s balancing presence presumably reduces fears of external subordination and gives them more room to maneuver. Conversely, another reason for the SCO’s popularity among Central Asian governments is that the organization allows them to multilaterally manage Beijing’s growing presence in their region, backstopped by Russia, rather than deal with the China colossus directly on a bilateral basis. Most Central Asian leaders considered the PRC less an alternative great power patron to Russia than a supplementary partner that could assist them in moderating Moscow’s predominance in the region as well as furthering their economic development.

Despite its front of mutual concord and harmony, the SCO was among other things, a façade behind which Moscow and Beijing advance their competing views on the future organization of Central Asian security and where neither side wants the other to get ahead. After 2008 there emerged an open split between Russia and China over the SCO’s purposes that have hitherto inhibited its development as a regional security provider. Moscow’s intervention in the Republic of Georgia in support of Abkhaz and South Ossetian separatist’s caused

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66 Ibid.
67 Ibid.
contention within the SCO and friction with Kazakhstan. The SCO’s refusal to support Moscow here contradicted Russian expectations and showed the limits to Russo-Chinese partnership, which, though robust, is not an alliance. It also showed that Central Asian states aligned with China could resist Russia in the SCO which had hitherto not been the case. This episode also showed that China can organize Central Asian states in the SCO to act jointly to block Russia and that Russia cannot simply count on overcoming Chinese support for Central Asian interests against its wishes.

Russian government resistance has delayed Chinese proposals to establish an SCO-wide free trade zone until 2020, since the removal of trade barriers would likely result in less expensive Chinese products displacing Russian exports. Perhaps the most interesting issue is the inclusion of India, Pakistan, and Iran as observers in the SCO. The inclusion of India indicates a desire by Russia to counter the growing Chinese influence; for China, the inclusion of Pakistan served the purpose of balancing against Indo-Russian interests in the SCO.

SCO is overshadowing its regional Russian-led competitor the Collective Security Treaty Organization (CSTO). The CSTO “alliance” is increasingly viewed as an ineffective organization after its failure to enforce order in Kyrgyzstan in 2010. The CSTO was in crisis well before the instability in Kyrgyzstan. Thus, none of its member states besides Russia –Belarus, Armenia, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan– recognized the independence of Abkhazia and South Ossetia following the Russia-Georgia war in August 2008. Nor did all of them support the creation of the CORF, with Belarus at one point and Uzbekistan still refusing to

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70 Harkins, *op. cit.*, p.49.
71 Weitz, *op. cit.*
sign up for what they consider to be a Russian initiative seeking to exercise political and military
dominance. China and Uzbekistan jointly cooperated in 2010 to block Russian intervention in the
Osh pogroms against Kyrgyzstan’s ethnic Uzbeks.74 Even before the ethnic rioting began on
June 10-11, 2010 Russian figures announced that Russia and Uzbekistan had agreed that they
should intervene to stabilize Kyrgyzstan.75 But Uzbekistan had actually refused to do so.
Indeed, President Karimov openly stated that Kyrgyzstan’s problems were exclusively its own
internal affair and that the violence and instability were being fomented from outside, i.e.
probably Russia, a view shared as well by the Tajik media.76

Instead Karimov turned to China.77 This emerges from the communiques of his meetings
with President Medvedev and Hu Jintao as they arrived for the SCO summit on June 10-11,
2010. The communique with Medvedev was correct but formal. But Karimov’s meeting with
Chinese President Hu Jintao generated a fulsome communiqué extolling the millennium of
relations between Uzbekistan and the Celestial Kingdom followed by a statement that the two
presidents then conducted an extensive review of regional and geopolitical issues that could only

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74 Apart from these sources this sequence was corroborated by the author’s talks with Uzbek
officials and US analysts in Washington during 2010-11
75 “Russia and Uzbekistan to Bring Stability to Kyrgyzstan,” http://rt.com/Politics/2010-06-
08/russia-uzbekistan-stabilize-kyrgyzstan.html, June 8, 2010
76 Moscow, ITAR-TASS, in English, June 19, 2010, FBIS SOV, June 19, 2010; Caversham, BBC
Monitoring, in English, June 19, 2010, FBIS SOV, June 19, 2010; Tashkent, Uzbek Television
77 In these discussions President Hu Jintao offered a six point formula for Sino-Uzbek relations
where point 6 called on both countries to intensify multilateral coordination to safeguard both
states’ common interests and stated that both countries must work together against the threats to
security in Central Asia. Karimov welcomed these proposals, suggesting quite strongly not just
that Uzbekistan was leaning away from Moscow towards Beijing, not least because of Moscow’s
unceasing efforts to obtain a second military base in the Ferghana valley around Osh so that it
could control that valley. Beijing Xinhua Domestic Service, in Chinese, June 9, 2010, FBIS SOV,
June 9, 2010.
mean Kyrgyzstan’s stability.  

China wants to impart to the SCO a much more robust security and defense profile. In April, 2011 the first ever meeting of the Chiefs of the Genral Staffs of SCO members took place in Beijing and Shanghai as the Arab spring and Libyan civil war were raging. At this meeting Vice president Xi Jinping, the new president of China after 2012, spoke of “new threats” and the need for enhanced cooperation among members of the SCO to crack down on them to maintain a stable and peaceful environment. Chairman of China’s General Staff, General Chen Bingde urged those present to open “new areas of cooperation” against those threats. These were clearly trial balloons for deeper and broader military cooperation within the SCO probably to forestall events such as the chaos in Libya that forced China to withdraw 30,000 workers from Libya and stand by while its huge economic and geopolitical investment there fell apart. It is quite likely that China is determined not to let this happen in Central Asia in accord with its growing stake in that area.

China is also probably reckoning with the expected consequences of the US withdrawal from Afghanistan by 2014 and the new US focus on the Asia-Pacific and on restraining the projection of Chinese power there. Finally the CSTO has also formalized its program to increase coordination among its members even to the point of intervening in members’ counties to prevent an Arab type upheaval or “color revolution.” As Yu Bin observed, the implication was clear, “The CSTO cannot be counted on for the security needs of the SCO.”

Other members of the SCO may share China’s concerns. Thus China stepped up its calls for intensified SCO defense and security cooperation through the annual SCO summit in 2011 where President Hu Jintao voiced that advocacy. These trends were already well articulated by April, including the Arab spring danger for Central Asia.

But China can act unilaterally if necessary. For example, its ongoing development of newer transport and infrastructural investments probably has both economic and military implications. These projects led to charges that the PLA was using these new capabilities of growing rail, road, and airport infrastructure to “militarize” the so-called Silk Road from Shanghai West to Central Asia. In its 2010 military exercises and in domestic exercises since then China transported troops from Shanghai west and even to Kazakhstan by rail. The use of these transport routes invariably heightens fears about China’s intention given the huge rise in its capabilities.

Thus at least some Indian analysts highlight China’s “Grand Periphery Military Strategy” and see these infrastructural developments as inevitably entailing “proactive” military actions in many theaters, including Central Asia. Their argument and evidence interestingly also refers to the changing Chinese security environment noted above and suggests that Central Asian trends or ones that China fears could occur there are part of the thinking driving this new strategy.

Whether or not China is moving towards a new strategy that actually envisages proactive operations in this theater or unilateral intervention, the increase in its capabilities and

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the evolution of its threat assessments are undeniable. These trends certainly register upon Russian military thinking. Thus the CSTO’s recent decision to prevent members from unilaterally accepting third party bases on their territory without the consent of all the other members represents Russian and perhaps Central Asian anxiety not only about the United States (in Russia’s case) but also about China. Similarly the CSTO and Russian exercises “Tsentr’ (Center) 2011, ostensibly billed as an antiterrorism exercise, comprised air, naval (Caspian Fleet), and land forces in an operation that looked more like a major theater operation. Analysts argued that this may reflect fears of an Iranian invasion, but even without denying that possibility, it could also represent efforts to deal with a possible Chinese military operation in Central Asia.

Conclusions

Wherever we look China’s capabilities and influence are growing. Moreover, this growth has led to numerous examples of aggressive Chinese behavior. These cases are most well known in regard to Southeast Asia, regarding the South China Sea, and in China’s support for North Korea. But its behavior in Central Asia has been equally aggressive regarding border issues and its overall economic and security policies there are also highly ambitious and far-reaching in their scope. Likewise, we cannot doubt Central Asian states and Russia’s apprehensions about China’s behavior. But they have proven unable to counter it effectively.

In this particularly dynamic region of world politics, and given the impending US withdrawal from Afghanistan, a continuing, and even expanded, assertion of Chinese power in

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Central Asia is to be expected especially as China now knows that nobody else can stop it there or provide effective security without it. China’s rivalry with Russia here is already visible yet Moscow continues to profess an identity of global interests with China because its main focus is on the United States and defense of its political system, outlooks it shares with China. Moreover, it cannot compete with China economically. Beijing has hitherto refrained from overt military threats, and refuses to discuss publicly its clear goal of reducing the area to a kind of tributary status. Ultimately Russia may become the gendarme for China’s investments in Central Asia if China can rely on Moscow to preserve security there without overt intervention or crises.

But this creeping satellization bodes ill for Central Asian states if not Russia. Even though they have succeeded in playing off the great powers quite successfully since 1991 that success is uneven. Tajikistan’s concessions to China and Kyrgyzstan’s to Russia indicate that these two states are losing their previous margin of their national security policies. And given the precariousness of security in the other Central Asian states and the uncertain situation in Afghanistan and South Asia, similar trends or new upheavals cannot be ruled out. China’s growing power will also pose increasing challenges to the United States which must struggle to define a new Central Asian policy as it leaves Afghanistan. While the outcome of the interaction of all these trends for the interaction of Central Asian states with the great powers remains unclear; the struggle for influence and hegemony in Central Asia continues, even intensifies, and China is now increasingly well placed to take the lead in that competition. What it will do with its growing power is also unclear but clearly the consequences for it, Central Asia, and Russia, if not other interested powers, will be profound and far-reaching.