

# China and Central Asia: a new Great Game or traditional vassal relations?

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*Central Asia and China have been closely intertwined in history and today that relationship has begun to re-emerge. This article analyses the reasons for the close cooperation which has re-emerged in the 1990s and boomed in the twenty-first century. Domestic and internal factors, as well as political and economic considerations are included in the search for an explanation for current relations and future expectations. Despite the fact that China has emerged as one of the world's most powerful states, its dependence on the Central Asian states in regard to oil and gas but also domestic security is intriguing. The future of Sino-Central Asian relations is deeply embedded in joint problems and common interests, but also in fear of domination and external intervention.*

Central Asia increasingly seems to be either the stage for a revised version of the *Great Game*, where the main actors today are China and the USA rather than the nineteenth century actors Russia and Great Britain, even if Russia still holds a failing grip over the region, or the object of an attempt by China to re-create a classical vassal relationship between China and the Central Asian states. The importance of Central Asia in China is larger than it has been since the region west of today's China was an integrated part of the Chinese tributary system.<sup>1</sup> Chinese expansion in the region is only slowed by the current Russian, however decreasing, influence and the

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1. Henceforth when dealing with Chinese policy towards Central Asia, the region will, to a great extent, be dealt with as a single unit. Central Asia is, however, far from a heterogeneous unit and the Central Asian states loathe being dealt with as a kind of Central Asian porridge. Chinese foreign policy can, however, to a large extent, be seen as a regional policy as Beijing is dealing with the region increasingly through SCO and has, in many cases, lumped the Central Asian republics together. The Chinese focus on SCO threatens to exclude Turkmenistan, which is not a member of SCO, and China's relations with Turkmenistan are in practice few and of little significance. More problematic is that the regional approach diminishes China's relations with Kazakhstan (economically) and Kyrgyzstan (militarily) which are very significant bilateral relations. These bilateral approaches will, however, be noted in the text, but the fact that China to a large extent views the Central Asian republics as a region is still apparent. See *China's Foreign Affairs* (Beijing: Department of Policy Planning, Ministry of Foreign Affairs, PRC, 2003), pp. 62–63; *Zhongguo Waijiao* (Beijing: Zhonghua Renmingongheguo Waijiaobu, Shijie Zhishi Zhufashe, 2003), pp. 302–303.

competing US attempts to exert influence over the region. Beijing has developed a prioritized policy orientation towards Central Asia, in contrast to the American policy, which seems to have a much more reluctant *ad hoc* presence based on the war against terrorism. From a Chinese perspective the most important reason for a Chinese presence in the region appears to be an effort to dominate Central Asia in order to secure China's growing need for oil and natural gas. Moreover, there seem to be important security reasons for China's attempt to create a traditional 'vassal' relationship between China and the Central Asian states through investments, trade and military cooperation. It is clear that both the security on China's Western border and her internal security in Xinjiang depend upon peaceful development in her Central Asian neighboring states and China's relations with them.<sup>2</sup>

Central Asia is situated at the crossroads between the East and the West and has historically been in contact with a variety of cultures and economies. This interaction made the Central Asian Kingdoms and Khanates the most powerful and culturally advanced regions historically.<sup>3</sup> China's relations with the people in the region have traditionally been a relationship of peace, war, trade, deception and marriages, all the ingredients for a good story.<sup>4</sup> It is only in the last 100 years, during Russian and Soviet occupation, that China has been excluded from the region.

Central Asia's centrality in world affairs was exchanged to relative insignificance during the Soviet occupation and today the region is plagued by many problems. In addition to terrain that stretches from burning deserts to ice cold mountains, the lack of infrastructure and an almost endemic problem with drugs and militarized conflicts, especially ethnic conflicts, hinders development. However, Central Asia, as a consequence of its increasingly important position in world affairs through its oil and gas findings and its strategic location, has been called China's *Dingwei* (Lebensraum), the beginning of the *New Great Game* as Peter Hopkirk has defined it, the emergence of a Grand Chessboard as Zbigniew Brzezinski has formulated it, or as the start of the final clash of civilizations as Samuel Huntington has described it.<sup>5</sup> There is, however, little knowledge about what China's, or any other states, intentions are in Central Asia and how China's policy will develop towards the Central Asian states. The only fact that can be established is that there are as many opinions as to how China's policy towards Central Asia should be/is as there are people involved in policy-making and policy research. It is clear that China has increased its attention towards the region militarily, politically and financially since 1991 and the independence of the Central Asian states. As an example, the most efficient regional organization today in Central Asia is the Shanghai Cooperation Organization (SCO) which was founded in Shanghai in 1995 as the Shanghai Five by

2. Niklas Swanström, 'China and Xinjiang after September 11', *Nordic Institute for Asian Studies* no. 3, (2002).

3. Dilip Hiro, *Between Marx and Muhammad: The Changing Face of Central Asia* (London: HarperCollins Publishers, 1994); Arthur Waldron, *The Great Wall of China: From History to Myth* (Cambridge: Cambridge University Press, 1990).

4. John Fairbank, *China: A New History* (Cambridge: The Belknap Press of Harvard University Press, 1992); James Millward, *Beyond the Pass: Economy, Ethnicity, and Empire in Qing Central Asia, 1759–1864* (Stanford: Stanford University Press, 1998).

5. Peter Hopkirk, *The Great Game: The Struggle for Empire in Central Asia* (Tokyo: Kodansha International, 1994); Zbigniew Brzezinski, *The Grand Chessboard* (New York: Basic Books, 1997); Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster Cop, 1996); P. Stobdan, *China's Central Asian Dilemma*, <http://www.idsa-india.org/an-jun8-7.html>, 2001.

China, Russia, Kazakhstan, Tajikistan and Kyrgyzstan. The Chinese President Hu Jintao has declared that the Central Asian region is central to Chinese development. This could not only be seen in the increased number of military exercises and amount of political cooperation between China and the Central Asian states but also in the rapidly increasing trade and investments from China.<sup>6</sup> The question remaining is what determines the Chinese interaction with the Central Asian states. Trade and economic integration between China and the Central Asian states are promising when considering deepened cooperation and there are no serious inter-state security risks. The most apparent Chinese, and Central Asian, security challenges derive from mainly internal problems, even if they are influenced by external sources.

### Security problems in Xinjiang

The tense situation in the Chinese province of Xinjiang, which is dominated by Muslims of Turkic origin, is one of the more important factors behind Beijing's eagerness to tie the governments of the Central Asian states closer to China.<sup>7</sup> There is also the fact that the ties between the minority population in Xinjiang and the Central Asian states are strong and there has traditionally not been a clear border between the people in Central Asia and Xinjiang, aside from the theoretical border given on maps.<sup>8</sup> Today when people from Central Asia are going through a process of national and religious liberation following the disintegration of the Soviet Union in 1991, some people in Xinjiang believe that a window of opportunity to recreate the Muslim state of East Turkestan, which was incorporated into China in 1949, has emerged.<sup>9</sup> This development has created an intensification of activities in Xinjiang to a level not seen since the early 1950s; this is especially true since the Strike Hard (*Yanda*) campaign that was initiated in 1998.<sup>10</sup> The internal conflict in Xinjiang is reinforced by a strong support for the re-establishment of East Turkestan among the populations in Central Asia, a support that is not necessarily shared by their governments.<sup>11</sup> Beijing's fear of popular support in Xinjiang for the creation of a new East Turkestan republic is, however, much higher than the actual support among the people in Xinjiang.

The Muslim minority in Xinjiang have, however, stepped up their military activity since the Central Asian states gained their independence in 1991. For example, during the year 2000 the Chinese armed forces in Xinjiang claims to have confiscated

6. *Zhongguo Waijiao* (Beijing: Zhonghua Renmingongheguo Waijiaobu, Shijie Zhishi Zhufashe, 2001–2003).

7. Xinjiang has the fourth largest Turkic population in the world after Turkey (53.6 million), Iran (35 million Azeri's) and Uzbekistan (23 million): see Graham Fueller and Fredrik Starr, *The Xinjiang Problem* (Central Asia-Caucasus Institute, Johns Hopkins University, 2003), p. 9. China moreover has approximately 20 million Muslims, which is more than most Middle Eastern states harbour, excluding Iran, Turkey and Egypt: see Dru Gladney, 'Islam in China: accommodation or separatism', *The China Quarterly*, (July 2003), p. 451.

8. As late as during the reign of Lenin and the early days of the PRC, the Central Asian states and Xinjiang where an integrated cultural entity fighting external foes—China and the Soviet Union. Linda Benson, *The Illi Rebellion: The Moslem Challenge to Chinese Authority in Xinjiang, 1944–1949* (Armonk: M.E. Sharpe, Inc, 1990); Peter Hopkirk, *Setting the East Ablaze: Lenin's Dream of an Empire in Asia* (Tokyo: Kodansha International, 1995).

9. Gladney, 'Islam in China', p. 457; *Turkistan Newsletter*, (15 November 2001).

10. Fueller and Starr, *The Xinjiang Problem*, p. 19.

11. Niklas Swanström, 'China conquers Central Asia through trade', *Analyst* (Johns Hopkins University, SAIS, Wednesday 11 April 2001); Niklas Swanström and Svante Cornell, 'China's trepidation in Afghanistan', *Analyst* (Johns Hopkins University, SAIS, 10 October 2001).

4,100 kg of dynamite, 2,723 kg of other explosives, 604 illegal small arms and 31,000 rounds of ammunition in comparison to much lower confiscations in the 1990s.<sup>12</sup> The amounts smuggled are probably much higher than the official statistics tell us, but it is apparent that even with this amount of weapons any group with determination could fight an effective terrorist/guerilla war.<sup>13</sup> This is especially clear after the terrorist attacks in New York, Bali, etc. where it was proven that small groups with limited military resources can successfully attack a wide range of targets. In the 1990s China increased its military presence in Xinjiang to 200,000 soldiers under arms to monitor the 'Muslim rebellion'.<sup>14</sup> The military presence has increased further since 2001 according to interviews with military staff within the People's Liberation Army, even if it is unclear how much. It is, however, clear that China has intensified their crackdown on Muslim 'terrorists' in the region since September 11, and this has been done with silent approval from the West. The Chinese government argues that the Muslim rebels were closely connected to the Taliban and Osama Bin Laden. It is evident that Uighur revolutionaries/terrorists used Afghanistan and northern Tajikistan as their training ground. The number of Uighur terrorists in Afghanistan has been cited to be over 1,000, according to Beijing.<sup>15</sup> This has now changed due to the change of government in Afghanistan and the US presence in the region and the militant Uighur movements are seeking new bases to operate from. It seems obvious that the US crackdown on bin Laden and the Taliban has had a positive effect on Chinese security, from the perspective of Beijing, as it has denied Chinese terrorists a safe haven.<sup>16</sup>

Long before September 11, 2001, China had warned the Central Asian states against supporting, protecting or training rebels from Xinjiang. The warnings had a significant effect as Chinese investments and trade in Central Asia would be in jeopardy if the Central Asian states had refused to comply with Chinese demands. The struggle against the rebels has further been reinforced by the US operations against bin Laden and the Taliban movement in Afghanistan, even if the US presence has had a negative impact on Chinese influence in the region. There are today no governments in the region that would dare to support any organization that could be classified as terrorists; the Central Asian governments have in fact few reasons to do so since they are rather secular and hostile to an Islamic revival. This fear has been

12. Stobdan, *China's Central Asian Dilemma*.

13. Terrorism, separatists, freedom fighters and rebels will be used interchangeably in the text. The purpose of the article is not to determine what status different organizations have, but to discuss an eventual impact from such organizations on the relationship between China and Central Asia, if it has an impact.

14. *Ibid.*; interviews with senior military officials claim that the increase of military staff ranges from a 30 to a 50% increase since the *Yanda* campaign was initiated in 1998. This should be seen in comparison to the reduction of border forces against Russia and the Central Asian states: Chinese Foreign Ministry, 'Summit meetings among China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan', (22 February 2004), <http://www.chinaembassy.ce/eng/5715.html>. The forces that were dismantled in the border region could have been redeployed in Xinjiang proper and directed towards rebels rather than external enemies.

15. *Xinhua News Agency*, (9 November 2001).

16. The US has put the East Turkestan Islamic Movement on its terrorist list, and in August 2002 the Bush Administration decided to freeze the group's assets in the US: see Kerry Dumbaugh, 'China-US relations', *Issue Brief for Congress* (Library of Congress, 31 January 2003). China and the US Administration have argued that the group has clear links to terrorism and to Al Qaida, but some experts, such as Dru Gladney, are less convinced about this and the activity of the group is difficult to assess: see 'Uighurs charge US with betrayal', *New York Times*, (13 September 2002); Andrew Chang, 'China connection', *ABC News*, (24 February 2004).

used by the Chinese government to legitimize their crackdown on militant (and at times non-militant) 'Islamist' groups in Xinjiang.

There are several agreements between China and the Central Asian states that regulate the combat against separatism and terrorism, and the character of military cooperation in the border regions.<sup>17</sup> Kazakhstan, Tajikistan and Kyrgyzstan have agreed to assist China in her struggle against separatists from Xinjiang in any way, and have on several occasions struck against Chinese rebels in direct military operations.<sup>18</sup> It is interesting to note that China uses terrorism and separatism interchangeably, which could potentially legitimize targeting peaceful groups that argue for a separate state or greater autonomy through non-military means.

China's border against Afghanistan was reinforced in the 1990s and is today almost impossible to penetrate. This was a response to the influx of rebels that had been trained by bin Laden and the Taliban movement to fight for the liberation of an Islamic Xinjiang. This contributed to the very active verbal support for the US operations in Afghanistan from China.<sup>19</sup> Beijing has never been comfortable with American troops next to the Chinese border, as in Vietnam and Korea, but the possibility of getting rid of Muslim militants was too tempting, and further it was politically impossible to be against the US operation in Afghanistan if China wanted to maintain good relations with the US and the international community. With the war on terrorism taking place in Afghanistan and to a certain extent in Central Asia, Chinese policy towards several states in the area was influenced. When Pakistan admitted that several militants had trained in Pakistan and then transported to Xinjiang, their position as a close ally was promptly re-evaluated. As a result, China moved closer to India on several issues, without destroying relations with Pakistan which still remains one of China's most important allies. There have, however, been several measures to minimize the usage of Pakistan as a way into China for Muslim militants. Karakorum, the road between China and Pakistan, has for example been closed on several occasions since unwanted goods and individuals tend to take that route to Xinjiang.

Ironically most of the weapons the Chinese confiscated at the border were Chinese weapons that China sold to Pakistan at an earlier stage. Pakistan in turn gave the weapons to the Taliban movement, which supported their religious brothers in Xinjiang.<sup>20</sup> Beijing warned the former Taliban government on several occasions about supporting and training rebels from Xinjiang. These warnings were not very successful, despite the fact that China was, to a large degree, engaged in trade and reconstruction of the infrastructure in Afghanistan. The first decrease in the inflow of rebels to Xinjiang was seen after the US attack on Afghanistan and overthrow of the Taliban government. Despite the good effects that US intervention in the region have created for China, there is a risk that such intervention will upset the regional power

17. *Rabi-us-Saani*, (5 July 2000); *South China Morning Post*, (4 July 2000); John Daly, 'Shanghai Five expands to combat Islamic radicals', *Jane's*, (19 July 2001); Catherine Davis, 'China-Kyrgyz anti-terror exercises', *BBC News*, (10 October 2002); 'China, Russia, Central Asia PMs meet on cooperation', *China Daily*, (23 September 2003).

18. Francesco Sisci, 'China, US and the new world order', *Asia Times*, (19 September 2001); 'Beijing's Central Asia strategy', *Jane's Intelligence Digest*, (2 October 2003); *Information Office of State Council* (21 January 2002).

19. 'Statement by the Foreign Minister', *Chinese Ministry of Foreign Affairs Homepage*, (19 December 2001).

20. It should, however, be pointed out that the traffic in small arms is so large that even without Chinese sales it would still be no problem to arm the Uighur rebels.



dynamics if American troops stay for long. It has been argued that the US arrival in the region will change the power balance indefinitely and create conflicts over influence in the region that is especially important for China and Russia, who do not appreciate the US military presence in the region. The US intervention has certainly changed the power balance and decreased the political and economic influence of China and Russia, but there is strong skepticism among the Asian states that the US will commit militarily in the region for a long time and most states stick to the old relationships, with some modifications.<sup>21</sup> However, most states are attempting to receive military and verbal support from the US, even if they know that they will have to rely on China and Russia in future conflicts with separatists and terrorists.

There are a few regional attempts to deal with security problems that relate to the situation in Xinjiang. The most important is the Dushanbe declaration that was signed in July 2000 in Dushanbe, Tajikistan by the Shanghai Five members.<sup>22</sup> This declaration deals specifically with the Afghan threat and separatism in China and Central Asia. The declaration aims at preventing ‘separatism, terrorism and extremism’ from spreading from Afghanistan to Central Asia and China, but also gives the national governments a great deal of leverage to crackdown on domestic groups. As a conclusion of this treaty, an anti-terrorist center has been established in Bishkek, the capital of Kyrgyzstan. This centre will be relevant as Afghanistan could continue to be unruly and internal and regional conflicts in Central Asia will have to be dealt with (or legitimized) through multilateral forums.

### Central Asia: friend or foe?

Islam is viewed by Beijing as a major factor behind the perceived fragmentation of Xinjiang. The apparent cleavage between the government in Beijing and the Muslims in Xinjiang is visible in almost all aspects of life. The only intellectual idea that both groups share is the conviction that a Muslim movement, strongly nationalistic and based on a strict interpretation of Islam, is in the process of taking power in the Central Asian states. The reality differs from this perception and the Central Asian governments are trying to combat religious fundamentalism and are attempting to win that battle with the help of the international community and secularized world, i.e. China, the USA and Europe. It is clear that Islam plays an important role in Central Asia, but secular values still guide political life.

Beijing’s fear that ethno-religious nationalism, which has emerged in Central Asia, will mobilize an ethno-religious war in Xinjiang is, however, real. The Chinese conflict in Xinjiang has been perceived by the Uighurs as an ethno-religious conflict and a direct attempt to destroy Islam in China. This is especially sensitive as some ethnic groups in Central Asia, which are represented as minority groups in Xinjiang (i.e. Tajiks, Kazaks, and Kyrgyz) have created their own independent Central Asian states, but the largest minority group in Xinjiang—the Uighurs—are still stateless. The situation has become even more delicate with the US intervention in Afghanistan

21. ‘Musharraf shores up ties with “trusted friend”’, *South China Morning Post*, (12 December 2001).

22. “‘Shanghai Five’ nations sign joint statement”, *Renmin Ribao*, (6 July 2000); Abbas Najam, *Shanghai Forum Calls for Institutionalized Efforts against Terrorism, Extremism and Crime* (Dushanbe: Institute for the Study of Conflict, Ideology and Policy, 2000).

and the US presence in Central Asia. On the one hand China would prefer to eliminate the Muslim militants and the Uighur support in Afghanistan and Central Asia using any means possible. On the other hand this could upset the Muslims in China and in the region, and in the worst case American troops could be forced to stay in the region for several years if the region became destabilized and threatened US interests. For Beijing, a prolonged US presence is a reminder of the Korean and Vietnamese wars and is perceived as more threatening for China over the long term than a separatist movement and China will try to minimize the US influence in the region.<sup>23</sup>

Some Uighurs in Xinjiang argue that they should have the same political freedom as the people in Central Asia, i.e. independence. This view is shared by a large part of the populations in Central Asia but not by the governments, at least not officially. The estimated 300,000 Uighurs in Kazakhstan and Kyrgyzstan creates, for China and the Central Asian governments, a disturbing base for political mobilization in Central Asia.<sup>24</sup> It is clear that the separatists in Xinjiang have received an increased amount of military resources and support from their ethnic and/or religious brothers in Central Asia since 1991. Containment of the support to the rebels is high on the Chinese agenda in relations with their western neighbors. The Chinese concern for the Central Asian support to the separatists in Xinjiang accelerated when it became clear that some 50 Uighurs had been trained in Afghanistan and then transported to China through several Central Asian states.<sup>25</sup> This incident created tension with all states that could have functioned as a transport route for the separatists, including Pakistan. As a result, several agreements over how this situation could be contained were signed and China is today involved in anti-terrorist training with all their bordering states to minimize the possibility that this would be repeated.<sup>26</sup>

China recognized the Central Asian states in December 1991 and as early as January 1992 China and the Central Asian states began to exchange communiqués of full diplomatic exchanges. Relations between the Central Asian states and China have progressed ever since. In 1996 China, Russia, Kazakhstan, Tajikistan, and Kyrgyzstan established the Shanghai Five for the purposes of increasing regional cooperation and in order to resolve many of the disputes between the member states. This has led to improved relations between China and the Central Asian states. Examples of this are an increased number of confidence building measures and that several of the, what were earlier large, border disputes have been resolved.<sup>27</sup> Kazakhstan and China have resolved all their border disputes, largely to Kazakhstan's benefit when the two states wrote a large oil deal that is widely thought to be a part of the compromise. Tajikistan and China have also to a large extent resolved their border disputes, with the exception of the Babakhshon-region. Even Kyrgyzstan and China have resolved their border disputes, even if it is unclear

23. Stobdan, *China's Central Asian Dilemma*.

24. *Ibid.*

25. Svante Cornell and Niklas Swanström, 'China unnerved with war: West so close to its door', *Baltimore Sun*, (23 October 2001).

26. Guangcheng Xing, 'The Shanghai Cooperation Organization in the fight against terrorism, extremism, and separatism', *Central Asia and the Caucasus* no. 2, (2002); 'China-Kyrgyz anti-terror exercises', *BBC*, (10 October 2002).

27. Chinese Foreign Ministry, 'Summit meetings among China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan'.

how the border agreement will function in practical terms.<sup>28</sup> The Shanghai Five added a further member in 2001, Uzbekistan, and renamed the organization the Shanghai Cooperation Organization. This was an intensification of the cooperation between China, Russia and Central Asia, and high on the agenda in Beijing. This organization is considered, by Beijing, to be the most important regional organization and China prefers to discuss all regional multilateral problems through SCO. The success of the SCO has been debated, but China's eagerness to strengthen the organization is beyond any doubt and President Hu Jintao has put some of his prestige at stake to this end.<sup>29</sup> It is apparent that the Central Asian states have decreased their skepticism towards China even as they still view China and Russia as possible hegemonic powers. The improved relations are partly a result of the security cooperation within SCO, and partly due to the bilateral contacts the Central Asian states have initiated with the US, Turkey etc.

Political cooperation between China and the Central Asian states has improved in the region since 1991 and has been very positive and lucrative for Central Asia. Historically similar relations were established during the tributary relations China had with Central Asia, when China was very generous with money and gifts in exchange for stability and trade.<sup>30</sup> The Chinese expansion in Central Asia slowed down somewhat after September 11, 2001 when the US became a competitor to China in the region. Politically and militarily relations between China and the Central Asian states have, however, not changed that much since 2001, yet after 2002 the economic interaction between Central Asia and China has increased immensely.<sup>31</sup> Despite the fact that America has a great deal to offer and that most states in the region would prefer to cooperate with America than Russia or China, many states are also aware of the fact that the Americans will probably leave and the Chinese will always be present due to the geographical proximity and economic interdependence.<sup>32</sup> This makes China a crucial actor in the region and a long-term counter-balance against Russia.

### Oil and gas—dependency and possibilities

China has traditionally viewed Central Asia as its personal trading area and a region heavily influenced by Chinese culture. Many of history's most impressive trading centers were positioned in Xinjiang or west of China's current borders, such as

28. Niklas Swanström, 'China and Central Asia: the Great Game', *International Studies* no. 2 (Stockholm: Utrikespolitiska Institutet, 2001, in Swedish); Dmitri Plenseev, 'Kyrgyz border pact with China stirs tension in Bishkek', *Eurasianet*, (17 May 2002).

29. Niklas Swanström, 'Hu supports the Shanghai Cooperation Organization?', *The Times of Central Asia*, (19 June 2003).

30. For readings about the historical factors see: Millward, *Beyond the Pass*; and Morris Rossabi, *China Among Equals: the Middle Kingdom and its Neighbours, 10th–14th Centuries* (Berkeley: University of California Press, 1983).

31. Sichuan has declared that they have increased their trade by 13 times the figure for the previous year (2001) and China Petroleum Corp has pledged about HK\$31 billion to invest in Kazakhstan: see 'SW China provinces eyes Central Asian market', *Xinhua News Agency*, (9 June 2003); 'Foreign minister urges Chinese businessmen to invest in Kazakhstan', *BBC Monitoring Central Asia*, (11 May 2002).

32. 'Central Asian nations may prefer USA to Russia', *Biznes i Politika*, (18 January 2002); Oleg Sidorov, 'Priorities of the Beijing foreign politics in XXI century', *Gazeta*, (9 February 2004); Sattorov Abdunabi, 'Central Asia in the XXI century: problems of peace and security', *Information Research Center*, (26 February 2004), [http://www.assambleia.kg/em17-2\\_3.htm](http://www.assambleia.kg/em17-2_3.htm).



Jarkand, Samarkand, Urumuqi and Kokand. The trade between China and Central Asia has always been crucial and favored by both sides, as it is today.<sup>33</sup> The only change today is that the traders have replaced jade, tea, silk and rhubarb with oil, weapons and infrastructure.

Oil and gas have emerged as the most important *financial* reasons for China to engage with the Central Asian states to the degree that it has done. It is with greatly divergent agendas that the Central Asian states engage with China; Kazakhstan has been the most positive state towards further economic cooperation with China, but the smaller economies are less optimistic as they perceive that they will simply change a Russian domination for a Chinese one.<sup>34</sup> Oil and gas will be China's primary fuels for *all* industries for a long time to come, especially since industry is not prepared for alternative energy resources.<sup>35</sup> It might be interesting to note that even if the discussion among academics and politicians has been centered on oil, gas extraction might be more important as transportation is easier from the neighboring states.

The domestic oil resources for China are primarily based in the North and Northwest regions of China, the most important region being Xinjiang, but those sources are close to depletion according to many sources. Even under the most positive estimates the current oil resources will not be enough to support the current growth rate in China. If China's economic growth rate is limited to 7% per year, which is a low estimate, and current sources remain stable China will have to import 35% of all its oil by 2005 and 45% in 2010.<sup>36</sup> The most probable scenario portrays an even bleaker picture with higher growth than predicted in this article and with rapidly decreasing energy resources in China. This would force China to import the majority of its energy resources by 2010.

At the same time as China's need for oil is growing, most other states in the world are experiencing an increased reliance on oil and gas to manage their own economic development. This increased international dependence on gas and oil and the hardened competition regarding these products, will make it more important to control Central Asia as it is both a producer and a transit region. China has therefore bought several oil and gas fields in Central Asia, the actual output that the oil fields will generate is difficult to estimate, especially the fields which are under construction. Most important are the oil fields that China National Petroleum Company bought in Kazakhstan for some US\$5 billion. On top of this China has finalized several construction agreements with Kazakhstan to build pipelines to an estimated cost of US\$9 billion.<sup>37</sup> China Petroleum Corporation (Sinopec Corp.) agreed on 12 March 2003, to pay British Gas US\$615 million for a stake in an oil and gas field in Kazakhstan, which came four days after China's third largest oil company (CNOOC) bought 8.33% of the British Gas North Caspian Sea Project for the same sum. To this a pledge from China Petroleum Corporation to invest US\$4 billion in

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33. Millward, *Beyond the Pass*.

34. 'Kazakh leader seeks to increase trade with China', *BBC Monitoring Asia Pacific*, (3 June 2003); 'SINOPEC taps into Kazakhstan', *Chinese Business Information Network*, (12 March 2003).

35. Swanström, 'China conquers Central Asia through trade'.

36. Sergei Trough, *China's Changing Oil Strategy and its Foreign Policy Implications*, CNAPS Working Paper (The Brookings Institution, 1 July 1999), [http://www.brook.edu/fpcnaps/papers/1999\\_trough.html](http://www.brook.edu/fpcnaps/papers/1999_trough.html).

37. Xiaojie Xu, *Oil and Gas Linkages between Central Asia and China*, (18 July 2000), <http://riceinfo.rice.edu/projects/baker/publications/xuchina/xuchina.html>.

Kazakhstan's oil industry should be added.<sup>38</sup> These agreements are among the largest of the agreements with the Central Asian governments concerning oil development and indicate the Chinese determination in accruing oil and gas fields in Central Asia.

Despite increased ownership over the oil and gas fields in Central Asia it will not be enough to sustain the current Chinese economic development. At least as important is the strategic linkage China can establish with the Middle East through a network of pipelines, which is in place or planned through its Central Asian pipelines. The relative importance of the Middle East as an oil producer has increased over the last few years and is expected to grow. Together with Venezuela, the Middle East is projected to produce 45% of the world's oil production by the year 2010.<sup>39</sup> China's dependence on the primarily Muslim Middle East and Central Asia puts stress on the fact that China cannot mishandle the Uighur (Muslim) question without serious trade implications that could be disastrous.<sup>40</sup> By gaining control over the Central Asian network of oil pipelines China hopes to gain control over the oil that is transported to Asia from the Middle East. This is a Herculean task and hardly possible without international cooperation.

The logical partner for China if it wants to control the oil from the Middle East to China is Iran. Iran is alienated from the US by a long history of boycotts and Europe has not been effective in establishing a long-term presence in the Iranian oil industry. China is therefore one of the few actors that carries some legitimacy (and financial resources) in Iran as it has refrained from criticizing Iranian politics. Regardless if the dispute between Iran and the Western world could be resolved there is an interest for Iran to diversify its potential reliance on the West. A Sino–Iranian network of oil pipelines, which has already been initiated, would be a substitute to the current Russian and American networks and give the Central Asian states an alternative route for oil trade which would decrease their dependence on Russia. Chinese companies are already in place in Iran and are currently building the network between Neka and Teheran.<sup>41</sup> A Sino–Iranian network between Xinjiang through Kazakhstan, Turkmenistan and Iran to Bandas Abbas in the Persian Gulf has been discussed and the conclusion of such a plan would make China the most important transit state for oil in Asia. The possibility of an Iranian–Chinese network has to be questioned due both to political and economic reasons. And even more so after the US attacks on Afghanistan and Iraq as America will probably attach greater value to the region after the finalization of the ongoing wars and focus its attention towards Iran.

Asia, with China and Japan as the major consumers, is calculated to be the single largest importer of Middle Eastern oil; this fact makes Central Asia increasingly important as the transit region.<sup>42</sup> The government in Beijing has actively worked for the routing of oil pipelines through China and not through Russia or Mongolia. The Chinese are expecting the Japanese and the Koreans to provide capital for the construction of Chinese pipelines, since both these states have a growing need for oil

38. 'China to invest in Kyrgyz oil, gas sector', *BBC Monitoring Central Asia*, (31 May 2002); 'Sinopec taps into Kazakhstan', *China Business Information Network*, (12 March 2003).

39. *World Energy Outlook* (Paris: International Energy Agency, 1995; 2001).

40. Gladney, 'Islam in China', pp. 458–459.

41. Trough, *China's Changing Oil Strategy and its Foreign Policy Implications*.

42. Mike Berniker, 'China's hunger for Central Asian energy', *Asia Times*, (11 June 2003).

and gas. If materialized, all surrounding states would end up in a dependency relationship with China. It is therefore not probable that the other Asian states would accept a Chinese monopoly of oil transportation and it is more likely that Japan and South Korea will continue, for the time being, to use the traditional sea route. The creation of oil pipelines from the Middle East to China is moreover not financially beneficial even if the Chinese policy is based on long-term strategies and has political as much as financial considerations. It is also likely that America will try to prevent cooperation between two of the most distrusted states in the world, in the eyes of Washington, DC. China's dependence on Iran has, however, grown over the last few years as a reliable and cheap route for Chinese oil and it is likely to contest any intervention by the US.

Since China is dependent on the oil that has to be transported through Xinjiang the current instability there could be disastrous. A pipeline would be an attractive target for revolutionaries/terrorists, with the aim of disrupting economic development and to create social tension. This is especially apparent for the Chinese government after the attack on the World Trade Center in New York in 2001, when it became clear that a small group of motivated and fanatical individuals could wreak havoc on the world; needless to say it could destroy a relatively unprotected oil pipeline. This could mean that China will have to resolve their disputes with the militants in Xinjiang before security for a pipeline could be guaranteed. In practice, this would mean that the Chinese need for oil could affect the ethnic problems in Xinjiang in a positive way. The only other possibility would be to militarily destroy all opposition in Xinjiang; this would, however, be a monumental task for the Chinese army and moreover it would create open conflict with the Central Asian states, as well as the Muslim and international communities which could not accept such a solution. If sustainable peace is to be accomplished China needs to separate violent acts of terrorism from simple non-violent political radicalism and at the same time extend real autonomy to the Xinjiang Uighur Autonomous Region as Article 4 in the PRC constitution guarantees.<sup>43</sup> The Uighur minority on its side needs to realize, a realization the vast majority has come to, that independence is not practically possible and that acts of terrorism will accomplish nothing more than increased grief and continued violence.

### **Dominance through trade**

Beijing has restarted the classical attempts to dominate Central Asia through trade. It is China, not the USA or Russia, that has begun to fill the dearth of consumption goods and provisions in Central Asia. China has, for example, granted Kyrgyzstan a loan of US\$5.7 million and Tajikistan a loan of US\$5 million to buy *Chinese* commercial goods.<sup>44</sup> The economic advantages this might buy can come at the cost of resentment in the region, very much in the same way that Japan has 'bought' itself resentment by tying aid to Japanese products. Beijing has, however, important advantages in the region, as Russian goods do not have the same quality as Chinese goods, Chinese products have lower prices than goods from the US and Japan, and

43. Constitution of the People's Republic of China (adopted on 4 December 1982).

44. Swanström, 'China conquers Central Asia through trade'.

neither Japan nor the US have focused on forming business contacts with Central Asia. During former US President Clinton's term the US relations with Central Asia were minimized to the lowest level possible and it made it feasible for China to act in the power vacuum that emerged. This changed after September 11 when Central Asia became a central region in the US war against terrorism and for US aid and investments.<sup>45</sup> Some 600,000 Central Asians visits Urumqi to conduct trade, and according to official statistics, the number of Chinese visiting Central Asia is approximately the same. The real number of visitors is probably much higher, since there are large black markets, both in China and Central Asia. The influx of people to China is so high that China has even claimed that many of the Central Asians (Uighers) that fled in the 1950s have returned to China.<sup>46</sup> This is not verified outside China but it is likely that an increasing number of Uighers have returned for trade, even if they are more reluctant to move permanently to China due to the memories of the atrocities committed against Muslims during the Chinese civil war and the years that followed.

The Chinese investments in Central Asia have improved the infrastructure both commercially and through different aid programs, though far more still remains to be done before the infrastructure is acceptable for increased trade.<sup>47</sup> The Xinhua News Agency recently boasted that the Chinese investments in Central Asia was US\$500 million, a whopping 100 times larger an investment ratio than the Central Asian countries provided for.<sup>48</sup> Looking closer at the Chinese aim in the region, most of the Chinese provinces claim that they will be able to increase their trade to Central Asia from 30 to 50 times the current trade over a 10 year period.<sup>49</sup> This would make Chinese business the dominating investor and trader in Central Asia by far—even if the more modest goal of a tenfold increase should be realized, China would be the single largest business actor. The Xinjiang and Sichuan provinces in China are the main trading partners with the Central Asian states and Sichuan province increased its trade volume 13 times in 2002 compared to 2001 to US\$57.54 million, an increase that has benefited the province enormously.<sup>50</sup> Roads and railways have been the focus of the investments and it has now reached a sufficient level to provide an infrastructure for increased business between China and Central Asia. Initially this created a large trade deficit for China against the Central Asian states, a deficit that was defended in Beijing with the argument that China was protecting a future position as a centre of Asian oil, a position China is counting on achieving. Central

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45. The war against terrorism has increased the US presence in Central Asia and US ambassador Lynn Pascoe has argued for close cooperation with the Central Asian states, both on a political level as well as on the military level (Heritage Foundation, 30 August 2002). There is an increased reluctance from both China and Russia with regard to the increased US military presence in Kyrgyzstan and Kazakhstan, regardless that it is still very limited and is far from a security concern for any of the states in the region: see Hooman Peimani, 'American military presence in Central Asia antagonizes Russia', *Analyst*, (23 October 2003); Ahmed Rashid, 'Russia, China warily watch for American intrusions in Central Asia', *Eurasia Insights*, (18 February 2004).

46. Stobdan, *China's Central Asian Dilemma*.

47. Swanström, 'China conquers Central Asia through trade'.

48. *Xinhua News Agency*, (27 May 2003).

49. Niklas Swanström, 'Chinese business interest in Central Asia: a quest for dominance', *Analyst*, (Johns Hopkins University, SAIS, 18 June 2003).

50. 'SW China province eyes Central Asian markets', *Xinhua News Agency*, (9 June 2003).

Asian trade is substantial and necessary for the development of China's western provinces and there are currently no signs that the trade will slow down.

There is a more controversial side of the Chinese trade with Central Asia—military infrastructure. China had earlier 'paid' its oil bills—to Sudan, Iran, Nigeria, and Iraq—with increased sales of weapons. China does not only regard this to be financially sound, but also that it creates a special relationship between China and the oil producers and it is obvious that China has increased the sales of different weapons systems to the Central Asian states.<sup>51</sup> What the content of these deliveries are in detail seems to be less clear. It could be presumed that they are primarily small arms and smaller armored vehicles. It is in Beijing's interest to delay the delivery of more advanced weapon systems to Central Asia until the Central Asian states have 'proven' that they are reliable allies. This weapon trade is primarily controversial in Washington, DC and Moscow, since it decreases their influence in Central Asia, especially Moscow's influence, and the sales threaten to arm a pro-Chinese region. Chinese arms sales have, however, back-fired in the past and can create further instability in an unstable region which makes it even more important to show some restraint in weapons sales to the region.<sup>52</sup>

### **Chinese vassalization and a new great game?**

The situation in Central Asia seems to be developing into a new version of the Great Game that was played out between Great Britain and Russia in the nineteenth century in Central Asia, but this is only one aspect of the newly developed relationship.<sup>53</sup> The Chinese attempts to dominate the region look like a new version of classical vassal relations and China has worked hard to bring Central Asia once more under its economic and political influence. The principal actors today are China and America, especially following the US intervention in Afghanistan. Neither China nor America are concerned over Russian pressure over the long term, since they know Russia has severe economic and social problems of its own to deal with.<sup>54</sup> This became apparent during the US intervention in Afghanistan where Russia followed the US lead and hoped to gain financially from the intervention, but also earlier when Russia agreed to share its influence over Central Asia with China through SCO. Beijing initially thought that they had time and the economy on its side, in the case of Russia, but time is not what China can afford today as the US is positioning itself in Central Asia. It is apparent that Beijing has begun to use financial means to make the Central Asian states more dependent on China, a dependence that builds on gas and oil as well as political-military cooperation. This dependence would make it possible for China to build a political and economic base in Central Asia.

51. Stephen Blank, 'The arming of Central Asia', *Asia Times*, (23 August 2002).

52. Antoine Blua, 'Central Asia: militarization could come at cost of regional stability', *Radio Free Europe*, (3 September 2002); Blank, 'The arming of Central Asia'.

53. 'Central Asia's Great Game turned on its head', *Reuters*, (25 September 2001); Stuart Parrott, 'Central Asia: powers replay Great Game', *Radio Free Europe*, (1998).

54. Russia is not so weak militarily in the region, as its internal situation would prescribe. Russian military forces largely operate Tajikistan's security and border controls, as Tajikistan has no effective control over its territory today. Russia would, however, prefer to limit its troops in Tajikistan as the costs are too high for the Russian economy to swallow and the moral of the Russian troops is very low, with drug smuggling and criminality among its troops corrupting the forces.



It is, however, clear that neither China nor the US can exclusively dominate the region. Russia, Europe, Iran, India, Pakistan and Turkey are other actors of varied importance that also attempt to influence the region and this will prove to be to the advantage of the Central Asian states as they will benefit from the competition.<sup>55</sup> Russia and India realized early on that they would not be able to dominate the region and their focus has been to minimize the negative effects of Chinese and American influence over Central Asia.

It is also important to point out that Russia has been the most important military power, and could arguably be considered to be so for years to come if the 201st Motorized Rifle Division is kept in place in Tajikistan. However, the war against the Taliban and bin Laden has put US forces on the same ground as Russian troops. This has shifted the military balance in the region and it is likely that America will try to stabilize (change) the regional states in order to suit their own purposes, and one of the possible ways to do this is to arm pro-American states.<sup>56</sup> The competition of the Central Asian states and Russia over who can be most pro-American and subsequently receive most financial aid, has begun. Since all states in the region are skeptical about the US long-term commitment, they will not sever relations with either China or the Muslim world outside Central Asia and could potentially act against US interests. They are, however, eager to get as much out of the US engagement in the region as possible. It would probably be wise of the US not to arm states with the latest technology as political structures are fragile and weapons could easily be transferred to anti-American regimes, as happened to the US so many times before. China, on its side, has signed several military agreements with Kazakhstan, Kyrgyzstan and the other Central Asian states. It is evident that China has begun to move into the Russian sphere of interest and with increased US involvement it has boosted its military engagement, as has been seen in the increased number of military exercises, and the aid to the security sector.<sup>57</sup> This could be the beginning of the end for Russian military dominance in the region as the Russians have neither the political will, nor the resources to meet the Chinese challenge, despite the fact that many Russians fear a Chinese expansion.<sup>58</sup> China's hope is that the US troops will soon move out of the region and that this could work in their favor as they could move into the power vacuum without any significant challenge from Russia. There are, however, no indications that the US will move out in the coming years but on the contrary it seems that the US is strengthening its position in Central Asia.<sup>59</sup>

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55. Swanström, 'China and Central Asia: the Great Game'; Trough, *China's Changing Oil Strategy and its Foreign Policy Implications*.

56. The US purpose in the short-term is to secure bases to fight the Taliban and expand their alliances with Muslim states. Over the longer time-span the Americans would like to create anti-fundamentalist and pro-American governments. It is obvious that both China and Russia will try to resist the creation of pro-American governments in Central Asia.

57. Daly, 'Shanghai Five expands to combat Islamic radicals'; Davis, 'China-Kyrgyz anti-terror exercises'; Charles Carlson, *Central Asia: Shanghai Cooperation Organization Makes Military Debut*, (5 August 2003), <http://www.rferl.org/features/2003/08/05082003154708.asp>.

58. 'Russia using the United States as a buffer in Central Asia: Russia is unlikely to retain its influence in Central Asia', *Nezavisimaya Gazeta*, (30 April 2003).

59. US State Department (18 February 2004), <http://usembassy.state.gov/posts/pk1/www02041803.html>; US State Department (18 February 2004), <http://www.state.gov/secretary/rm/2002/9713.htm>; 'The Pakistan factor in India-US relations: a discussion with Venu Rajmony', *CSIS*, (29 November 2001).

Both India and Russia have indicated interest in a strategic alliance with China to consolidate some control over the region, but China did initially reject any propositions on this matter. The situation has changed in the light of the US intervention in the region and China is now much more interested in cooperation with Russia, especially considering the relatively good relations between the US and India. This has been most apparent in the close cooperation between China and Russia in the SCO, the strategic alliance against hegemony and that China would like to increase its cooperation with Russia concerning the oil and gas industry.

Since several of the Central Asian states could potentially have fallen into a dependency relationship with China in regard to military development, the US involvement in the region has been viewed positively by the Central Asian governments.<sup>60</sup> They have received some military aid from America and can probably expect more attention in return for cooperation with America in the war against terrorism. The earlier Chinese strategy to limit US involvement in the region has suffered a severe setback and the only possibility for China to succeed is to make it politically impossible for the US to stay in the region, after the terrorist threat is under control (which is a matter of perception) or use the SCO to manouver the US out of the region.

A few researchers and policy-makers have even argued that the competition between the USA and China is the beginning of a new Cold War.<sup>61</sup> It is evident that China is gaining a greater role both in regional and international politics and this could create a military confrontation between the states, but with the current situation in Central Asia and in China the rivalry between the US and China is not bound to become militarized. It is important to point out that China has no reason or possibility to act aggressively against any state due to its bad finances and weak military organization.<sup>62</sup> It is also important for China that nothing disrupts the international integration and domestic economic development since this could impact upon social stability in China. It is, moreover, in the interest of the US to cooperate with China in the short-term as Washington is in need of China's cooperation in the Security Council of the UN and to create economic stability in both Asia and globally.

### China's Dingwei (Lebensraum)

It is apparent that Central Asia will play a greater role in China's foreign policy in the future. It is, however, not a question of the classical problem of *Lebensraum* for China. Beyond the economic reasons the expansion also has political aspects.

60. 'Central Asian nations may prefer USA to Russia', *Biznes I Politika*, (18 January 2002); Hamish Robertson, 'China and US develop relations', *The World Today Archive*, (14 November 2001).

61. S. D. Mundi, 'The emerging Cold War in Asia: India's options', *Strategic Analysis*, (March 1997); Joe Varner, *China's Superpower Challenge* (Defense Associations Institute, 20 March 1999), [http://cda-cdai.ca/symposia/1999\\_trough.html](http://cda-cdai.ca/symposia/1999_trough.html).

62. See Andrew Scobell and Larry Wortzel, eds, *China's Growing Military Power: Perspectives on Security, Ballistic Missiles, and Conventional Capabilities* (Carlisle: Strategic Studies Institute, 2002); Gordon Chang, *The Coming Collapse of China* (New York: Random House, 2001); David Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform* (Stanford: Stanford University Press, 2001); Samuel Kim, ed., *China and the World* (Boulder: Westview Press, 1998, 4th edn).

Domestically China would like to use the improved relations with the Central Asian governments to resolve the conflict with the Uighur minority in Xinjiang, or to crush the rebels. To manage the situation in Xinjiang China will need active help from the bordering states, both with closing the borders for rebels and with ending their verbal and military support. In this aspect China, Russia, the Central Asian republics and the US share a common interest, i.e. combating nationalistic Islam. Beijing has also realized that there are geopolitical benefits of a deepened relationship with Central Asia. Dominance or strong influence in Central Asia could establish a cheap, fast and secure route for Middle Eastern oil but also stabilize the Western borders of China, if China is willing to negotiate with the Uighur rebels.

Central Asia is one of two regions, Southeast Asia being the other, which China is attempting to establish political and economic domination over, in a similar fashion to the American domination over South and Latin America.<sup>63</sup> The Chinese policy will undoubtedly decrease Russian importance in the region; and the question is if Russia has the resources to stop this development. As the situation in Russia appears to remain politically fragile and economically unstable the answer has to be no. The Chinese attempts to take a more prominent position has become apparent as China controls large portions of the oil and gas fields in the region and is behind a large share of the investments in the region, but the Chinese expansion is prevented by non-Chinese interests intended to limit the Chinese influence in the region.<sup>64</sup> China's efforts to dominate the region have been challenged by the US following September 11, 2001 and it will not be able to control the region to the a degree that was possible before the US intervention in Afghanistan, but China seems to have the potential to become the dominant power in the region. The extent of Chinese control will, however, not be possible to determine as it will depend on the scale of the American interest and investment in the region, as well as China's internal situation. China's intention is, however, to influence and control the Central Asian region to a length that could be compared to a classical vassal relationship with Central Asia, where Beijing invests and provides security and receives political stability and influence in the region. This can be seen in the aggressive investment, military and political initiatives in the region that have been ongoing since the independence of the Central Asian states. The Chinese strategy is, however, not to dominate in a negative way, but rather to influence the states to the degree that they would, voluntarily or by necessity, view China as the main actor in the region once more.

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63. For more information concerning Southeast Asia see: Niklas Swanström, *Foreign Devils, Dictatorship or Institutional Control: China's Foreign Policy in Southeast Asia* (Uppsala: Uppsala University, 2001).

64. 'SINOPEC taps into Kazakhstan', *China Business Information Network*, (12 March 2003); 'Moves to open up trade links; Kazakhstan after easier access', *South China Morning Post*, (11 May 2002).