

GEOPOLITICS OF TRANSPORT CHINA'S STRATEGY FOR RESOURCE ACCESS IN CENTRAL ASIA

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Abstract

In view of the growing demand of resources in China, it has started looking towards the faraway land to fulfil its needs. The presence of hundreds of skyscrapers in large cities of China show the clear picture of the increased demand for resources, especially the energy resources, in the country. The Central Asian region has become a desired destination for the source of energy in the recent times for China. The proximity to these countries, ethnic connection of Xinjiang region of China to Central Asia, presence of large energy resources and regional stability are some of the reasons behind it. The link between these two regions are there from the times of the presence of ancient Silk Road. The revival of this route in recent years is one of the way to increase the economic benefits of both the regions. So the objective of this paper is to highlight the recent demands of resources in China because of the pressure mounted by inner peripheral regions and the increased need of the country for the new sources of energy security. The policy adopted by the country to deal with the Central Asian nations and the development of new routes will be discussed. The bilateral trade pattern will also be discussed to show the effect of the development of close transport links between China and Central Asian region.

Keywords

Geopolitics, Resource Access, New Silk Road, New Eurasian Land Bridge, Water Resources, Balanced Development, Hydrocarbons, Sustainable Trade, Energy Security, Connectivity Strategy, Transport Corridors.

The sudden development of China in recent years has been noticed by the whole world. China started to open up and reformed its economy in the year 1978 when the GDP growth of China was 9.4 percent. It was one of the highest growth rates in the world. Today, it has a foreign trade of \$ 851 billion and it accounts four percent of the world economy. The rapid growth of Chinese economy has another side too, i.e. the increasing demand for energy, raw material, water and other resources. The availability of water per capita is one fourth of world average, while the present cultivable land is 40 percent of the average of the world. The per capita amount of other resources like natural gas, oil, aluminium and copper is 4.1 percent, 8.3 percent, 9.7 percent and 25.5 percent respectively to the world average.¹ China has a population base of 1.3 billion and it is not expected to decline until it reaches 1.5 billion in the year 2030. There has been an increasing demand for resources to serve this huge population base. The growth of the country has led to the continuous development of urban infrastructure and dependency on the energy utilising

activities, which in turn has increased the demand for necessary resources to maintain the present lifestyle.

Today China is the second largest economy of the world but the economic growth of the nation has many limitations. One of the most critical limitation is the availability of resources to fulfil the increased demand in the country. These resources are energy sources like oil and gas and other raw materials like steel, rubber, minerals etc. It is quite clear that China will be needing the import destination which can fulfil the demand for these resources, especially the energy resources as the number of manufacturing and other industries are increasing in the country. The demand for these resources has also increased in the domestic sector and the increased number of automobiles has further put the pressure on China. The country has become the largest automobile market in the world from a no private vehicle country in the recent years. The dearth of resources could badly hit the economy of this country.

China has become world's largest energy consumer in the last twenty years with the consumption of about 20 percent of the world energy consumption. The country used to be an oil exporter country in 1990s, but the recent demands of oil in the nation has made it the second largest oil importer country of the world. In the year 1993, due to the rise in the domestic consumption of oil, China abandoned its energy self-sufficiency goal and imported the oil for the first time. The demand of energy will reach 75 percent by the year 2035 and by then it will lead USA in energy consumption. The booming economy of China requires more than 50 percent of oil import in coming years.² The use of natural gas is not very high, it is about 3 percent of the national energy consumption in China. But the country has now decided to increase the usage of this resource to 10 percent in the coming years.

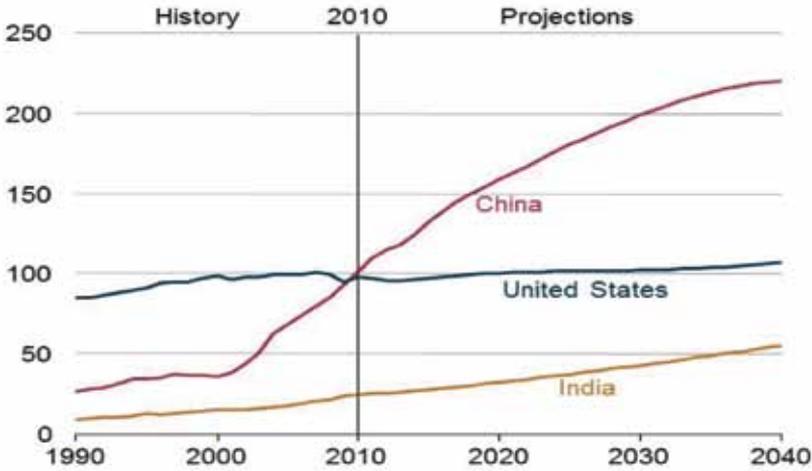
China has an abundance of coal resources, but coal has been decided to be replaced by natural gas due to the rapid industrial development in the country. The demand for the natural gas will be 13 million barrels per day in the country by the year 2020.³ The other resource in which China is facing shortage is the Uranium. The recent nuclear energy industry could lead to the shortage of this resource in the country. The shortage of electricity has also lead to look toward the sources outside the country. The energy demand of China has been further mentioned by Fazilov and Chen in their article with the support of the data, stating:

“China's rapidly growing demand for energy is fuelled by its energy-intensive industries like steel, aluminium, automobiles, electronics and chemicals. China now accounts for about 35 percent of the world's steel production and about 50 percent of the world's cement production. By the year 2030, the number of cars in China is projected to increase to 400 million from 27 million in 2004. Natural gas consumption in China has also risen over the past decade. In 2011, China produced 3.6 trillion cubic feet (tcf) of natural gas, 9 percent more than 2010. While natural gas accounted for 23.7 percent of global energy consumption in 2011. China's domestic gas is not enough to meet the needs of these growing industries, which pushed China's gas import to jump from 12 percent of its consumption in 2010 to 22 percent in 2011.”

The US Energy Information Administration in the report on world energy demand and economic outlook 2013 has explained that China is one of the fastest growing economy at the present time. The economy of China grew by 10.4 percent from the year 1999 to 2010. The country leads the race of fastest growing economy alongwith the demand for energy. India and China together shared 10 percent of the world energy consumption in the year 1990 and it went to 24 percent in the year 2010. It is estimated that the combined energy use of both these nations will double from 2010 to 2040, and the percentage of share of the energy consumption of both the nations will be 34 percent by the year 2040. China will consume twice the energy consumption of USA by the year 2040. A comparative picture of the energy consumption of US, China and India as revealed by fig. 1 shows that China has surpassed US in the energy consumption in the year 2010. The gap between China and other two nations for the energy consumption will be very high by the year 2040. The Communist Party of China while dealing the demand of energy, takes its stand on three steps, keeping in view the present geopolitical scenario. i) to exploring new sources of energy in the country in the areas which have not been explored yet. The western part of the country is one such target area where resource explorations have not been done despite of the knowledge that the area is energy rich. ii) the explorations in the foreign lands through bilateral and multilateral agreements and investing in the infrastructure, mainly in the transport sector. iii) to diversify the sources of resources from one region to other.⁴ The recent investments in the construction and overland transport is one such example. The major sources or route for the energy and other resource import of China is the Malacca Strait. But this route is vulnerable due to the presence of pirates and dominance of other developed nations like USA.

Therefore, it has become necessary for China to search for overland secured transport links to be on the safer side in the times of conflicts or other such situations. Another example is the moving away of China from the Middle Eastern region. China considers this region to be unstable / vulnerable and inclined towards USA. The share of total oil import from Saudi Arabia, one of the Middle Eastern nation, has declined from 18 percent to 16.4 percent to 14 percent from the year 2006, 2007 and 2008 respectively. The pressure of US on Iran to give up the nuclear weapons ambitions has further complicated the situation for China. Therefore, the country has now started looking towards the African and Central Asian region as an alternative source for resources. As mentioned earlier, the recent energy needs of China has lead the country to diversify its resource destinations worldwide. Middle East, Africa, Asia-Pacific are some of the regions where China has reached to fulfil the energy and other resources needs. The amount of energy imported by China in the year 2011 shows that Middle East supplied 51 percent of energy, Africa 24 percent, Asia-Pacific region 3 percent and other countries supplied 22 percent. But in the past few years Central Asia has become the favourite destination to fulfil the energy demand of the country. Now the question arises that why the region of Central Asia, in particular, became an important destination for China?

**Comparative Energy Consumption in the US, China, and India
1990-2040 / Quadrillion Btu**



Source: U.S. Information Administration, *International Energy Outlook 2013*

Fig. 1

Central Asia: A Desired Destination for China

Central Asia has become an important place not only because of the presence of energy resources, but also due to the issue of combating three evils i.e. terrorism, separatism and extremism, present in the North-Western region of China. The bordering states of Central Asia to China are geostrategically important and have their comparative locational benefits. The area has become the trade hub for many other nations like India, Iran, European nations and Russia. The Soviet demise has opened up the gate for China to invest in these nations. Initially the main interest of China in Central Asia was to deal with the border disputes and the security of the Western region of its country. But today, China's major interests in this region are the economic growth of the country and social stability in China. The recent investments of China in its Western territory has further increased the importance of Central Asia to China. It has invested in Western region mainly in the extraction of the energy resource. The cordial relationships between China and Central Asia plays a significant role for peaceful investment in the region. The ethnic similarity and connection between Western regions like Xinjiag Uighur Autonomous region plays a vital role in any major activity done in the region. China never ignores the fact that the stable and peaceful relationship with Central Asian nations also plays a significant role in keeping peace or social stability in its own territory i.e. the Western region.

The country's energy policy in Central Asia also plays an important role in dealing with the current scenario of energy demand and its source of supply. At present most of the Central Asian nations are exporting energy resources without considering the future consequences of such steps, such as, domestic demands in their own country, depletion of resources and increasing debts

in the form of loans. They are not paying attention to the fact that long term loans will have to be paid in the form of resources. Such situation where trade of resources is being done without considering the future stakes of their own economic growth is a positive deal for China. This can help China to increase its own energy interest in the region. Another reason for the interest of China in the region is the fact that there are many external players who are interested in this resource rich region like U.S., Russia, European Union and Middle East. Therefore, China wants to make sure that its geopolitical situation in this region is secure. By assisting them through investment and other funds, it wants to make sure that these countries become economically stable and they don't have to look towards any single powerful nation for the financial help.

The energy sector of Central Asia is controlled by the respective governments. This is another reason which makes the work of the Chinese traders easy, as they have to negotiate only with the government of these countries and the energy companies of these nations work according to the indications of the government. Therefore, the energy relations of these nations are controlled by the political conditions of these countries. It is, therefore, obvious that the investment in the region like Central Asia is very useful for China. The geostrategic location of the country could become a bridge for the trade activities between China and Central Asia. The foothold in Central Asian region will not only profit China economically but there are significant political and social gains to the country as well.

Recent Investments and Bilateral Trade

The trade between China and Central Asia began after the dissolution of Soviet Union in 1990. The declining economic condition of Russia and the low prices offered by China did attract Central Asian nations towards the idea of increasing trade with China. But the rate of trade between these countries was still low because of the lack of proper infrastructure in Central Asia. However, in 2000, the trade increased to a much higher level between these regions as China invested and supported the development of infrastructure in Central Asia. Some of the examples are the construction and improvement of Karakoram Highway (KKH) by linking Gawadar Port (Pakistan) to the Western region of China i.e. Xinjiang, Atasu-Alashankou pipeline and the development of Osh-Sary-Tarsh-Irkeshtam road. The total trade between these nations increased from US\$ 465 million in the year 1992 to US\$ 17.794 billion in 2007. The highest amount of trade done was with Kazakhstan. It was mainly done by investing in the energy sector, as Kazakhstan has a huge reserve of oil resource, and the development of infrastructure. But today the trade is increasing fast between China and Kyrgyzstan. In the year 2007, it went to US\$ 2.26 billion which was an increase of 128.6 percent from the preceding year. The trade in Uzbekistan and Tajikistan increased to US\$1 billion and US\$524 million respectively from the previous year i.e. 2007.⁵

The major trade was done in the energy sector like oil, natural gas, uranium etc. The investment and trade of China with Central Asia has equally benefited Central Asian countries too. China has now become the major trading partner of these nations by giving low interest loans, improving the

infrastructure mainly transport links and by extracting energy resource like oil and natural gas from these nations. Some of the benefits which Central Asian nations have got are: the increase of foreign currency reserve, security of government financial resources and the overall development of these countries. Swanstrom in his article has explained that the opening up or the revival of the Silk route will benefit Central Asian countries and equally to EU and China. He argued that the economy of Central Asian countries would increase from fifty to hundred percent over a ten years period through the development of the 'Second Eurasian Land Bridge' between Europe and China.⁶

Starr has recognised four main phases of China's trade with Central Asia since the period of World War II i.e. 1949 to 85, 1986 to 90, 1991 to 2000 and 2001 to the present time. Four border trading zones were opened up for the cross border trade between Soviet Union and China in the year 1949. These were Jimnay, Baktu, Turugart and Horgos. But the trade along these borders was ceased during 1963 and 1967 because of the political instability in the region. In the year 1986, China reformed its trade policies and the trade between these regions was resumed. The base for the second Eurasian Land Bridge was formed by connecting the railway line of Soviet Union to China through Druzhbha-Ala Pass in Xinjiang in the year 1990. After the breakup of the Soviet Union, the trade between Central Asian countries and China increased. It increased to 65 times from the year 1986 to 1992. The passenger transport and cargo freight was started between Xinjiang and Kazakhstan by opening up of five land routes. In the fourth phase the border trade increased to a great extent.

Some scholars are of the view that trade has been a way for China to dominate Central Asia. It has been observed that China has provided consumption goods to these countries at a comparatively lower rate. For example, China has given loans of US\$5.7 million to Kyrgyzstan and US\$5 million to Tajikistan for the commercial goods of China. The trade between these regions has especially increased after the September 11 attack in US, as this region became a part of US's strategy to fight against terrorism. As a result, the interests of US in the region were induced more by anti-terrorist motives. Meanwhile, China's trade with Central Asia increased even more. The trade and the resultant influx of people from Central Asia to China in the recent years has been explained by Swanstrom as follows:

"Some 600,000 Central Asian visit 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 from their habitat have returned to China. 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 Muslim during the Chinese civil war and the years that followed."

The trade between the Central Asian countries and China can be divided into three categories. These are: (1) Border trade, it is mainly comprised of the shuttle trade, (2) Trade which is organised by one of the important political bodies of Xinjiang, i.e. Xinjiang Production and Construction Corps (3) the last one is the trade organised by the private investors or traders, which are today mainly the Han Chinese people.

Bilateral Trade Pattern

- **China-Kazakhstan:** The border dispute between China and Kazakhstan was settled in the year 1998 and after that the trade between these countries started to flourish. The opening up of the Atasu-Alashankau pipeline in the year 2005 is one of the examples of the establishment of good trade between these nations, as the oil export became much higher after the pipeline started to function. The share of trade between Kazakhstan and China is about 65 percent of the total percentage of Central Asian trade to China. Most of which is with the Xinjiang region of Western China. The trade volume of these two countries between the year 1990 and 1993 was US\$ 1 billion and it rose to US\$ 10 billion between the year 2000 and 2004. The trade reached to US\$ 12 billion in the year 2008.⁷ In the year 2011, these two nations formally established the all-round strategic partnership. China has been mainly interested in establishing the energy industries in this country. The major energy resources in which the trade is being done are oil, natural gas and minerals like uranium. In the 2005, China's company CNPC bought Petro Kazakhstan for \$ 4.2 billion and the company also announced to lend money to two of the most significant oil developers of Kazakhstan, i.e. Kaz Munai Gaz and Mangistau Munai Gas. During the visit of Chinese president in the year 2013, series of contracts worth \$ 30 billion were signed in the oil and gas sector.
- **China-Kyrgyzstan:** The geostrategic location of Kyrgyzstan is such that for the oil import from Turkmenistan to Uzbekistan, the involvement of this country is necessary. China has been building roads and other infrastructure in this country to connect China to other oil exporting nations of Central Asia. In the year 1999, the two countries agreed to build the roads such as Osh-Sary-Tash-Irkeshtam and the passenger and cargo routes like Osh-Kashgar-Osh and Osh-Artush-Osh. In the last two decades, the trade between these two nations has increased to a great extent. China has today become the second largest trade partner of Kyrgyzstan after Russia. Kyrgyzstan has a profitable system for the payment of the custom taxes, which is a positive thing for China. The custom taxes are calculated on the basis of the product volume and the product value is not considered.⁸ The WTO membership of Kyrgyzstan has also affected the trade relationships of these countries. Compared to the other Central Asian nations, the trade between China and Kyrgyzstan is still low. But many Chinese believe that the trade between these two nations will increase in the coming years.
- **China-Tajikistan:** The border between China and Tajikistan at Kulma-

Kalasu opened up in the year 2004 and the trade between these two nations increased. Shuttle trade was also increased to a higher rate. Tajikistan being the poorest of all the Central Asian nations, it is reported that two-third of the loans offered by China is being consumed by Dushanbe and the debt of this country to China has reached to a high level. This debt was US\$ 700 million in the year 2010. Today, most of the investment done by China in this country is being done in the form of credit which stands repayable.⁹ China has been an important source of capital in this nation. There has been a huge investment in the infrastructure of this country by China, for example, the construction of Dushanbe-Chanak highway in recent times and the construction of other hydro plants and power lines. In the year 2012, ten new deals were signed between Tajikistan president and Chinese counterpart. It was announced that these new deals will bring US\$1 billion investment of China in this country in the form of loans and aid. During the visit of Chinese premier in Tajikistan, it was decided that the bilateral relationships of these countries will be stronger in future.

- ***China-Turkmenistan:*** The country was almost closed to trade with China until 2006, when the Turkmenistan president visited China. The total trade between these two countries was US\$ 32.7 million in the year 2001 and it reached to US\$ 100 million in the year 2005 Starr states that in 2008, both these nations signed an agreement to establish an Inter-governmental Cooperation Committee for discussing and dealing with the issues of economy, trade, security, energy and humanities. The country does not share the border with China and bilateral trade between these nations is mainly in the form natural gas. In 2011, an agreement was signed to increase the natural gas supply from Turkmenistan to China. The total supply of natural gas from Turkmenistan to China through Central Asian-China pipeline was 6.77 billion cubic metres of worth US\$ 15.2 billion by the end of the year 2013. During the visit of Chinese president to Turkmenistan it was decided that the export of natural gas to China will be 65 billion cubic metre per year by the year 2016. The demand for natural gas in China has increased to a high level as the country has decided to switch over to natural gas from the usage of coal. As a result, Turkmenistan has become a potential trade partner for China in the recent years. The investment of China in the development of gas pipelines from this country to China is the strong evidence of this development.
- ***China-Uzbekistan:*** Uzbekistan is the most populated country among all the Central Asian nations with the population of about 27 million people. The trade between China and Uzbekistan has not flourished as with the other Central Asian nations. Uzbekistan's location makes it a transit region between Kazakhstan and Iran and also between the countries of Kazakhstan, Tajikistan and Afghanistan. But the trade policies of this country are restrictive. Therefore, the bilateral and multilateral trade with this country is not that developed. In 2006, China and Uzbekistan signed many trade agreement. CNPC and state oil company of Uzbekistan

agreed on a US\$ 600 million deal. Today, China has become the second largest trade partner of this country. In the year 2004, a Memorandum of Understanding was signed between these nations for the expansion of trade, investment and financial cooperation in Uzbekistan. The trade volume of these countries increased to US\$ 2.87 billion in the year 2012. The total investment of China in that country was US\$ 4 billion in the same year with 35 investment projects in the country.

Table 1
China's Trade with Central Asia (2012)

Country	Trade Value (US\$1,000)	Export Value(China as the Exporter) (US\$1,000)	Import Value (China as the Importer) (US\$1,000)	Growth Over 2011 (%)		
				Trade Value	Export Value	Import Value
Kazakhstan	256,76,790	110,01,670	146,75,120	3	15	-5
Kyrgystan	51,62,470	50,73,510	88,960	4	4	-9
Tajikistan	18,56,700	17,47,870	10,883	-10	-13	51
Turkmenistan	103,72,710	16,99,330	86,73,380	89	117	85
Uzbekistan	28,74,680	17,83,050	10,91,630	33	31	35

Source: Mariani, B. China's Interests in Central Asia, Safeworld Report, London, 2013

China and Central Asia have mutual benefits by maintaining a good trade relationship with each other. China gives the benefits to Central Asian nations by providing them a cheaper consumer products in comparison to the Russian, Iranian and other Western nations, which is very beneficial for the economically weak Central Asian nations. On the other hand, Central Asia has become a very good region to provide raw-materials, oil, petrol products and other minerals. China has become one of the largest export market for most of the Central Asian regions. As a result, the competition among the Central Asian nations has also increased. The overall trade situation of China vis-à-vis with Central Asia which is reproduced in table 1, reveals some interesting equations.

Chinese Perspective on Central Asia

Some of the hegemonic powers in the past, which are today developed nations, have achieved the resources through expansion, colonization and wars. But China has adopted a strategic path for its country which is peaceful in nature. The resources which China has acquired today has been achieved by peaceful ways through developed technology. The surplus capital has supported the strategy further. Some scholars have called it as the “peaceful rise” of China with cooperative coexistence with other countries, particularly, in its neighbourhood. With the motive to rise peacefully in the world, China has

been trying to keep friendly relation to most of the countries of the world. The Chinese foreign has been motivated by the “Five Principles of Coexistence”. These five principles, given in the year 1954, have been described by Mariani as “respect for territorial integrity and sovereignty, non-aggression, non-interference in each other’s internal affairs, equality and mutual benefits, and peaceful coexistence”. By adopting these five principles, China has tried to rise peacefully in the world. It gives an image to the Central Asian nations that China’s economic rise will not only benefit the country of China but also to the neighbouring nations.

Swanstrom has described the policy adopted by China in Central Asia to be “prioritized policy”. The presence of China in the region is important so that the need for energy resources in their country can be secured. The security of its internal region by pacifying the Western region of China through friendly relations with Central Asian countries is also an important concern of China. The Central Asian region has also been described as the “Digwei” or Lebensraum of China. After the collapse of Soviet Union, China has tried to increase its political, cultural and military relation with Central Asia. The establishment of Shanghai Cooperation Organisation (SCO) in the year 1995 was one of the example of Chinese effort to connect with the Central Asian nations. The institution has discussed the trade and security issues with the member nations. But there has been some problems in the implementation of the chalked out plans and agreements between the nations. The rivalry between China and Russia has further complicated the situation. One of the clear strategy of China in Central Asia is to provide enough economic support through investment in these countries. China has tried to strengthen its goal of fighting the three evils i.e. terrorism, separatism and extremism by cooperating with the Central Asian nations. It has always been the policy of China not to interfere in the domestic politics of Central Asian nations. The investment in the military sector of these nations has also been low, therefore there is no direct threat to Russia in that context. As a result, Central Asian nations do not see China as a hegemonic country which tries to dominate them.

China’s “open door policy” is quite visible in today’s trade pattern with other nations. Many Han Chinese people have migrated to the western region of China to develop the trade of the western part of the country, especially the energy trade. The country has invested in many infrastructural projects in the western region to connect this part to Central Asia and import the energy resources to China. As discussed earlier, the overland transport links for the energy trade have been developed to decrease the dependence on the less secure maritime routes, for example the Malacca Strait. Therefore, there is a geopolitical significance in securing the overland routes for the future energy security of the country. The most discussed strategy of China in today’s world is the usage of its “Soft Power”. This Soft Power tool has also been used in the Central Asian countries by China to influence the people of these countries. Some of the soft powers used by China in these countries pertain to trade, cultural exchanges, education facilities, environmental cooperation etc. Today there are many confucius institutes present in Central Asian region through which Chinese culture and language is being promoted in these countries.

China has in recent times also tried to cooperate through the military exchange and exercise programmes in these countries. However, it is not present on large level between these regions. But there has been doubt and debates regarding the existence of the “Soft Power” strategy of china in today’s world. But the present investment in the Central Asian region has surely brought some influence of China in these countries.

Investments in Major Transport Routes

China alongwith other organizations and institutions such as Asian Development Bank, EU etc. has tried to invest in the transport development in the Central Asian region. The investment in the transport corridors in this region has resulted in the opening up of this region to the neighbours through complex network of transport corridors. This has created a new strategic map of the transport routes in Central Asia. There has been a large support by European Union to invest heavily in the transport sector of Central Asia. Some of programme through which EU has invested in the region is Transport Corridor Europe-Caucasus-Asia (TRACECA) and Pan-European Corridors. But in recent times China has initiated the investment with a great force in the transport development from Central Asia to its country. One example of the major investment in the transport by China is the Central Asia Regional Economic Programme (CAREC). This programme was promoted by Asian Development Bank in 1997 with the help of China. This programme helps in the close network of four Central Asian states and China alongwith the nations such as Afghanistan, Azerbaijan and Mongolia. One of the major transport corridor to which CAREC is giving fund is the “West China- West Europe corridor”. It has given \$ 6.7 billion to this corridor in 2008. This project has also been funded by other organisations and World Bank gave the highest loan of \$2 billion to this corridor. The major routes of West China-West Europe Corridor, as described by Emerson and Vinokurov are as follows:

- **Europe to East Asia:** This route goes from China to the West of Kazakhstan. The funding has been provided by ADB, World Bank and Islamic Development Bank.
- **Mediterranean to East Asia:** This route includes the network of railways and roads from China to Kyrgyzstan, Uzbekistan and Turkmenistan. It then reaches to south Caucasus and Black Sea by crossing the Caspian Sea.
- **Russia to Middle East and South Asia:** This route comprised the networks running from the Siberian part of Russia to Central Asia and then reaches Afghanistan and Iran.
- **Russia to East Asia:** This route does not include the Central Asian region.
- **East Asia to Middle East and South Asia:** This route includes transport network from China to Kyrgyzstan and Tajikistan, then it reaches to Afghanistan and Pakistan.
- **Europe to Middle East and South Asia:** This includes the railways and road networks from Kazakhstan, Uzbekistan to Afghanistan.

Through these routes CAREC and ADB is helping China to have access to the Central Asian region. There has been a coordination between the CAREC and EU in this region with a programme to upgrade the transport corridors planned by CAREC by 2017. About 51 percent (3,970 km) of the construction of the roads was completed by the year 2012. It included the Tajikistan's Dushanbe-Kyrgyz Border Road Rehabilitation (phase-II). In the year 2012, Wuhan Action Plan was signed by the ministries of Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. Under this plan, total 68 regional transport project were given priority by these countries to CAREC.

New Silk Road Project

The idea of reviving the New Silk Route is the most discussed among the policymakers viewing Greater Central Asia (GCA) vis-à-vis the global sub-regions. There has been different aspects and motives of each country for the revival of this route. For example, on September, 2011, US Secretary of State, Hilary Clinton, alongwith the German and Afghan foreign ministers Guido Westerwelle and Zalmay Rassoul, issued a joint statement for the revival of the Silk Route. The main motive behind it was to strengthen the economy of Afghanistan by importing energy and other resources from the Central Asian region. On the other hand, Turkey initiated its programme for the revival of the Silk Road in the year 2008. The main motive behind its revival was to build a bridge between European and Asian markets for economic benefits. The country planned to simplify the custom rules to make the trade flow on this route easy.¹⁰ One of the biggest investment done by the Europe in this context was to launch Transport Corridor Europe-Caucasus-Asia (TRACEA) programme. This programmes has been initiated by EU and the 14 member states. TRACECA has supported the transport corridors along the Silk Route by providing large funds / investments. The main aim behind it is to link European market regions to East Asian markets. The strategy of China to revive the Silk Road was not identified until recently when the Chinese President visited the Central Asian nations in the year 2013 and announced their concept of New Economic Belt in SCO summit at Asthana. The President, Xi Jiping presented a 5-point proposal regarding this mega initiative with the following five underlying factors:

1. *Strengthen policy communication, which may help "switch on a green light" for joint economic cooperation;*
2. *Focus on road connections, with the idea to establish a great transport corridor from the Pacific to the Baltic Sea, and from Central Asia to the Indian Ocean, then gradually build a network of transport connections between eastern, western and southern Asia;*
3. *Improve trade facilitation, with focus on eliminating trade barriers and taking steps to reduce trade and investment expenses;*
4. *To intensify monetary cooperation with special attention to currency settlements that could decrease transaction costs and lessen financial risk while increasing economic competitiveness;*
5. *Strengthen people to people relations.*

From the above five proposals, it is quite clear that the construction of the transport network between China and Central Asia is a major strategy of China to strengthen the trade relationship between these two regions. The economic gains have been the primary motive of China for the increased investment in Central Asia and the proposal of the “New Silk Road Economic Belt” is the new initiative by China to fulfil this motive. It is clear that China has never proposed a straight or a clear plan for the revival of the Silk Road but the interest in the development of the infrastructure along with the Silk Route has always been the goal of China to satisfy its different security goals. China’s New Silk Road mainly comprised three routes or corridors. These routes cover the major part of Eurasian landmass. The modern Silk Road is therefore, sometimes referred to as the “Eurasian Land Bridge” or the “Asia-Europe Land Bridge”. Today, the major problem of investment in transport sector of Central Asian region goes to this sub-route. It functions as a major artery from where the railways, roads and highways shoot out through sub-routes. Therefore, to study the recent investment of China in Central Asia, it is important to look at the pattern of the recent construction of the New Eurasian Land Bridge. Though this bridge has been important for European nations also, but China being a single nation has invested in a great amount in the sub-routes from Central Asian nations to China.

New Eurasian Land Bridge

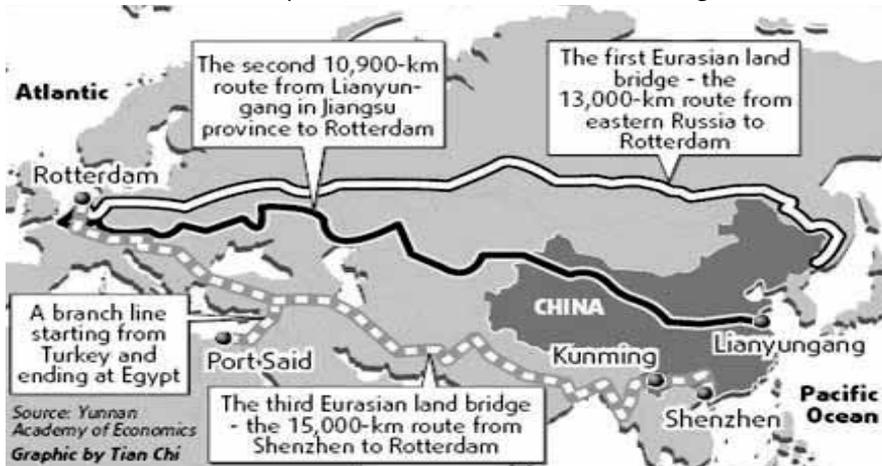
To link Central Asia with China for profound connectivity, the first railway line construction between Xinjiang and Central Asia was started in 1984. Another railway line was started from Urumqi through Ala pass to Aqtoghay in Kazakhstan in the year 1990. This project was further expanded and it became the New Eurasian Land Bridge². In the year 1990, the Beijing line of China connecting Urumqi and Alashankou was linked to Kazakhstan railway. This route helped in linking the Eastern ports of China such as Lianyungang to the Eastern European port namely Rotterdam in Holland. On December 1, 1992, the freight and passenger services were inaugurated on this route.¹¹ The construction and investment in the Eurasian Land Bridge reflected the “Open Door Policy” of China. Christina Lin in her article has identified three main corridors of New Silk Road which run through the Eurasian Continent or the Eurasian Land Bridge. The first one is the Trans-Siberian Railway which runs from the Vladivostok to Moscow (13,000 km), the second connects the Lianyungang port in Eastern China to Rotterdam via Kazakhstan (10,900 km) and the third one connects the South East China region (Pearl Delta) to Rotterdam via South Asia (15,000 km).

Corridors of New Eurasian Land Bridge

The three corridors of this landbridge were initiated in different years. The construction of two of these corridors have been started while the third corridor has been proposed by China and the negotiations in this regard are still in process. The first corridor of the Eurasian Land Bridge was started 2008. China along with other nations, like Mongolia, Belarus, Russia and Germany, agreed to start the container train service from China to European nations.

The first proposed train from China was named “The Beijing-Hamburg Container Express”. This train took only fourteen days to cover 10,000 km to reach the final destination, i.e. Hamburg, Germany from China. On the other hand, it would have taken 40 days to reach the destination, had the Indian Ocean route been used to supply the goods to Germany. The maritime route adds 10,000 km more to the sea route from Chinese coast to Germany. The second corridor started to function in the year 2011. This route connected the Eastern ports to China to the Western part of Europe, i.e. Rotterdam. In March, 2011, the countries of Kazakhstan, Russia, Belarus, Poland and Germany were connected through 11,178 km railway line. In May 2011, the connection of the Chongqing region of China to the Antwerp port (the second largest port and rail hub of Europe) through a freight railway was completed. The transportation of goods through this route took total 16 days, while it would have taken 36 days through the maritime route. This corridor has helped China immensely as the time consumption has decreased through the overland transport. The connection of the south western part of China was also taken care of as this region plays an important role in the connection of the mainland China to the Central Asian as well as to the European nations. The trade between China and Europe has been benefitted to a great extent by the presence of this corridor. The third corridor of the Eurasian Land Bridge has been proposed and China is negotiating with the SCO countries and other countries like Iran, Pakistan and India where this route will flow. The discussion among these nations is to build the high speed networks in the region. This link will start from the Pearl River delta in China and then it will pass through Myanmar, Bangladesh, Pakistan, Iran, and Turkey and then it will reach Europe by meeting to the end point, i.e. Rotterdam, Netherlands. The total length of the route will be 15,000 km and it will pass through seventeen countries.¹²

Three Major Routes of Eurasian Land Bridge



Source: Christina Lin, 2011

Fig. 2

The Eurasian Land Bridge crosses the world's resource rich regions of Europe, Central Asia and China. This 10,900 km long route links about forty countries with 26.6 percent of the world area and 36 percent of its population. The two poles of this route, that is the Eastern Europe and China, are well developed in context of transport. But the area lying in between these two poles is not that developed. The harsh terrain of this area further increases the problem. The proper implementation of the route plan can help this area to flourish and develop economically in future. The trade links will be stronger in the near future which are not only going to benefit China or European nations but also the Central Asian countries as well. The Eurasian Land Bridge is a multimodal project including not only the railway lines on the planned route but also the development of roads and airways on the route.

Investment in Railway Lines

There are other important railway lines in which China has invested and increased the access to the Central Asian nations. One of such railway line is the "Southern Xinjiang Railway line". This line was proposed and planned during the IX Five Year Plan. The line which was constructed to the western side or border of the Tarim desert basin to Kashghar, was opened in 1999 while the other railway line which has been proposed by China is the "North Xinjiang Railway line". This line can help in connecting Urumqi and Almaty by cutting short the distance by 565 km.¹³ The "Tran-Kyrgyzstan Railway Line" is another line proposed by China as well by Kazakhstan. This line would connect Kashghar to Tashkent by passing through Kyrgyzstan. ADB was approached for the financial support for this railway line, and in the year 1998, the routes for this line were discussed in the ADB conference in Manila. Both China and Kyrgyzstan proposed different routes for this link. China is more in favour of the Southerly route while Kyrgyzstan wants a northerly route for this line. Both these proposed routes are expensive to work on. China is interested in the construction of this route because it will help this country to trade economically with European and Middle East nations. On the other hand, Kyrgyzstan is going to be benefitted with this route by connecting the northern and southern part of its country and, hence boosting regional cooperation. Additionally, the country can earn the transit fee and create the job through it. Another railway link which is going to benefit China is the "Trans-Asiatic Railway". This particular line has been proposed by United Nations in 2010. It will help in connecting the Asiatic region to Europe. The network of 80,000 km will cross twenty seven countries. China is also using the Central Asian region to connect with the countries like Iran and Pakistan. In the year 1992, a Memorandum of Understanding was signed between China and Iran to cooperate in the construction of railway line from Iran to China. As a result, a 295 km line was constructed to connect with Central Asia and Iran. Under the Memorandum of Understanding Chinese supplied the technical and financial help for the construction of this railway line. In 1996, the Mashhad-Tejen link was established and this link helped China to access the Persian Gulf and Mediterranean region via Central Asia. For China, the overland railway links with Central Asian has helped immensely in connecting the important geopolitical nations in a comparatively short period of time.¹⁴

Rail Links Between Western China, Central and South West Asia



Source: Garver, 2006

Fig. 3

Investment in the Road Construction

The investments of China in the Central Asian region has also been seen in different contexts. However, the railway transport system is more favourable, as it is cheaper and faster. One of the most discussed road line which has seen heavy investment from the Chinese counterpart is the Karakoram Highway. This road connects China to Pakistan, but the investment in this road has equal benefits to the Central Asian nations. This road will help the land locked countries of Central Asia to open their sea trade through the Gwadar port. It was agreed between China and Kyrgyzstan that this highway will be used as a transit route between the city of Karachi and Bishkek. This route from China to Pakistan is the part of the “North South Corridor”. This corridor also includes the route from Russia to Chabahar port crossing Kazakhstan, Turkmenistan and Iran. Another transport corridor linking Central Asia and China which is under construction is the “West Europe-West China Project”. This is an 8,455 km long highway. It has received funding from ADB, EBRD, World Bank and IDB. This route will connect not only China, Central Asia and Russia but also the South Asian nations. It will transit through Uzbekistan, Kyrgyzstan and Kazakhstan. One-fourth of the line will be laid in Kazakhstan. The funding given to this project includes: World Bank \$2.13 billion, ADB \$340 million, EBRD \$180 million and IDB \$170 million. A similar transport route, which is also under progress is the “New Land Transport Initiative”. This will help in the transport of cargoes through Beijing-Urumqui-Bakhty-Astana-Moscow-Riga-Vilnius-Warsaw-Berlin-Brussels route.¹⁵

One of the major strategy of China is to connect the Western region to China, especially Kashghar and Urumqui. China has planned to make these cities as the trade hub by connecting them to Central Asian countries. It has been mentioned by Holslag that in the year 2008, there were only two connecting points from Xinjiang to the neighbouring country of Kyrgyzstan. The Chinese ministry of communication, therefore, started 24 new transport

projects and tried to connect Xinjiang region with Kyrgyzstan. Two main roads were built to connect the border cities of Kyrgyzstan, i.e. Irkeshtam and Torugart, to Kashghar. China also invested \$720 million to connect Tajikistan to Irkeshtam and a \$ 270 million deal was agreed by China to connect Dushbane (Tajik capital) to Shahrison pass on the Uzbekistan border.¹⁶

ADB provided a loan of \$32.8 million for the improvement of Kyrgyzstan's Osh-SaryTash-Irkestan road in the year 2004. By the year 2001, some "ports" were constructed on China and Central Asian borders. Sino-Kazakhstan border had seven first category ports, Sino-Kyrgyzstan border and Sino-Tajik border had two ports each by this year. In the year 2002, four countries, i.e., China, Kyrgyzstan, Kazakhstan and Pakistan agreed to give 200 licences per month to the truck drivers who want to move and trade freely between these four nations. In the year 2005, the premier Wen Jiabo signed an agreement related to the international road transport. The longest tunnel of 5.2 km was constructed in Tajikistan in the year 2012 with help of China Road and Bridge Corporation. This tunnel was named as "Shahrison Tunnel" and it helped in boosting the trade relations of China, Central Asia and other neighbouring countries like Iran, Pakistan and Afghanistan by reducing the transportation cost. ADB has recognised that the most important road corridor in the present time in the region is the Urumqui-Almaty-Bishkek-Tashkent highway which is mostly used to carry the international freights by the trucks.

Despite some facilitating factors, China has faced a number of obstacles as well in establishing the rapport for the finalizing the investment and beneficial projects. In addition, overcoming geo-physical hurdles, the politico-economic front also posed a number of problems. Moreover, the halting, delaying and discouraging initiatives by the regional corrupt system alongwith mistrust and other associated factors, were another worries for China. Moreover, overcoming the obstacles China has to work hard and, infact, is doing well, albeit with some grey areas as well. Definitely, the overland transport routes through railways has decreased the travel time from China to Central Asian nations. It is half the distance from the sea route. But the time has not been saved as expected. Currently, the railway lines have to cross all these Central Asian nations and these nations have their own customs, procedures leading to time and cost penalty increases. Moreover, the instability and mistrust of Central Asian region is also a potent threat in the establishment of transport networks between these two regions. There have been the incidences of distrust among the local population for the Chinese traders. The Uyghur population inhabiting Central Asian nations, has often targeted the Chinese. It is, therefore, clear that China inspite of such hurdles has tried to increase its links towards the Central Asian nations and the profit has been realised by these nations too. The investment in transport links has helped in the recent years but there are certain obstacles which hinder the smooth process of transport construction and flow. The natural obstacles like harsh terrain of the region cannot be fully bypassed but there has been some steps taken by China to overcome these obstacles. On the other hand, there are certain problems which can be sorted out by technological and mutual political support. For example, an advanced computer system was launched along the Chinese section of the "Eurasian

Landbridge” to monitor the movement of trains and cargos from China to Central Asian countries. The track of this route was electrified and changed to double tracked road.

Apart from the investment from the People Republic of China, there has been support to these infrastructural projects from other institutions like the Asian Development Bank (ADB) and United Nations (UN). There has been the support of China to the ADB and UN for cooperation in these projects. In other words, China has tried to involve the other institutions for the investment or funding of these transport network projects. These Transport networks are as essential to Central Asian countries as to China. The aim behind the liberal policies of these nations towards the investment of China in their country is to build an ideal transport network which can provide perfect railways, roadways, pipelines and air routes for the smooth flow of multilateral and bilateral trade. But it is also important for China to keep in mind the alternative routes. As discussed earlier, the region has always faced the political and social unrest in the past and even today the instability persists. The transport corridors developed by China in the region are now becoming the economic corridors. The huge investments by China in CARs, particularly, in transport sector, demands that being a major player in the neighbourhood of Central Asia, China has to behave in a more responsible manner in order to be benefited as well as to benefit other stakeholder through improved regional cooperation, in addition to investments, especially in connectivity projects.

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