

CHINA'S CHANGING STRATEGIC ENGAGEMENTS IN CENTRAL ASIA

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Abstract

China which is emerging as a significant regional power with the phenomenal growth in its economic and other security sectors, is trying to take the potential advantage of its locational benefit. Opening up its economy, improving bilateral and multilateral relations, resolving disputes amicably, assisting others by way of investments etc. and trying to keep up with peaceful co-existence principle, are some of its image building initiatives. Apart from this, China has been focusing on to invest in and access to Central Asian resources, particularly, hydrocarbon in view of its growing energy demand. In addition to re-drawing its regional policy and strategy owing to some recent developments on its western borders, Beijing is trying its best to strike a balance between the fast changing developments and its strategic interests in Central Asia which is seen as one of the best alternative for its energy accomplishments. This article focuses on China's strategic engagements with Central Asian states, particularly, in the aftermath of the disintegration of the Soviet Union. After analysing various compulsions and threat perceptions caused by the un-accounted nuclear fissile materials and nuclear weapons in Central Asia, particularly, in Kazakhstan, the paper talks about bilateral military and security cooperation, confidence-building measures within the framework of SCO, bilateral economic engagements and energy cooperation.

Keywords

Strategic Engagement, Power Relations, Geopolitics, Resource Pool, Energy Policy, Great Game, Security Perception, Peaceful Co-existence, Energy Trade, Bilateral Relations, Regional Security, Threat Perceptions.

The term 'geopolitics' is the key word in understanding the principal international power relations. In the intellectual discourse to understand fundamentals of Central Asian geopolitics, it is all the more important. Interestingly, the ideas of classical geopolitics which were propounded by the Swedish political scientist Rudolf Kjellen, German geographers, Friedrich Ratzel and Gen. Karl Haushofer who formed the 'Munich School' of political geography, were used by Adolf Hitler to justify German nationalism and the doctrine of Nordic superiority. But this led to the discrediting of all discourses of geopolitics of international significance. It was only with the beginning of the Cold War that the term 'geopolitics' began to be used in reference to theories and interpretations of international politics based on policies of great powers. Subsequently, the views of Alfred T. Mahan, a US naval officer, and British geographer Sir Halford Mackinder, on control of the sea as the key

to world power and eventual emergence tempted by geography of a globally dominant empire located in the heartland of Eurasia occupied by Russia, were used to reinforce Cold War. Mackinder in his later formulation expressed the view that the states of Western Europe and North America constitute a natural defense community which can balance the Eurasian heartland in population, resources and strategic potential.¹

The 'Great Game' over Central Asia which Britain played against Russia was mainly explained in terms of the strategic significance of the region because of its geographical location as the gate way to the Indian sub-continent and the Persian Gulf. At present, Central Asian-Caspian region with its large hydrocarbon reserves and natural gas resources, has undoubtedly become a region of critical strategic importance and an object of international interests, particularly, between United States, Russia and China. According to Western experts' estimates the real hydrocarbon reserves in Central Asia are staggeringly large, perhaps equal to those of Saudi Arabia and Kuwait combined if both the onshore and offshore Caspian Sea resources are included. In his work, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, President Jimmy Carter's National Security Advisor, Zbigniew Brzezinski, has tried to revive 'geopolitics' which was propounded by Mackinder and Mahan to prop up the North Atlantic alliance against the Socialist World during the Cold War era. In his book, Brzezinski promotes the idea that there is a 'zone of instability' that encompasses the Transcaucasus and Central Asia in which the intelligent chess player can manipulate the tribal, ethnic, or religious differences to his advantage.² A central theme of his book is to deny Russia any influence over developments in these newly independent Central Asian Republics. At the same time, Brzezinski has also advocated in extending his theoretical support to the Anglo-American oligarchy's grab for the region's extensive oil, natural gas and mineral wealth.

At the turn of the twentieth century China emerged as a significant international player. Many factors have contributed to China's global role on the international arena. Scholars usually emphasise the phenomenal growth of China's economy, its growing military power, and its enormous potentialities because of its geographical dimension and the policy of opening up of its economy. These factors have largely contributed China to emerge as a global power. But apart from these factors, underlying changes occurred in the direct vicinity of its western border caused by the disintegration of the Soviet Union and the emergence of the Central Asian states forced Beijing with its global interests and aspirations to redraw its regional policy and strategy. This historical event created new geo-political, geo-strategic and geo-economic imperatives for the reshaping of Chinese policy towards the Central Asian region. As a result, since the break-up of the Soviet Union, China has emerged as a major player in the geo-political affairs of Central Asia.

After 9/11, the ongoing dynamics of change in Central Asia's geo-strategic environment has direct repercussions on China's security as well. China has accorded high priority to Central Asia and despite some limitations has still worked to preserve its strategic interests in the region. The geo-political stability in Central Asia has not only a direct impact on China's economic interests in the region, but also has implications on the ongoing separatist movement in

Xinjiang autonomous region as well.

China's Compulsion for Strategic Engagement

The political transformation caused by the break-up of the Soviet Union which resulted in the emergence of new independent states in Central Asia, has created new geo-political, geo-economic and strategic imperatives for all regional powers. China has been strongly affected by these radical transformations. Once considered a backwater during the Soviet regime, China suddenly finds itself bordered by new Central Asia. Inheriting all the problems of the post-Soviet transition, the emergence of Central Asian states added a new situation in the region. The first official Chinese reaction described the developments in Central Asia, as well as in other former Soviet republics, as "internal affair" and confirmed that they would "respect" the choice made by the people in these states. At the same time, Beijing recognised the independence of Central Asian states in December 1991, and, subsequently, signed separate communiqués on the establishment of diplomatic relations with all states. In 1992, three presidents of Central Asian states: Uzbekistan, Kyrgyzstan, and Kazakhstan visited China. In 1993, presidents of Tajikistan and Turkmenistan also paid visit to Beijing. As a result of these visits strategic ties between China and Central Asian republics deepened considerably. But the visit of former Chinese Prime Minister Li Peng to four Central Asian states (except Tajikistan) in April 1994, further enhanced and strengthened bilateral and multilateral strategic cooperation.

During his visit to Central Asia, Li Peng, proposed four principles of peaceful coexistence as ground rules for promoting ties between them. These included: promoting peaceful coexistence; promoting economic prosperity; non-interference in their internal affairs; and respecting territorial integrity and sovereignty.³ Beijing was successful in promoting its one China policy. Central Asian states reiterated that Taiwan is an inalienable part of the Chinese territories by adding that the governments of Central Asia opposes any attempt to create "two Chinas", or "one China, one Taiwan", and reaffirms that Central Asian states will not establish any form of official relationship with Taiwan. Moreover, Central Asian states also pledged not to support insurgent groups and separatists organisations in Xinjiang.⁴ During the due course, China has formulated unified strategic policy towards Central Asia.

The forces which have put tremendous pressure on Beijing to engage and enhance its engagement with the Central Asian states, are primarily based on the following equations:

- After the emergence of Central Asian states, China was greatly concerned about its domestic stability, particularly, in the Xinjiang Uighur Autonomous Region (XUAR). Subsequently, the Xinjiang region assumed great importance within the Chinese national security establishment. The discovery of huge hydrocarbon reserves in the Tarim basin and the Lopnor Missile Testing Centre located in Xinjiang are major concerns for China. Central Asian states being formed on the basis of various ethno-nationalist identities had potential to virtually recharged separatist sentiments among different China's ethnic minorities, particularly, Turkic ethnic groups, living in its north-western provinces especially its most

volatile autonomous region-Xinjiang. China is increasingly concerned with Uighur separatism and what it calls the “very substantial support” to it from outside China’s borders.

- After the emergence of Central Asian states, apart from rise of ethno-nationalism, resurgence of Islam, and spurt of militant Islamic extremism and the possible spill over influence of these trends, particularly, in Xinjiang province was a major cause of concern for China. To thwart religious extremism, Beijing has been constantly giving “non-lethal” military support to Kyrgyzstan government forces fighting the Islamic Movement of Uzbekistan (IMU) there. Furthermore, continued instability in its bordering states of Tajikistan and Afghanistan, and later, the emergence of Taliban and trans-linkages of Afghan *mujahideen* groups with East-Turkistan Islamic Movements of Xinjiang, posed serious concerns for China. Moreover, China’s position vis-à-vis Central Asia had also profound impact on the future relations with other Muslim countries.
- The unaccounted ex-Soviet well built nuclear weapons, missiles and fissile materials scattered on the territory of Central Asia had disturbed policy planners in Beijing. Kazakhstan which shares long border with China had inherited the second largest nuclear and fissile stockpiles. The threat of proliferation of nuclear weapons and other fissile materials across borders was the most critical factor in shaping China’s initial engagement with Central Asian states. It was only in 1995, with the last nuclear weapons of Kazakhstan and Uzbekistan having being surrendered and both signed the nuclear Non-Proliferation Treaty (NPT) as non-nuclear states, China gradually evolved broad based state-to-state interactions under new forums– Shanghai Cooperation Organisation.⁵
- China has also shown very much concern about United States’ connection with North Atlantic Treaty Organisation (NATO) expansion policy in the region. Beijing has perceived it as part of NATO’s eastward expansion exercise. All Central Asian states except Tajikistan have already joined NATO’s “Partnership of Peace programme” and North Atlantic Cooperative Council (NACC) and have staged many joint military exercises. Through organising military exercises, United States has tried to strength its foothold in the backyard of Russia and China. After September 11, United States has already stepped into the region as well as in South Asia by establishing military bases and organising military exercises with Central Asian armed forces. But most importantly, deployment of NATO’s forces in Afghanistan has been seen by Beijing as encirclement of China by United States.
- Apart from these threats based policy options, Beijing policy planners have been keenly interested in ensuring access to vast untapped hydrocarbon energy and other mineral resources of Central Asia which requires to evolve a constructive engagements. During early 1990’s, China’s domestic energy consumption increased many folds. Moreover, in view of China’s rapid economic growth and free market economy, its domestic oil demand is expected to increase around 4 per cent per annum, which has created a significant challenge for its energy security in the future.

- China has perceived Central Asia in the context of Eurasia. These new states have a linking role, not only in a geographical sense but also in the political and cultural senses. Central Asia can be called a “bridge” between East and West. Hence, China was strongly interested in the regional stability as a pre-requisite to develop political, trade and economic cooperation with the Central Asian states.
- Apart from these concerns, certain policies adopted by regional powers like India, Pakistan, Iran, Turkey, Saudi Arabia and Japan towards Central Asia have also raised China’s anxiety from time to time. Especially, powerful new players like Japan have moved in a big way, expanding its role in this region was considered outside its traditional sphere of influence. Japan’s involvement with Central Asian states had started with Prime Minister Hashimoto’s re-orientation of Japan’s “Eurasian Diplomacy” during 1997. In 1999, Foreign Minister, Masahiko Komura visited to Azerbaijan and Uzbekistan and propounded his thesis of resolving conflicts through economic development. He signed agreements granting loans of \$23.9 million for improvement of Uzbekistan’s airports and another 18.3 billion yen for future energy sector projects in Azerbaijan. From 1993-1997, Tokyo increased its total package from \$2.5 million to \$156.8 million.⁶
- After 9/11, the deepening US political, economic and military roles across the region including the setting up of military bases in Afghanistan, Central Asia and Pakistan, have expanded US involvement in the region. Apart from United States, other European powers like France, Germany, Britain and Canada are actively enhancing their ties with the Central Asian states.

China’s Military and Security Engagement

China which shares long common borders with three Central Asian states, namely, Kazakhstan, Kyrgyzstan and Tajikistan, has vital security and strategic interests in Central Asia. After emergence of these states one important dimension of China’s security engagement was to develop bilateral and multi-lateral defence and military co-operation. Such co-operation was mostly seen in enhancing confidence-building measures, reducing troops and military forces along the common borders, disarmament in the border areas, and increasing the transparency of border defence. As a result, both governments have been actively promoting such defence and military cooperation. China has adopted extremely comprehensible policies and principles towards regional security. Such principles have been followed consistently since the economic reforms and opening in China in 1978. While addressing the United Nations Conference on “Disarmament and Security Issues in the Asia-Pacific Region” in Shanghai in August 1992, the Chinese Foreign Minister Qiang Qichen emphasised that China advocated the establishment of stable regional and international political and economic order on the basis of five principles of peaceful existence. He further pointed out that such principles would be applied to Central Asia as well.⁷ Hence, after collapse of the Soviet Union, China has put security concerns at the top of agenda in its relation with Central Asia. These concerns include measures to safeguard the security

interests of China, ways of enhancing regional security regimes, and steps to be taken towards multilateral cooperative arrangements to foster mutual trust in security matters.

After the breakup of the Soviet Union, Kazakhstan which emerged as a quasi-nuclear power was the most important concern for China. Kazakhstan was a nuclear missile bridgehead, the premier site for nuclear testing, and an important source of fissile uranium deposits. At the disintegration of the Soviet Union, Kazakhstan inherited part of the Soviet nuclear structure and arsenal which included 104 ICBM SS-18 long-range ballistic missiles with carrying 10 warheads each (1,040 warheads total); 40 strategic bombers with 320 nuclear charges; and 650 units of tactical nuclear weapons.⁸ Thus, the total Soviet Union arsenal of strategic and tactical weapons in Kazakhstan was over 2,000 units. Apart from these strategic weapons, Kazakhstan also hosted two strategic missile launch sites at Derzhavinsk and Zhangiz-Tobe, one nuclear reactor in Aktau, and one strategic bomber airbase with 40 Tu-95 Bear bombers station there. Moreover, in late 1991 and early 1992, it was rumoured that Kazakhstan could or had just begun to trade in nuclear raw materials, technological components, missiles, and nuclear warheads. Such rumours had serious impact upon the China's policy planners. A deep economic crisis, the political ambitions of the ruling elites and, finally a sharp reduction of skilled personnel in the nuclear infrastructure could lead to a chaotic proliferation of nuclear substances and materials.

However, Kazakhstan ratified START I Treaty in July 1993, and February 1994, acceded to the Non-Proliferation Treaty as a non-nuclear state. The removal of nuclear weapons from Kazakhstan began in late 1993. By February 1994, the last four of the 40 heavy bombers were withdrawn to Russia. In March 1994, Kazakhstan also handed over half-a-ton highly enriched weapons-grade uranium to the United States. By the end of May 1995, all nuclear warheads in Kazakhstan were transferred to Russia.⁹ On 24 May 1995, the Kazakh Foreign Ministry announced that all nuclear weapons deployed on the territory of in the Soviet era had been either transferred to the Russian territory or destroyed. Shortly before Kazakhstan became a nuclear-weapon-free state, on 8 February 1995, the Chinese government issued its security assurance to Kazakhstan. In a brief announcement, the Chinese government stated:

China fully undertakes the desire of Kazakhstan for security assurance. The Chinese government has unconditionally undertaken not to use or threaten to use nuclear weapons against non-nuclear states or nuclear weapon free zones. This long-standing principled position also applies to Kazakhstan.... The Chinese government urges all nuclear-weapon states to undertake the same commitment so as to enhance the security of all non-nuclear-weapon states, including Kazakhstan.¹⁰

Apart from nuclear issues, China has been actively engaged in promoting bilateral military exchanges and cooperation with the Central Asian states. As early as 1993, a joint communique between China and Kazakhstan specifically stated that 'both sides agree to facilitate the contact and promote the relationship between their military and to conduct military exchanges according to international practice so as to enhance mutual trust and co-

operation in the military field.¹¹ In September 1995, the Chinese President, Jiang Zemin, and the Kazakh President, Nursultan Nazarbayev, issued a joint communique at the end of the latter's visit to China which affirm that:

In the sphere of military relations, links between the defence ministries of the two nations should be established and developed, and efforts at working out an agreement on reduction of military forces along the borders and strengthening the trust in the military field should be speeded up. Military technological co-operation should be carried out on the basis of mutual benefits and taking each country's international obligations into considerations.¹²

In 1995 and 1996, military exchanges were conducted between China and Kazakhstan on the regular basis. A Chinese military delegation from the garrison of the Xinjiang Uighur Autonomous Region (XUAR) visited Kazakhstan in August 1995. In May 1996, the Chief of Staff of the People's Liberation Army (PLA) visited Kazakhstan and discussed co-operation between two armed forces.¹³ After September 11, China-Kazakhstan relations have taken a new shape.

In case of Uzbekistan, China not only quickly recognised its independence but also developed diplomatic relations. Since 1992, there have been high-level official visit like President Islam Karimov visited Beijing during March 1992, October 1992 and in November 1999. Similarly, visits of the Chinese former Premier, Li Peng in April 1994, the Chinese President, in July 1996 to Uzbekistan, and the Chinese vice Premier to Tashkent in April 2001 were very significant for the development of the political dialogue, which helped in strengthening mutual cooperation. After Andijon crisis in May 2005, China's relations with Uzbekistan have been developing at a much more rapid pace. The renewed impetus towards building closer ties between these two countries has been underscored by Chinese Deputy Prime Minister Wu Yi, who visited Uzbekistan for high-level talks on July 17-18, 2005. The series of meetings alluded to the political nature of their deepening bilateral relationship, with common security concerns, but stressed the paramount importance of trade and economic interests. Uzbek First Deputy Prime Minister Rustam Azimov, speaking after meeting Wu Yi, appraised the upward trend in economic cooperation as strong and vibrant. According to Azimov, who noted while passing the significance of Uzbek President Islam Karimov's visit to China in May, trade between the two countries last year was around \$367 million, and reached \$250 million in the first six months itself.¹⁴ It is widely expected in Tashkent that bilateral trade will increase. Moreover, both countries are identifying more areas of economic cooperation. Thus, Uzbekistan's relations with China are entering a new phase. Closer economic cooperation, political and military engagement and promoting security interests through the Shanghai Cooperation Organization (SCO) denote the broader elements of this new phase.

In case of Tajikistan, Kyrgyzstan and Turkmenistan, China has also accorded high priority, and established bilateral and multi-lateral security and economic relations. But main thrust of China's cooperation with these states

is based within the framework of Shanghai Cooperation Organisation.¹⁵ On August 11, 2013 with the support and approval of SCO China and Kyrgyzstan held a joint anti-terror drill along the border between the two countries. Around 460 armed police from both countries took part, practising new weapons and manoeuvres. The main aim of the drill is to improve both countries' abilities to cooperate in their response to terrorist threats.¹⁶

Confidence Building Measures to Resolve Border Disputes

Apart from developing bilateral security relations China has been very much concerned about the peaceful settlement of the border disputes with the Central Asian states. Border disputes had been a perennial problem in the Sino-Soviet relations. For many years until the late 1980s, tensions and military confrontations along the Sino-Soviet borders were hallmarks of Sino-Soviet relations. However, disintegration of the Soviet Union presented both new opportunities and new challenges for China in continuing its negotiations for the settlement of border disputes. China moved quickly to affirm with the three Central Asian states-Kazakhstan, Kyrgyzstan and Tajikistan, the basic principles in their negotiations. These include: respect of results already achieved in Sino-Soviet negotiations; existing treaties as the basis of negotiations; settlement in accordance with the established rules of international law; mutual consultation on equal footing; and mutual accommodation.¹⁷ These principles have been clearly embodied in both the joint communiqués between China and the Central Asian states and in their border agreements. Thus, the Sino - Kazakh joint communiqué issued on 28 February 1992, and Beijing Protocol on the Demarcation of the State Line on May 10, 2002; the Sino-Kyrgyz joint communiqué of 6 May 1992, and on June 24, 2002; and the Sino-Tajik joint communiqué of 11 March 1993, and May 18, 2002 confirmed above mentioned principles for settling pending border disputes.¹⁸

The most notable progress in negotiating for the bilateral settlement of disputed borders was the Sino-Kazakh boundary agreement signed on 26 April 1994 by the former Chinese Prime Minister Li Peng and the Kazakh President Nursultan Nazarbayev. The agreement finalised in principle the demarcation of the 1700 km. long Sino-Kazakh borders. The official Chinese press hailed this as 'a historical event of significance' in Sino-Kazakh relations and claimed that the Sino-Kazakh border would become 'a bond of friendly co-operation and common prosperity'.¹⁹ Perhaps the crowning achievement in resolving border disputes and military co-operation between China and Central Asian states and Russia was the signing of "the Five-Nation Agreement on Confidence Building in the Military Forces in the Border Areas" on April 26, 1996 in Shanghai at a summit meeting among leaders from China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. The Shanghai agreement, as claimed by the Former Russian President Boris Yeltsin, was 'an epoch-making document' for the five countries involved, because by signing the agreement, they 'have undertaken very positive military and political obligations for the first time in history'.²⁰ Such a multilateral agreement is undoubtedly played major role in strengthening mutual trust between the Chinese military and the military of Central Asian states as well as that of Russia. It also increases the transparency

of border defence on both sides. In fact, it is considered one of the important steps towards institutionalising the security relations between Central Asia and China.

China's Multilateral Strategic Engagements: SCO

China's dynamic multilateral approach in the region in form of the Shanghai Cooperation Organization (SCO), a regional grouping that aims to establish a coherent security and foreign policy framework among the great and small powers of the Central Asian region, has its roots in the border demarcation talks China held with Russia, Kazakhstan, Kyrgyzstan, and Tajikistan in the early-1990s. These talks evolved into the creation of the "Shanghai Five" in 1996 with the aim to finalize collectively the border demarcation process and introduce a range of confidence-building measures in the field of military cooperation along their common borders. The Shanghai Five then evolved into a formal treaty organization which included a sixth member, Uzbekistan, and has focused on issues well beyond border demarcation.²¹

The most significant early accomplishments of the group include its package of military confidence building measures – including de-militarization of the common borders, verification procedures along the border, and pre-notification of exercises and other military activities – all of which were largely achieved and implemented by 1996-97. By the July 2000 Shanghai Five summit, the five parties announced that implementation of the 1996 and 1997 agreements had "helped build for the first time, in the border belt of more than 7,000 km, a region of trust and transparency where military activities are predictable and monitorable."²² The June 2002 summit of the group issued the 26-article SCO charter, which sets out the goals, principles, organs, financing, and membership rules of the SCO.²³ Areas of SCO cooperation identified in the charter include: enhancing regional security; seeking common understanding on international issues; combating terrorism, separatism and extremism; combating illegal activities such as smuggling, drug trafficking, and other illegal immigration; coordinating policies on arms control; encouraging regional economic cooperation; encouraging freer trans-border trade and energy development; ensuring proper exploitation of natural resources, such as water; assisting one another in cases of humanitarian emergencies; exchanging judiciary information; and expanding cooperation in scientific, technological, educational, health, cultural, athletic, and tourism endeavors.²⁴

The Beijing session of the SCO in May 2003, brought up an unexpected subject with regard to the globalization of the world economy. At the end of the session, Russian Prime Minister Mikhail Kasyanov emphasized on the development of transport infrastructure, power engineering, environmental protection, and especially the problem of drinking water would become the top priorities of SCO trade-economic cooperation. Both Chinese President Hu Jintao and Premier Wen Jiabao, while supporting these ideas, emphasized upon ensuring multi-lateral highway transportation infrastructure for trade and investment in order to guarantee stable goods' circulation within the SCO, as well as need to lift non-tariff barriers which are imposed as a result of the actions of customs, quarantine and transport services. All these, according to both leaders, are the conditions needed to create the free trade zone.

However, the long-term programme of trade-economic cooperation within the framework of the SCO and to create free trade zone by 2020 was approved in this session. This liberal idea of free trade was put forward by Beijing to enhance infrastructure for Central Asian economy.²⁵

However, after consolidating its position from regional security concerns to economic cooperation, SCO is very much distressed with the United States' military presence in Central Asia which it had established in the aftermath of 9/11. During the course of military operation in Afghanistan, the United States established two major bases in the region: the first at Karshi-Khanabad in Southern Uzbekistan, and the other at Manas International Airport in Kyrgyzstan's capital Bishkek. France and NATO set up air bases in Tajikistan at Dushanbe and Kulyab. In the last SCO meeting of July 2005 which was held in Kazakh capital Astana, all members have unanimously passed resolution asking United States to set a deadline to pull out its military forces from the region. At the end of the meeting SCO members made an unprecedented demand while passing a resolution stating that:

"As the active military phase in the anti-terror operation in Afghanistan is nearing completion, the SCO would like the coalition's members to decide on the deadline for the use of the temporary infrastructure and for their military contingents' presence in those countries".²⁶

To foil Russian-Chinese attempt, US Defence Secretary Donald Rumsfeld flew into Bishkek on 25 July and discussed with Ismail Isakov, Defence Minister of Kyrgyzstan. Ismail Isakov assured him that the Americans would not leave in a hurry by stating that the presence of the US base depends on the situation in Afghanistan.²⁷ In case of Uzbekistan, Pentagon faces a far more difficult task. After 9/11 Uzbekistan became strong US ally to receive greater financial aid. But role played by US-funded NGOs so called democratic revolution that swept Georgia, Ukraine, and Kyrgyzstan which witnessed Tulip Revolution, angered both Russia and China. Moscow especially felt that the loss of its former Communist satraps in Central Asia would weaken its influence and usher in pro-US leaderships. However, Andijon massacre on May 13, 2005, where more than 700 innocent protestors were killed by Uzbek armed forces, sparked world wide condemnation and demand for ouster of Islam Karimov regime. To garner support for his regime, President Karimov visited both Russia and China. Both countries had an on-and-off relationship with President Karimov. Now both Russia and China are putting pressure upon Uzbekistan to reassess its strategic relation with United States and review airbase agreements. Such move in the game of diplomatic chess shows Russian-Chinese concerns over US military presence as a threat of their own interests in the region. At the same time, it also suggests emphasis on China's new security concept for Asia in this new millennium.

In addition, China's ongoing military modernisation programme especially on border areas like Xinjiang and Central Asia reflects geopolitical changes and China's concerns over threat scenarios posed by US military presence in the region. The continuing and even growing interest and presence of the United States in Central Asia has posed three possible scenarios to

China: Washington was and is pursuing a strategy of dominating Eurasia, Washington seeks to check the recovery of Russia and the rise of China, or Washington seeks to exercise a hegemonic presence with regard to energy access, a subject of increasing concern to China since it is now an importer of energy.²⁸ Beijing regards as a growing strategic threat to its northwest and western flanks, and is already quietly undertaking strategic preparations to counter America presence in Central Asia. Accordingly, Chinese armed forces are undergoing major reforms intended to prepare them for operations in theatres like Xinjiang and Central Asia. These reforms entail the addition of new capabilities for power projection on land and through air forces. China has also developed rapid reaction forces (RRF) and what it calls Resolving Emerging Mobile Combat Forces (REMCF).²⁹ These forces are being trained to meet threats in all of China's border areas. Thus, China-Central Asia relations, especially when seen through the lens of the SCO, have been highly proactive and ambitious.³⁰ The SCO will continue to be the key vehicle through which China pursues its interests in Central Asia. Looking ahead, it appears China will place greater and greater emphasis on the development of economic-and trade-related cooperation in Central Asia.

Economic and Trade Relations

Economic and trade cooperation between China and Central Asia have a long history which could be dated back to the Silk Route time. The Silk Route, considered as the first trans-continental trade route of human civilisation, played its historical role in promoting economic, trade and cultural exchanges between China and Central Asia as well as Europe. During that time, Central Asian region not only acted as a transportation link between China and Europe but acquired the status of well-developed commercial, financial and industrial centres. However, the rapid development of maritime transport in the age of the geographical discoveries of sixteenth century A.D. led to a re-orientation of world trade from overland routes to maritime routes. But the independence of Central Asian states in 1991 has significantly changed this picture and given rise to a substantial growth in the volume of trade. Now once again, the great opportunities like Silk Route time for mutually advantageous economic cooperation and trade with China have resurfaced. The economic and trade relations between China and Central Asian states after the dissolution of the Soviet Union have witnessed fundamental changes in the rapid growth of bilateral trade; diversified trading channels; expanding economic and technical cooperation; and facilitating communications.

After their emergence all Central Asian states have occupied an extremely modest place in the foreign trade of China. Certain factors have forced both China and Central Asian states to regard the developments of mutual trade and economic interactions. *First*, at the national level China and the Central Asian states are witnessing economic transition. Their economic goals are very ambitious and they all need interaction with the world economic powers. *Second*, geopolitical factors indicate a high priority for economic and trade contacts between them. *Third*, their economic structures are complementary. *Fourth*, the opening of the 'second Eurasian bridge' and the improvement of auto-transport corridors have provided a solid material basis for economic

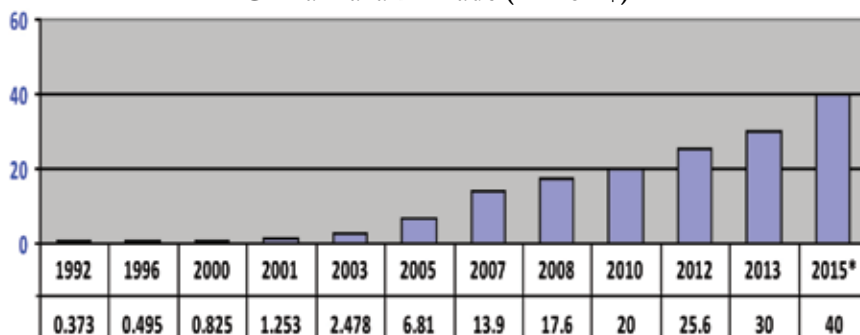
contacts. Trade between China and Central Asian states was insignificant and very limited during the 1990s, especially during the first half of the decade. But during the second half of the 1990s, bilateral trade and economic contacts diversified. As a result, intergovernmental, local, barter, remittance and frontier trade, enterprises with sole ownership, joint ventures in a number of areas along with provisions of distribution of loans by Chinese government to the Central Asian states, developed. Moreover, to facilitate bilateral trade, transport infrastructure between China and Central Asia also developed significantly. In 1992 the railway line between Urumchi and Almaty was opened. In addition to this transport corridor, 14 other ports of entry were opened in Xinjiang in April 1993, most of them simple route routes. At the same time, China also opened two airports which provided international links with Central Asian states.³¹ Trade between China and the Central Asian countries has been expanding by leaps and bounds. In 1992, import and export trade between China and the five Central Asian countries totalled \$459.35 million. It increased to \$872.41 million in 1997 and to over \$2.3 billion in 2002. The total volume of trade between China and the five Central Asian countries increased to over \$8.730 billion in 2005.³² China is one of the principal trade partners of Kazakhstan and Kyrgyzstan.

Trade between China and the five Central Asian countries is significantly growing and it rose from \$527 million in 1992 to \$40 billion in 2011.³³ China has increased its investment in building roads and tunnels in Tajikistan, developing the oil sector in Kazakhstan and constructing a 1,800-kilometer natural gas pipeline from Turkmenistan. In Central Asia, China has sought to establish a regional free trade zone, partially as a way of tapping into the region's vast energy resources. Nowadays, the major Chinese energy players in the region are China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC), China Petroleum and Chemical Corporation (SINOPEC) and Petro China. At present bilateral trade and economic contacts between China and Central Asian states are growing. As a result, China has occupied an extremely important place in the foreign trade of the Central Asian states. But still China's external trade with Central Asian states are limited and accounted not more than 9 percent of their external trade. At the same time China's foreign trade with Central Asia is not more than 0.4 percent of the overall volume of its foreign trade.

Kazakhstan

Among all the Central Asian states, Kazakhstan is the biggest trading partner. If we glance the statistics of China-Kazakh trade we finds that their trading relation are ascending and in a commanding position. The trade value between China and Kazakhstan reached a record high of 17.6 billion U.S. dollars in 2008, exceeding the strategic target of more than 15 billion U.S. dollars in 2015 set by the leaders of the two countries ahead of schedule. The bilateral trade value exceeded 20 billion U.S. dollars in 2010, accounting for more than 70 percent of the total trade value between China and Central Asia and representing more than 50 times that of the early period after the establishment of the diplomatic ties between the two countries. China has become Kazakhstan's largest trade partner and Kazakhstan is China's second largest trade partner among the

China-Kazakh Trade (Billion \$) ³⁴

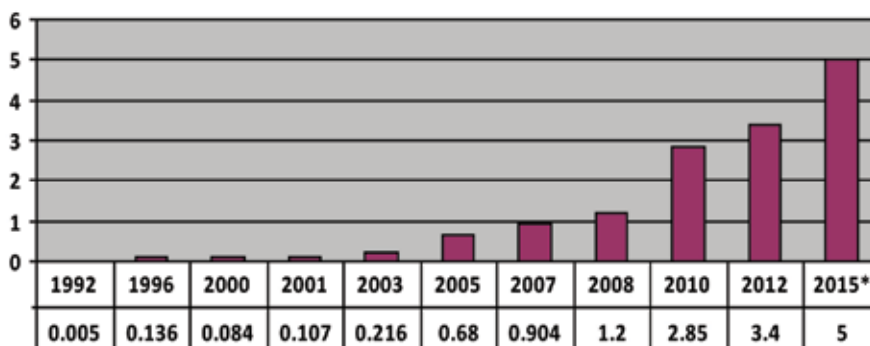


Commonwealth of Independent States.³⁵ Le Yucheng, Chinese Ambassador to Kazakhstan claims that Chinese-Kazakh bilateral trade turnover amounted to \$25.6 billion in 2012. This figure amounted to \$13.57 billion in the first six months of 2013, increasing by 23.1 percent compared to the same period of 2012. It is expected that the volume of the trade turnover will exceed \$30 billion in 2013,³⁶and \$40 billion in 2015.³⁷

Uzbekistan

Uzbekistan, which was initially quite wary of doing business with the Chinese and restricted the access of Chinese businessmen by limiting the number of visas given to them, now welcomes Chinese investment. Since 2002 the volume of bilateral trade between China and Uzbekistan reached \$3.4 billion. In his September 2013, visit to Central Asia, Xi signed agreement worth \$15 billion with Uzbek President Islam Karimov said, “One of our priorities is to increase the trade turnover between our countries to \$5 billion by 2017”³⁸ Today China is Uzbekistan’s second-largest trade partner and largest investor in Uzbekistan’s transportation sector. Bilateral trade increased by 60 percent year-on-year during the first six months of 2013.³⁹ Chinese Ambassador to Uzbekistan Zhang Xiao in an interview on Jan. 2, 2012 said that China-Uzbekistan relationship has now entered its golden age, and the bilateral trade volume grew almost 50 times from US\$52.15 million in the early period of establishing the diplomatic relations to US\$2.48 billion in 2011. By the end of 2010, China had 35 direct investment projects in Uzbekistan with a total

China-Uzbek Trade (Billion \$)⁴⁰

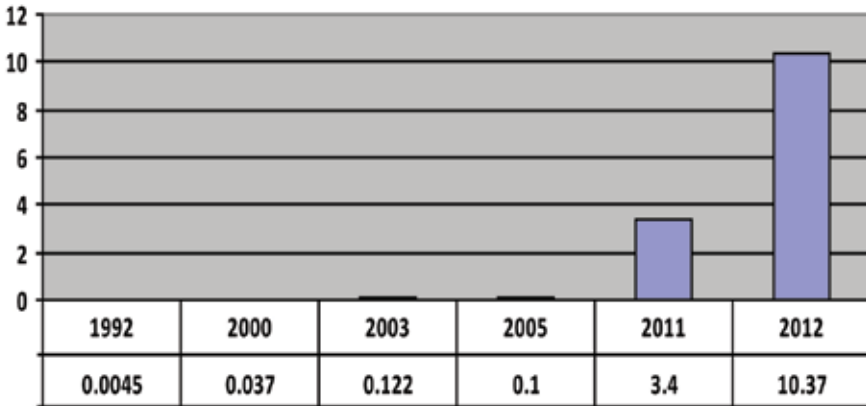


investment of nearly US\$4 billion. China has become the second biggest trading partner of Uzbekistan and its biggest investor as a country.⁴¹

Turkmenistan

Commercial and economic links between China and Turkmenistan in the post-Soviet period have been slow to develop till 2001 and their trade was below US \$1 billion. According to various sources, the trade between China and Turkmenistan in the initial year was just 4.5 million in 2003 it roused up to 122 million. In 2005 it was just \$100 million. However in 2011 the trade reached 3.4 billion and 10.37 billion in 2012⁴² which shows that China now a day is very much concerned with Turkmenistan particularly with gas through Turkmenistan-China gas pipeline.

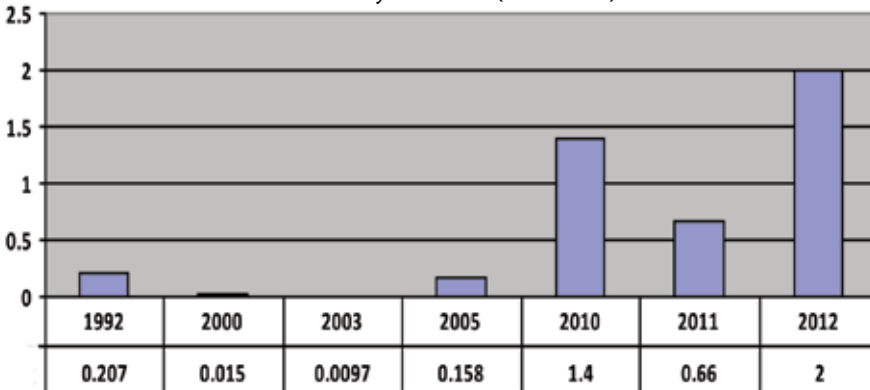
China-Turkmen Trade (Billion \$)⁴³



Tajikistan

Tajikistan, is the poorest of the five Central Asian countries, but strategically important given the long border with the Xinjiang region of China. The state suffered in Civil War (1992-1997). China has developed roads, for example the Dushanbe-Chanak highway, power lines, and hydropower plants. In the beginning of bilateral relations, the trade was \$207million; it was more than that of Turkmenistan. Chinese-Tajik trade goes ups and down since 1992. In

China-Tajik Trade (Billion \$)⁴⁴

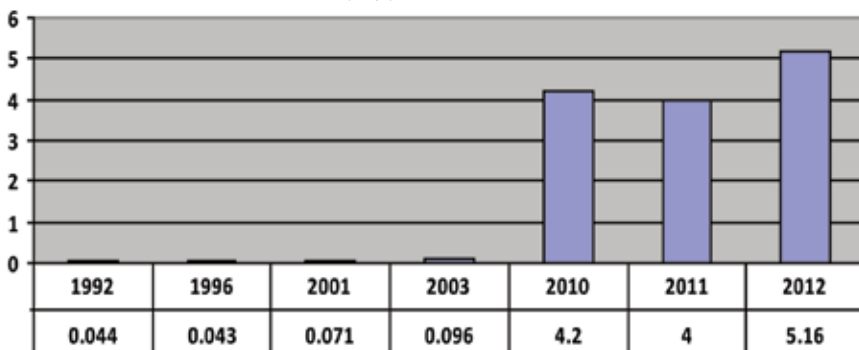


2003 it decreased to just \$ 9.7 million. In 2010 it crossed \$1.4 billion and next year it decreased to \$660 million. In 2012 the trade reached \$2 billion.⁴⁵

Kyrgyzstan

There is an irregular variation in trade between China and Kyrgyzstan in the post-Soviet period. The volume of bilateral trade from 1992-2003 rose from \$ 44million to \$ 96 million,⁴⁶ but is still at a low level. In 2008, for the first time in the history of Kyrgyzstan till date the trade mounted up to \$ 9.3 billion.⁴⁷ In 2010 it decreased to \$ 4.2 billion⁴⁸ and in 2012 it reached up to \$ 5.16 billion.

China-Kyrgyz Trade (Billion \$)⁴⁹

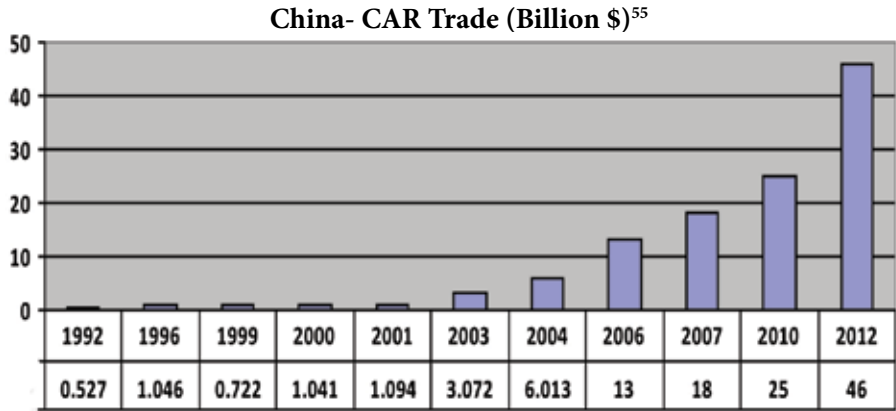


Chinese trade with Central Asian states is growing at a staggering rate. China has become a major, if not the leading, economic partner through natural resource extraction projects, investments in infrastructure, including roads and buildings and low interest loans. Over ten per cent of China's oil and gas imports now come from Central Asia. This has brought many benefits to Central Asian countries: their foreign currency reserves have increased; governments' finances have become more secure; and there has been a rise in investment and development which has long run benefits. The trade between China and all the central Asian States since 1992 is rapidly accelerating particularly after September 11. The combination of China's uninterrupted economic growth, rising energy needs and greater economic interaction with Central Asia explains the expansion of Chinese influence towards Central Asia, which Russia perceives as a geopolitical threat. Since 2009-2010 China has become the main trade partner of the Central Asian states, overtaking Russia and the EU. The overall trade with Central Asia in 1992 was just \$ 527 million⁵⁰ in 2005 it reached up to \$8.730.⁵¹ in 2006 and 2007 the trade reached up to \$13 billion and \$18 billion respectively⁵² in 2012 trade between China and Central Asia reached \$46billion.⁵³

China's Energy Policy

China's voracious energy thirst is causing it to undertake a global search for uninterrupted energy supplies to sustain its booming economy. Beijing has emerged itself into the complex Central Asian-Caspian chess board to ensure it as large share as possible of hydrocarbon resources. This complex political, economic and strategic manoeuvring forces China to deal with the Caspian's

five littoral states - Russia, Azerbaijan, Iran, Kazakhstan and Turkmenistan. Analysts estimate that within ten to fifteen years China will consume as much oil as the U.S. is consuming today and import about 75 percent of new global production.⁵⁴ Beijing's aggressive policies in the Central Asian-Caspian basin will make anxious both Russia and the U.S., which are themselves making their efforts for control over the oil-rich region. The only certainty is that China will make a determined effort to secure as much of the Caspian's exports as possible, as its future growth is critically dependent on continued access to reliable energy resources.



Iran is China's second-largest provider of oil from the Middle East after Saudi Arabia, and despite Washington's displeasure, Sinopec has been actively lobbying in Teheran for oilfield contracts. Though the Bush administration is trying to dissuade oil giant, a senior Sinopec official observed, "Sinopec is paying no attention to the U.S. request" and "will do its utmost to carry on its bidding for an exploitation project in an Iranian oilfield."⁵⁶ Beijing and Tehran have already signed a mega-gas deal in October 2004 of worth \$100 billion, known as the "deal of century". Moreover, other oil agreement is likely to increase by another \$50 billion to \$100 billion, bringing the total close to \$200 billion. This gas deal entails the annual export of some 10 million tons of Iranian liquefied natural gas (LNG) for a 25-year period, as well as the participation, by China's state oil company, in such projects as exploration and drilling, petrochemical and gas industries, pipelines, services and the like.⁵⁷ However, in order to fulfil the needs of its growing LNG market and to export the LNG Iran is currently investing several billion dollars for acquiring LNG-equipped fleets and vessels.

Chinese Energy Investment

While implementing the energy cooperation with Kazakhstan, the government of China provided all possible assistance and loans to support the construction of infrastructure and the improvement of the population's living conditions. Additionally, the Chinese government actively supports the financial, agricultural, and other non-energy sector cooperation between the two sides, and has signed many relevant legal documents with Kazakhstan about

energy cooperation. All these actions have been welcomed by Kazakhstan, and have played an important role in promoting energy cooperation between the two parties. China and Kazakhstan are each other's friendly neighbours, important strategic partners, and both are members of the Shanghai Cooperation Organization. Since the establishment of diplomatic relations, the two countries have maintained healthy and stable relations. They have settled a long-running territorial dispute, signed the "China-Kazakhstan Treaty of Good Neighbourliness, Friendship and Cooperation" and "China-Kazakhstan Cooperation Strategy in the 21st Century," and established an inter-governmental cooperation committee at the vice premier level, which is expected to be upgraded to the premier level.⁵⁸ In 1997, the major energy offer for China concluded when Kazakhstan and China agreed to a "project of the century," with Beijing promising to invest nearly \$11 billion in Kazakhstan's oil infrastructure and pipelines. Development, however, was slow, and it took until 2003 for China to begin making waves in the Kazakh oil sector, when the Chinese National Petroleum Company bought 100% of the shares in the Northern Buzachi fields (Mangistau region) from Chevron-Saudi consortium. Konstantin Syroezhkin, chief research fellow in Kazakhstan Institute of Strategic Studies in 2012 estimates that, "China's share in oil production in Kazakhstan amounts to around 25-27% and in gas production to 13-15% . . . these figures are . . . quite considerable, particularly if we keep in mind the areas Chinese companies are operating in the country and the fact that the oil and gas sector is the basis of Kazakhstan's economy and the main contributor of revenue to the budget"⁵⁹ Kazakhstan's President Nursultan Nazarbayev also declared that China accounts for some 25 percent of oil production in his country.⁶⁰

China's government has set high targets to develop its western Xinjiang region into an industrial hub, including \$100 billion of investment in 23 new infrastructure projects. Kazakhstan will be a key supplier for this huge scheme. The country's share of foreign trade in the Xinjiang region in 2008 reached 40 percent, giving the Central Asian nation unrivalled exposure to what is expected to be one of China's fastest-growing regions. For China, to develop Xinjiang means to prepare a ground to penetrate into energy rich Kazakhstan; to minimize the influence of Islamic Movement of Turkestan (IMT), to make an energy corridor with Central Asian state. Almost all Kazakhstan's exports to China are raw materials, and China overtook Italy as the country's leading export partner in 2010, accounting for 17.1 percent of all Kazakh exports. Oil and oil products made up 45 percent of exports in 2009. Mining products – ore, slag and ash – accounted for 16 percent; iron-based metals, 15 percent; copper and brassware, 13 percent; and chemicals, seven percent. Kazakhstan's share of imports varies from 10 percent to 60 percent of total Chinese imports across different product types. Large-scale investment in Kazakhstan appears to be part of China's global strategy to secure energy sources for its growing economy. China National Petroleum Corporation (CNPC), the state energy company, is the largest corporate investor in Kazakhstan, with investments amounting to around \$7 billion to date. Total Chinese investment over 1991-2010 reached \$13.5 billion, with the majority directed to the energy sector and energy-related services. Part of this funding was provided in the form of loans

and credits, giving China access to Kazakhstan's mineral resource base.⁶¹ In China signed up to construct a 1,000km high-speed rail line which will see trains carry around five million passengers per year between the capital Astana and economic center Almaty at speeds of up to 350km/h. The project, which China's vice premier labeled "a new highlight of cooperation", is forecast to be completed by 2015.⁶² In terms of economy, the energy cooperation between the two countries is progressing in an orderly manner. The China-Kazakhstan oil and natural gas pipeline projects have successively been completed and put into operation. The cooperation in non-energy sectors is also expanding and the implementation of a series of major economic and trade projects is underway.

However, it is in Kazakhstan that Chinese energy interests have been the long lasting and the most potentially profitable. In September 1997, China signed a major \$9.5 billion oil agreement with Kazakhstan. This contract was structured into three divisions: (i) the rehabilitation of the Uzen oil fields with an estimated cost of \$4.38 billion; (ii) the rehabilitation of the Aktubinsk oil field, \$1.1 billion; and (iii) the construction of the 3000 km. oil pipeline to China at \$3.5 billion. Accordingly, in June 1997, the China National Petroleum Company (CNPC), outbidding western firms, won a 60% share of the Zhanazhol and Kenkiyak oil fields in the Akyubinsk region of north-west Kazakhstan.⁶³

Sinopec has signed a MOU for a 90 percent stake in two Caspian blocks currently controlled by Kazakhstan's state-owned oil and gas company KazMunaiGaz, with estimated hydrocarbon reserves of around 700 million tons. China has already planned to construct 1,800 mile-long, \$3 billion pipeline to carry a minimum of 20 million tons of oil annually. The first 279-mile section of the pipeline sector between Atyrau and Keniyak was largely finished in 2002. The second 807-mile phase stretches between Atasu and the Chinese border Druzhba-Alashankou railroad terminus. Negotiations are underway about the precise route of the third and final section of the Kazakhstan-China pipeline. China National Petroleum Corporation (CNPC) and Kazakhstan's KazMunaiGaz are constructing the pipeline.⁶⁴ In future, this pipeline may be connected with the pipeline grids of Russia and Iran, creating the "Pan-Asian Global Energy Bridge". Apart from these projects, China itself is prospecting for oil and natural gas in the Tarim basin in Xinjiang, and constructing a 2,600 mile long East-West oil and gas pipeline which may cost as much as \$18 billion. By 2005, these pipelines will supply up to 25 million tons of oil and 25 billion cubic meters of gas to Eastern China.⁶⁵

Today, China is one of the biggest investor in Uzbekistan's economy. Suffice it to say that that Chinese investments implemented in Uzbekistan are more than \$ 6.5 billion and a total of \$20 billion on several agreements and contracts was concluded in 2012.⁶⁶ Since 2002 China has invested in 83 investment projects more than \$6 billion in the Uzbek economy.⁶⁷ The oil industry is central to Chinese economic interests in Uzbekistan. Chinese companies are already working out details of carrying out such investment plans. Sinopec Corporation intends to invest \$106 million in prospecting works and put back into operation oil deposits being exploited for long-term use in Uzbekistan within five years. The *uzbekneftgaz* National Holding Company (NHC) AND

Sinopec signed this agreement on 18 July 2005. It will also involve the creation of a joint venture between Uzbekneftegaz and the Dong Sheng Company, a subsidiary of Sinopec. Chinese investments in the Uzbek oil sector are expected to reach \$600 million in the longer term.⁶⁸

China has also invested in Turkmenistan whose geographical isolation and mercurial leadership have largely thwarted foreign attempts to exploit the country's energy reserves. China, like every other oil and natural gas consumer, is drawn by the country's estimated 45.44 billion tons of oil and gas reserves. To build infrastructure and increase production of gas which requires massive investment, the Chinese ambassador signed agreements with the Turkmen Deputy Prime Minister Yelly Gurbanmuradov to provide a \$1.8 million grant and \$3.6 million worth of interest-free loans used to buy equipment and parts for Turkmenistan's gas industry. At present, Iran is constructing a terminal for Turkmen liquefied gas exports at Kiyany on the Caspian basin. The \$9.15 million terminal will be completed in 2005. The Turkmen Statistics and Information Institute reported that Turkmenistan produced 295,200 tons of LNG in 2003, over half of which was exported. On June 25, 2009, China's Development Bank concluded a \$4 billion loan to the Turkmen national gas company Turkmengaz with the aim to finance the exploration and development of one of the world's largest natural gas fields, the South Yolotan and build a gas pipeline between Turkmenistan and China. In all China has invested in 37 Turkmen enterprises as well as 66 investment projects totaling \$4.5 billion⁶⁹

Tajikistan that experienced Civil War soon after Independence (1992-1997) is the poorest of the five Central Asian countries, but strategically important given the long border with the Xinjiang region, China has developed roads, for example the Dushanbe-Chanak highway, power lines, and hydropower plants⁷⁰ and many more. China is also a vital source economic development for Tajikistan. In 2004 Tajikistan received \$600 million of a \$900 million development loans package China offered to SCO members (Kyrgyzstan received the other \$300 million.⁷¹ In June 2012, it was announced that ten new deals signed by the Tajik president in Beijing "would bring Tajikistan about USD 1bn in new Chinese investment, loans and aid" As a sign of the growing importance that China attaches to its relations with Tajikistan, on 20 May 2013, President Xi and Tajik President Emomali Rakhmon signed a joint announcement to establish a strategic partnership aimed at boosting bilateral cooperation between the two countries.⁷²

Kyrgyzstan is strategically located at the intersection of geopolitical interests of China in Central Asia and a crucial port of entry for oil from Turkmenistan and Uzbekistan, to China. Chinese companies are developing infrastructure, including important road networks and power lines in Kyrgyzstan. A major railway connection linking China with Kyrgyzstan's southern provinces and Uzbekistan is also under discussion. In July 2013, Chinese Foreign Minister Wang Yi said that China would continue to provide Kyrgyzstan with "all kinds of support" for Kyrgyz infrastructure projects. In September 2013, China-Kyrgyzstan relations were upgraded to a strategic partnership level. In the last two decades, trade with China has grown enormously and China has become Kyrgyzstan's second-largest trade partner, behind Russia.⁷³ In the words of a former Kyrgyz cabinet minister, "every small business in Kyrgyzstan is reliant

on trade with China.

Thus, as China continues its impressive economic growth, access to natural resources and raw materials is becoming increasingly vital, and will feature more prominently on the policy agenda of the decision makers in Beijing. If China seeks to maintain its economic growth rate of 1985-2000, it will face a major raw materials shortage and will be forced to focus more on Central Asian-Caspian region as a source of major energy resources. This is likely to lead to growing economic and political involvement in Russia as well. Moreover, the race for exploitation of hydrocarbon resources, capital investment to develop infrastructure, and facilitating transportation corridor are likely to put Chinese energy corporations into competition with their Japanese and Korean counterparts. But the ability of Central Asian governments and trans-national corporations to work cooperatively to develop resources and operate energy markets will greatly influence the pace of economic and trade development in Central Asia in near future.

After analysing the aforementioned facts and figures, it can be safely concluded that by the collapse of the Soviet Union, the emergence of the Central Asian states created new geo-strategic imperatives for China for reshaping its policy towards the region. As a result, China has constantly maintained its presence and accorded high priority in Central Asia. After developing bilateral military and security relations and solving out border disputes through various confidence building measures with Central Asian states and Russia, China is trying for multilateral regional cooperation within the framework of SCO. At the moment, China occupies an extremely modest place within the trade and economic structure of Central Asia. It has also tried for hydro-carbon resources in Central Asia through joint exploration programmes. But China can't surpass Russia and United States. Central Asian states are still dependent on Russia not for trade and energy supplies but also for arms, military training and security of the local regimes from threats both internal and external. Russian border troops patrol Kazakhstan's and Kyrgyzstan's border with China and Turkmenistan border with Iran. The entire southern border of Tajikistan with Afghanistan till recently was guarded by 201st Motorised Infantry Division of Russia. After 9/11, the ongoing dynamics of change in Central Asia's geo-strategic environment has direct repercussions on China's security as well. The deepening of US political, economic and military roles across the region—including the setting up of military bases in Afghanistan, Central Asia and Pakistan, have expanded US involvement in the region. Hence, China is seeking to balance it through close strategic cooperation with Russia. Moreover, the geo-political stability in Central Asia has not only a direct impact on China's economic interests in the region, but also has implications on the ongoing separatist movements in Xinjiang autonomous region. It is in China's interest to be an influential player in the emerging security alignments and must not only sustain its current diplomatic thrust in the region but reinvigorate it to a far higher level. Although, China is working towards achieving a long-term project of securing the periphery through steadily growing interactions with the Central Asian states, but after the Iraq War the geo-strategic developments in the region are far more conducive for its active engagement based upon the *Panchsheel* (Five Principles of Peaceful Coexistence).

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