

# CHINA'S POLICY IN CENTRAL EURASIA: SPECIFICS AND PROSPECTS

## CHINA'S CENTRAL ASIAN POLICY (Based on Chinese Sources)

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The Soviet Union and the socialist camp which have disappeared from the maps, the readjusted balance of global forces, and the five new independent states on China's western borders forced the PRC to change its foreign policy priorities. This should be done first in relation to Central Asia as a vitally important neighboring region on which China's political and economic security primarily depends. This explains Beijing's keen interest in Central Asian developments and its active efforts to spread its

influence there. The PRC has become an important actor with a lot of political, economic, and cultural clout.

As soon as the Soviet Union left the scene, the Chinese government recognized the independence of the Central Asian states, established diplomatic relations with them, set up scientific centers in Beijing, Shanghai, Lanzhou, Urumqi, and elsewhere, and mobilized enough scholars to study the region in depth and in detail.

### China's Attitude to Post-Soviet Central Asia

In was back in 1984-1986, when the economic reform launched in 1978 yielded fairly good results, that China busied itself with formulating conceptual approaches to the world developments. Since that

time on, the press and the country's leaders have been insisting on the multipolar nature of the world's political environment. This approach was first officially formulated in May 1988 by the then Foreign Minister of China Qian Qichen (since 1998, deputy premier).<sup>1</sup> China's Central Asian policy formulated in the wake of the Soviet Union's disintegration has been described in detail in Chinese publications based on the fundamental studies of the region, namely *Zhongya yanjiu* (Central Asian Studies, Lanzhou, 1995), *Zhongguo he xin dili de Zhongya guojia guanxi* (China's Relations with the Newly Independent Central Asian States, Harbin, 1996), *Zhongya wuguo gaikuang* (General Situation in the Five Central Asian States, Urumqi, 1997), *Zhongya guoji guanxi shi* (History of International Relations in Central Asia, Changsha, 1997), *Zhongguo 1997—1997qianhou di zhengzhi jingji fenxi yu yuce* (China 1997: Political-Economic Analysis of the Period Before and Forecasts for the Period After 1997, Beijing, 1997), *Zhongguo yu Zhongya* (The PRC and Central Asia, Beijing, 1999), *Zhongya geju yu diqu anquan* (Situation in Central Asia and Regional Security, Beijing, 2001), *Zhongya wuguo shigang* (Concise History of the Five Central Asian States, Beijing, 2002), *Shanghai hezuo zuzhi—xin anquan guang yu xin jizhi* (The Shanghai Cooperation Organization—New Thinking and a New Security Mechanism, Beijing, 2002), “*Zhoubian diqu minzu zongjiao ” wenti toushi* (A Glance at the Ethnic and Religious Problems of Neighboring Regions, Beijing, 2002), *Zhongya di diyuan zhengzhi wenhua* (Geopolitics and Culture of Central Asia, Urumqi, 2003), etc.

According to these publications Beijing took the following positive and negative factors into account when formulating its Central Asian policy.

The **positive** factors:

- The changed foundations of the political and economic relations between China and Russia;
- The transformation of the formerly Soviet border regions into a buffer zone of several states;
- The disappearance of military pressure on China that took shape under the czars and continued under Soviet power;
- The appearance of a vast market for Chinese products and the possibility of using the natural resources of Central Asia's independent states;
- The region's openness to China and the rest of the world when Russia lost its monopoly in these republics;
- The possibility of building another “railway bridge” between China and Europe to rid the former of its dependence on transit of European raw materials and Chinese export across Russia;
- The transformation of Central Asia into a politically and economically favorable corridor to Europe, South Asia, and the Middle East;
- The possibility of reducing the length of the border between China and Russia to a minimum;
- The appearance of a buffer zone formed by small, disunited, and therefore non-threatening states: Mongolia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan;
- The creation of favorable conditions for making large investments in XUAR.

There were also **negative** factors:

- The Central Asian states are populated by nationalities, whose diasporas live in China;

<sup>1</sup> See: O.L. Ostroukhov, “Vneshniaia politika Kitaia v gody reform i perspektivy ee razvitiia,” *Mirovaia ekonomika i mezhdunarodnye otnosheniia*, No. 3, 1999, p. 9.

- After acquiring their sovereignty, these states developed national self-awareness; nationalism based on national self-awareness strongly affects the sentiments of those who live in XUAR and other western regions of China;
- The Chinese leaders have to isolate the population of XUAR and other ethnic regions of China from kindred Central Asian nations to prevent the spread of separatist ideas;
- The post-Soviet political situation forced China to negotiate with the Central Asian republics to achieve stability in China's western regions, as well as to ensure timely interception of separatist activities of ethnic groups;
- The emergence in Central Asia of the threat of proliferation of the ideas of Islamic fundamentalism and unity of the Turkic peoples (pan-Turkism) that forced China to support the region's states to prevent the intensification of these dangerous trends;
- China, Russia, and the West share a common anti-fundamentalist position, but in its struggle against pan-Turkism China can cooperate only with Russia and Iran; the need to draw the Central Asian countries into these efforts has led to a new problem;
- Contacts between the Central Asian states and Taiwan should be prevented;
- The Central Asian peoples that have emerged as independent political forces might unite into a new alliance of Turkic peoples (history knows of such developments), which China should avoid at all costs;
- Central Asia has the possibility of producing nuclear weapons; if an alliance of Turkic-speaking states becomes a reality, or if religious fundamentalists come to power, China will find itself face to face with a serious threat. To avoid this, China must accept Russia's control in the region;
- Today Beijing has to protect XUAR more zealously than ever against the ideas of separatism, fundamentalism, and pan-Turkism by fortifying its borders and inviting the neighboring states to work together to settle the problem;
- Central Asia has become a region where the major powers are competing for their geostrategic and geopolitical interests; so far, China is not ready to join the rivalry;
- The United States regards Central Asia as a strategically important area; it will not hesitate to include it in its sphere of influence. This means that its growing influence will create greater dangers for China, therefore the latter must ally with Russia to oppose this process.

After comparing the pros and cons of Central Asia's impact on China, Beijing concluded that the new political and economic situation in the region is largely favorable. It formulated the following tasks:

- (1) Adjusting to the new geopolitical and geo-economic situation, pursuance of a scientifically substantiated and flexible foreign policy course in Central Asia;
- (2) Specifying the borders with the newly independent states, taking due account of the present geopolitical conditions and registering the delimited borders according to international law;
- (3) Establishing stronger confidence among the Central Asian nations: China should clearly demonstrate that it is not seeking monopoly or special privileges; it does not intend to compete with the countries already present in the region or which will be present in the future;

- (4) Convincing the governments of the newly independent states that closer ties with China should be treated as a priority. China should create conditions conducive to full-scale political and economic cooperation;
- (5) Preventing Central Asia's negative influence on China and the possible monopoly of third countries.

Xing Guangcheng has pointed out that the Central Asian states are tied to Russia economically, which allows it to control the region and the stability in it. So far, the local countries have not yet acquired an adequate material-technical and military base, while their borders are in actual fact guarded by Russians. Moscow is convinced that by guarding Central Asia's external borders it is protecting its own security. China does not want to see Russia's previous monopoly restored in the region, but it is convinced that it can be limited and that an alliance with Moscow against America's growing influence, the appearance of regional nuclear powers and a union of Turkic-speaking nations is possible. The events in Tajikistan confirm that Russia's temporary presence in the region has so far been inevitable.

Chinese scholars believe that China will be able to cement its position in Central Asia if the region is reliably protected against great power encroachments. They describe the region as a strategically important territory between Russia and China and conclude that the latter's obvious consolidation there might arouse Moscow's displeasure. Therefore, writes Xing Guangcheng, to remove the danger produced by the geopolitical situation, Beijing should seek an agreement with Russia and other interested states, on the one hand, and call on the Central Asian states to take China's interests into account and drop all efforts to support separatist movements in western China, on the other.<sup>2</sup>

The authors of *Zhongguo yu Zhongya* write that political stability in Central Asia will not only promote its sustainable economic growth, but also become an important factor of Central Asian security.<sup>3</sup> On the other hand, some of the region's specifics might make it hard to revive its economy. The authors point to the following:

- Even though the region is rich in natural resources, it is divided into several states, each of which has its own specifics and possibilities. This makes it harder for them to integrate, as well as to combat their economic backwardness;
- As a predominantly Muslim region, Central Asia is open to Islamic influences and all sorts of religious trends;
- The region has been and remains multi-ethnic, which means that it is not free from ethnic contradictions that might be exploited by hostile forces;
- Different interests of the local states breed rivalry among their leaders; so far they have proved unable to put regional interests above national, which makes integration difficult;
- The region depends to a certain extent on extra-regional forces and neighbors.

The Chinese analysts have concluded that in view of the above, China does not want Central Asia to become Russia's backyard (*houyuan*). It does not want the U.S. to use the region as a containment instrument against China either. From this it follows that Beijing would prefer to see the region absolutely free from the leading powers' influence; it would rather use it to fortify its own position there. It would be logical to ask: What will happen to Central Asia, if China, with its huge demographic, military-political, and economic potential, strengthens its position beyond certain limits (especially if headed by ambitious leaders)? Any answer requires profound substantiation. Today, neither the

<sup>2</sup> See: Xing Guangcheng, *Zhongguo he xin dili de Zhongya guojia guanxi*, Harbin, 1996, p. 98.

<sup>3</sup> See: *Zhongguo yu Zhongya*, Beijing, 1999, pp. 135-140.

Chinese academic community, nor anyone else can guarantee that such leaders will never come to power in China. Aware of such apprehensions, *Zhongguo yu Zhongya*'s authors insist that China should first of all convince Central Asia that it may trust Chinese aims as a firm foundation for their future cooperation. To achieve this, the authors suggest:

- The Central Asian countries should be obligated to side with China on the Taiwan issue and to establish partnership in the security sphere;
- They should be drawn into a joint struggle against separatism and into joint efforts to build a solid foundation for future cooperation;
- China and the Central Asian countries should act together on the international scene to protect peace and insist on fair play;
- Modernization of the Great Silk Route should raise the interest in it among the Central Asian countries.<sup>4</sup>

When dealing with China's future policy in Central Asia, Chinese authors invariably point out that the region's countries are too young to have enough foreign policy experience. This makes them vulnerable to outside pressure. In the future, the region will not develop into a sphere of influence of one international force; it will preserve its foreign policy independence and will develop into a single organism. In view of this, China regards Central Asia as an independent and rapidly strengthening political pole. It maintains close ties with all the local countries and encourages their participation in cooperation on the Asian continent.

More than that, Beijing is aware of the region's role of a crossroads of political, economic, and cultural West-East contacts. Its destruction, instability, or domestic disturbances will threaten future cooperation among the Eurasian countries, in which China is especially interested. This explains its readiness to side with any initiative designed to preserve Central Asian stability.<sup>5</sup>

There is the opinion in Chinese academic circles that independence of the Central Asian states is guaranteed by the absence of monopoly of any power. Sun Zhuangzhi, in particular, has written: "Too often the region's independence and progress depended on the might of the large neighbors and their relations with the Central Asian countries. If any of the large states acquires absolute monopoly in the region it may lose its independence."<sup>6</sup> He believes, therefore, that the republics of Central Asia should strengthen their ties with the developed states and influential international organizations, while retaining contacts inside the region.

In 2002-2003, the following collections of articles appeared in Beijing: *Quanqiu minzu wenti da jujiao* (The Globe's Most Painful Ethnic Issues) and *Shijie zongjiao wenti da jujiao* (The Most Painful Issues of the World's Religious Problems). They describe Central Asia as a zone of growing influence of pan-Islamism and pan-Turkism that might threaten China. The above-mentioned works treat pan-Turkism similarly.<sup>7</sup>

Their analysis reveals that the authors are mainly concerned with protecting China's interests and strengthening its position in the region; they are obviously not interested in developing industrial production, extending large long-term credits to promote the local countries' industrial advance,

<sup>4</sup> See: *Zhongguo yu Zhongya*, pp. 135-140, 152, 155-170, 209-212.

<sup>5</sup> See: *Ibid.*, pp. 39, 84-85, 151-152.

<sup>6</sup> *Ibid.*, p. 39.

<sup>7</sup> See: Xu Tao, "Fan tujue zhuyi xichao lishi fengxi" (Historical Analysis of the Ideas of Pan-Turkism), in: *Shize zungjiao wenti ds jujiao*, Beijing, 2002, pp. 90-110; Xing Guangcheng, "Zhongguo he Zhongya guojia: xin guanxi," *Dongou Zhongya yanjiu* (Research on Eastern Europe and Central Asia), No. 1, 1996, pp. 58-64; *idem*, *Zhongguo he xin duli de Zhongya guojia guanxi*, p. 101; *1998 nian Zhongguo jingji xingshi fengxi yu yuce* (Analysis and Forecasting of the PRC Economic Situation for 1998), Beijing, 1999, pp. 101-102; 139-140.

increasing their export potential and hard currency revenue, or alleviating unemployment. Everything what the Chinese businessmen are doing by setting up JVs and investing money in them speaks of their obvious reluctance to invest large sums, even though China has vast investment potential. The SCO is also keeping silent on investment issues and expanding the local production of consumer goods. This suggests that China is not yet ready to extend large-scale economic assistance to the Central Asian countries.

## China's Economic Policy in Central Asia

All the Chinese leaders never failed to point out during their visits to Central Asian countries that China treats economic relations with them as a priority. The Chinese works mentioned above pay at lot of attention to this. Indeed, China's need for energy resources is growing, which means that the region's hydrocarbons widely discussed by the media all over the world are of prime importance to China.

At the same time, the economy is not the most important and not the only direction of China's foreign policy strategy. The PRC is taking all the external factors into account, particularly the Russian factor, for the simple reason that the local economies are closely related to Russia. Today China has no intention of confronting Russia or any other country on the Central Asian markets; it will not oppose Russia's interests unless its presence threatens China's security in the region. The same applies to any preferences of any Central Asian country within the CIS or on the international scene.<sup>8</sup>

The following Central Asian economic factors might prove important for China:

1. The territory serves as a transit for economic ties between China and Europe, South Asia, and the Middle East.
2. Central Asia is rich in natural resources: oil, gas, gold, uranium, cotton, etc; this attracts international forces and boosts its economic importance.
3. The newly independent states turned the region into a vacant and easily accessible market for Chinese commodities and a source of cheaper raw materials. Land transport communications offered more advantageous conditions for Chinese exports.
4. The sovereign Central Asian countries can now establish direct ties with the APR. Some of them (Japan and South Korea) have come to the fore. In these conditions, China, connected with Central Asia by a railway and highways, has become the most convenient and reliable link between Central Asia and the APR, which earns it additional money.
5. The region needs Chinese consumer goods.

The PRC demonstrates a specific pattern of economic revival, in which the state preserves public property as the country's economic basis. The newly independent states have shown a lot of interest in the Chinese experience of economic reforms. At the same time, they looked at China for support of their developing economies. This put China in the most advantageous position.<sup>9</sup>

After recognizing the independence of the Central Asian countries and establishing diplomatic relations with them, China signed a large number of treaties that serve as the foundation of economic ties; it opened airlines and simplified the visa regime for its and foreign nationals. Wholesale markets

<sup>8</sup> See: Xing Guangcheng, *Zhongguo he xin dili de Zhongya guojia guanxi*, pp. 95-96, 300.

<sup>9</sup> See: *Ibid.*, pp. 152-158.

were opened in Beijing and several border towns, customs dues for exported Chinese commodities and imported raw materials were either lowered or annulled, transportation services for export goods were established; much was done to repair and modernize highways and delivery means. The VAT return system has been operating in the export of goods by intermediaries since 1985.<sup>10</sup> Many of the public and private producing companies acquired the right to export their products to Central Asia themselves. They got all or part of the paid taxes back depending on the share of exported products. For example, those that exported over 50 or 80 percent of their products retrieved half or the entire sum of the taxes paid. The producers could import raw materials or equipment on easy terms or free of charge.

This yielded good results: the country not only increased its export; the system allowed many small businesses, private businesses included, to export their goods. According to certain Chinese analysts, the strategic aspect of China's economic policy in Central Asia is moving ahead and shows good results, its tactics being readjusted according to the situation. Xing Guangcheng has written, in particular: "On the whole, the Chinese government has been pursuing a correct policy in Central Asia; it achieved good results; yet many of its specific elements deserve criticism."<sup>11</sup>

He goes on enumerating the failures:

- It is wrongly believed in China that the Central Asian markets are undeveloped; many of those who trade there proceed from the assumption that "what is bought can be sold" and export low-quality goods in pursuance of quick incomes to the detriment of the country's image;
- For the same reason, some of the local administrators failed to stem the export of low-quality goods that undermined the prestige of Chinese products;
- There is the opinion that economic cooperation with the region's neighbors is possible mainly through China's western least developed areas;
- China miscalculated its competitiveness in the use of the region's natural riches and hoped to boost it by setting up production and processing JVs.

It is commonly believed in China that development of the Central Asian markets requires more profound knowledge of their specifics, historical, political, and economic factors. It should think about long-term perspectives rather than short-term advantages, and export better goods that are welcomed on the local markets or set up modern enterprises in western border regions of China. Xing Guangcheng has written in this respect: "In the short-term perspective, the export of low-quality goods has generated good incomes for certain enterprises. From the point of view of China's long-term economic cooperation with the region, this created serious difficulties."<sup>12</sup>

The Chinese leaders recognized the blunders and took measures to remedy the situation. This is indirectly confirmed by the Chinese academic community's enhanced interest in the economies of the Central Asian countries, testified by the above-mentioned publications. There is any number of works dealing with the specific aspects of the Central Asian countries' economies; post-graduate students and trainees from China visited Central Asian scientific centers.

All the Chinese authors agree that the local markets should be developed more actively; the business community agrees with this. There is every reason to believe, therefore, that today China is busy readjusting its economic policies in the Central Asian countries.

An analysis of what Chinese businessmen are doing in Central Asia shows that China is concentrating on short-term investments in the local economies and fast payback. Since China was not con-

<sup>10</sup> See: *Renmin ribao*, 25 September, 1998.

<sup>11</sup> Xing Guangcheng, *Zhongguo he xin dili de Zhongya guojia guanxi*, pp. 152-153.

<sup>12</sup> *Ibid.*, p. 145.



cerned with developing local export-oriented industries and alleviating unemployment, the JVs became tools for selling Chinese commodities in Central Asia. They skillfully used the privileges extended to such ventures. The Chinese never tried to develop their enterprises by means of locally produced profits, so many of the JVs died young; it should be said in all justice, however, that they never lost money. In Uzbekistan, for example, the first Tashkent JV with China produced thermos flasks; in twelve months it repaid the original investments. In 1992-1993, the Xinjiang Thermos Flask Company, which founded the JV, reached a 240-million-yuan trade turnover (about \$30 million) and paid 19 million yuan (about \$2.3 million) in customs dues.<sup>13</sup>

Those Chinese companies that worked with shop tourists from Central Asia showed very good results: they not only earned good money, but also created a market for low-quality products of medium and small Chinese businesses. The state consistently supported these categories of businesses: they had no limitations and enjoyed tax privileges.

The authors of the works mentioned above have identified the following principles in the country's Central Asian policy as the main ones:

- Economic contacts based on market principles, which presupposed mutual benefits and an export-import balance;
- diverse cooperation forms, mutual settlements through banks, permission to all Central Asian countries to maintain trade and economic ties with all the Chinese provinces and cities;
- economic cooperation with the region adjusted to market demands and the possibility of complete as possible use of means and raw materials;
- consistent improvement of transportation conditions and highways;
- minimal financial material support of the local states as a token of friendship;
- multisided cooperation without claiming wider spheres of Chinese economic influence in the region.

Chinese political scientists seem to be convinced that by following these principles the PRC government is encouraging economic cooperation with the Central Asian states by offering favorable conditions and privileges, allowing private companies to be involved in export operations, and encouraging direct investments by large and medium companies.

Everyday practices of trade and economic cooperation between Central Asia and China demonstrate that the local market is still flooded with low-quality goods and that Chinese businessmen are reluctant to invest into export-oriented production. This is probably explained by the widespread fears that in the future developed local industries will squeeze Chinese products from the market.

The authors of *Zhongguo yu Zhongya* agree that Chinese companies are not enthusiastic about making large investments in Central Asian economies. They explain their passivity by the absence of state guarantees and the frequent amendments of the laws and Cabinet decisions, which are not strictly followed. On top of this, some of the Central Asian countries do not offer the possibility of drawing timely profit by the investors; and there are disparities in Central Asian and Chinese interpretations of how the market economy works.

Chinese experts believe that Central Asia is gradually revealing its specifics in its foreign economic policy. Its role does not depend on its own energy alone—it depends on the degree of cooperation with the rest of the world. Central Asia is moving closer to the southern part of the Muslim world, which might increase tension in the West and even infringe on its interests in the region. Closer contacts with Russia will make it harder for the U.S.-headed West to penetrate Central Asia

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<sup>13</sup> See: *Ibid.*, p. 134.



and will damage its economic interests. If Central Asia moves toward the West, Russia's interests will suffer.<sup>14</sup> The above suggests that balanced foreign economic ties are an important goal that is hard to achieve.

## The SCO: A New Mechanism of China's Increased Influence in Central Asia

Russia, China, and the Central Asian states share the strategic task of establishing a sustainable security system in the Central Asian region that will allow them to channel regional developments along preferred geopolitical channels.

In this context, the SCO should play the key role in dealing not only with regional political, economic, and ecological issues, but also with realizing their geopolitical interests in Central Asia. In any case, the SCO Central Asian members expect that it will cope with this task and justify their confidence in it. Meanwhile, this depends, among other things, on the geopolitical interests of Russia, China, America, and the European Union, as well the relations between the military-political and economic might of the first two countries.

The Chinese publications of 2002-2003 wrote that the SCO is trying to develop contacts with other states and international organizations: "The SCO is turning into an effective mechanism of regional security and stability."<sup>15</sup> The collective work *Shanghai hezuo zuzhi xin anquan guang yu xin jizhi* (The Shanghai Cooperation Organization—New Thinking and a New Security Mechanism) describes the SCO as the most respected international organization of cooperation and security in Central Asia with good prospects,<sup>16</sup> even though the "regional security" concept is multilateral. It includes encouraging local industries coupled with protection of the natural environment and new jobs and higher incomes for the local people. So far, China has not demonstrated any particular activity in these respects. In fact, the cheap Chinese consumer goods that have flooded the local markets are crippling local production. Under such conditions it is difficult to talk about the SCO's security potential.

Whether it will develop into the organization it claims to be depends on many internal and external factors. The SCO is the heir to the Shanghai Five, which united the countries that border on China. It was set up to settle the border issues inherited from the Soviet Union and encourage transborder trade. Uzbekistan, which does not share a border with China, was left outside the structure.

The new situation in the world and Central Asia forced the Almaty and Bishkek summits of the Shanghai Five (on 3 July and 24 August, 1998) to discuss the region's security, cooperation, and joint struggle against terrorism, religious extremism, separatism, and illegal trade in arms and drugs. By that time, Afghanistan had developed into a center of international drug trafficking and an al-Qa'eda base (which relied on the Taliban) that threatened not only Uzbekistan (very much worried by these developments), but also the entire region. Uzbekistan displayed its interest in the Shanghai Five, while the new situation urged all the international organizations, the Shanghai Five included, to pool forces to prevent the proliferation of terrorism and religious

<sup>14</sup> See: R.M. Alimov, *Tsentral'naia Azia: obshchmost interesov*, Tashkent, 2005, pp. 104-106, 127-130, 150.

<sup>15</sup> *Guoji zhanlue yu anquan xingshi pinggu 2002/2003* (Analysis and Forecasting of the State of International Strategy and Security), Beijing, 2003, p. 151.

<sup>16</sup> See: *Ibid.*, pp. 168-232.

extremism.<sup>17</sup> Uzbekistan joined the structure at its sixth summit (14-15 June, 2001), after which the organization acquired a new name—the Shanghai Cooperation Organization (SCO).

Today, the Central Asian countries are rapidly developing, albeit at different paces and under different conditions. All of them, however, need the support and understanding of the more developed countries. The domestic Central Asian markets have been filled with foreign consumer goods—today they need money, high technologies, and equipment to revive the local industries and increase their export. Any attempt at “import expansion” into the region might cripple the Central Asian economies and production, which will have a negative impact on the labor market and the local people’s purchasing power. Only the import-export balance can promote industrial growth. Under these conditions, the SCO should not only become the mechanism for regulating the process, but also cut short the ambitious plans of certain countries. Life has shown, however, that to successfully address its own social and economic problems, Beijing is building up production and increasing its export. This negatively affects not only regional, but also European industries. If continued this practice will hardly add stability.

There are other problems in Central Asia that should be addressed for the sake of greater stability: rational use of natural resources (including the transnational water arteries), better land transportation routes, unified tariffs on transit railway and highway transfers, better ecological conditions, etc. By the end of the 20th century, the joint railways of Turkmenistan and Iran created the second so-called “intercontinental bridge” that connected Europe with China via Kazakhstan, Uzbekistan, Turkmenistan, and Iran. Today, when the Turfan-Kashgar railway has been completed, it became possible to build an even shorter “bridge” between Kashgar and Osh. If resolved within the SCO and with its assistance, this will promote regional integration and strengthen regional security.

A common regional economic expanse, greater confidence, and cooperation among the Central Asian states are indispensable for their independence and security. Recently, the SCO has shouldered the task of ensuring regional security.<sup>18</sup> The issues mentioned above coincided with SCO priorities. This means that it can be used for strengthening and deepening Central Asian integration indispensable for the local states’ progress.

Today terrorism, religious extremism, and illegal trade in arms and drugs have become an interconnected and global phenomenon, which means that the SCO alone will not be able to defeat them. This task calls for concerted efforts of all the international organizations and interested states (the United States, Japan, and the EU members in particular). This cooperation demands that the large powers seek at least shared interests in Central Asia. The West (the U.S. in particular), Japan, and South Korea have already shown their heightened interest in Central Asia, which is creating a new context in which the future of the region’s multisided development depends on whether geopolitical pluralism can be formed and the region’s openness to the world preserved.

Today, the rivaling group includes Russia, China, and the West (the U.S.). The first two are operating together within the SCO, even though they have different ideas about the security issue. The past suggests that the union will not be long-lived. As distinct from Russia, China has a vast population crowding in a relatively small area, which means that the different conditions in Russia are of an objective nature.

Overpopulation in China affected its foreign policy at all times in the past. So far it is hard to predict what will happen if China and Russia develop different ideas about regional policy, the

<sup>17</sup> See: “‘Shanghaiskaia piaterka’: vstrecha v Dushanbe,” *Narodnoe slovo*, 4 July, 2000; “Tsentral’no-aziatskoe agentstvo politicheskikh issledovaniy: kommentariy k vtorzheniu islamskikh ekstremistov v Kyrgyzstan,” *Saiasat* (Kazakhstan), June-July 2000.

<sup>18</sup> See: *Shanghai hezuo zuzhi—xin anquan guang yu xin jizhi*, Beijing, 2002, pp. 303-311.

economy, and energy, or if the balance of forces tips in favor of China at the regional or international level.

According to Russian experts, their Chinese colleagues are convinced that China has become a global power and is actively involved in worldwide decision-making together with the United States (this applies first and foremost to the continued global stability and order issue). In view of this, China is readjusting its policy in relation to Russia, the EU, and other countries. China regards the United States as its “strategic rival,” “potential opponent,” and “probable strategic partner,” while Russia has been given the role of ally in the Chinese-American rivalry. Chinese academics insist that despite its vast economic and military potential, China does not want to extend its territory and does not claim a civilizational mission.<sup>19</sup> In Central Asia, these statements are fully trusted.

Meanwhile, Chinese goods have reached every nook and corner of the world; the number of Chinese emigrants is growing in every country, which means that China should maintain friendly relations with all the states and stay away from conflicts.

There is a widely accepted opinion that economic rivalry between America and China is accelerating. By 2020, China might outstrip the U.S. in terms of GDP volume (which in recent years has demonstrated a steady annual growth of 8.5-9.1 percent). In 2006, its GDP was \$2.65 trillion; the GDP increased by 10.7 percent.<sup>20</sup> If continued, in 2008 this pace will move China to third place in the world; it will outstrip Germany and will have only America and Japan ahead of it. In this case, China’s GDP will be over \$3 trillion. In 2005, the country left behind the \$2 trillion level, another important landmark, and pushed Great Britain from its fourth place.<sup>21</sup>

To forecast future developments, let’s have a look at the dynamics of Russian-Chinese and American-Chinese relations during the PRC’s 50 years of existence after its formation. At first the republic regarded the U.S.S.R. as the only guarantee of its development; when in the mid-1960s the Soviet Union refused to support Beijing’s nuclear ambitions, China turned to the United States and allied with it in its confrontation with its former friend.

During the next 25 years, relations between the two countries developed rapidly in the absence of serious contradictions. The successfully progressing country wanted military technologies and information about the latest research in nuclear weapons and high-tech space technology of the United States. Beijing was following the principle of “how to be good friends and learn to manipulate your friend.”

Relations with Russia were restored to normal with the growth of the Chinese economy, which needed markets and raw materials. Today the PRC is skillfully defending its interests, refuses to agree with the United States on all issues, is concerned about America’s stronger presence in Central Asia, and actively objects to its domination in dealing with regional and global problems.

China is successfully cooperating with Russia within the SCO and is using this to cement its position as a global power. Beijing hopes to exploit its partnership with Moscow to address its own domestic problems, XUAR security in particular. Back in 2002, its previous leader Jiang Zemin speaking at the Shanghai summit described his Cabinet’s strategic task as “developing new international relations with Russia based on a partnership rather than union.”<sup>22</sup> During his Moscow visit on 26-28 March, 2007, PRC Chairman Hu Jintao confirmed this position. On 26 March, 2007, the two countries signed a Declaration that spoke of “strategic partnership.”

<sup>19</sup> See: A. Volokhova, “Izmenenia vo vneshnepoliticheskikh kontseptsiaikh KNR (vzgliady kitayskikh politologov), *Problemy Dal’nego Vostoka*, No. 3, 2006, pp. 74-75.

<sup>20</sup> See: Socioeconomic Statistics of China for 2006, *Renmin ribao* on line site, 1 March, 2007.

<sup>21</sup> See: [<http://www.vedomosti.ru/newspaper/article.shtml?2007/01/25/119526>].

<sup>22</sup> *Shanghai hezuo zuzhi—xin anquan guang yu xin jizhi*, p. 311.

Beijing attached enough attention to the SCO to be actively involved in its institutional development. Today it is as actively trying to set up a fund of research and analytical centers within it, and is offering training for people from Central Asia and Russia within its own programs.

China is using the SCO to support the member states fighting against separatism in XUAR; it is skillfully using this tool to control the region's Uighur population and is encouraging Chinese exports and emigration from the overpopulated country, which is suffering from the overproduction of consumer goods. This is amply testified by the Russian and Central Asian markets brimming with Chinese goods and by the gradually growing number of Chinese emigrants.

Through the SCO, China settled its border disputes with three Central Asian states; its border with Russia became safer and less controversial. According to Chinese political scientist Xing Guangcheng, the main result is a "buffer zone" of several small, disunited, and not threatening states (Mongolia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan).<sup>23</sup> China gained access to Central Asia's vast markets and natural resources. This created favorable conditions for large investments into XUAR and China's more prominent presence in Central Asia.

It should be said in this connection that China may also use the SCO to contain Russia's growing influence in the region. To prevent this the Russian Federation, in turn, is actively developing the EurAsEC and CIS. There is the opinion that the Central Asian countries may use the SCO to contain China's influence in the region. This structure can be used for these purposes only if Russia manages to build up its economic potential to develop into a counterbalance to China; otherwise the SCO will become China's tool. To protect its interests in Central Asia, Moscow would be forced to seek support in the West, the U.S. in particular. It looks as though, aware of this possibility, Moscow is developing closer relations with the West. This also explains why Russia accepts the West's military presence in Kyrgyzstan.

The Chinese press has pointed out that all the SCO members "pledged not to permit the organization's territory to be used for any activities infringing on the sovereignty of any of its members."<sup>24</sup> This allows China to demand that the Central Asian SCO members refuse to be involved in joint activities with foreign countries and international organizations that could be recognized as infringing on the sovereignty of any of the SCO members. The Declaration of 6 June, 2005 says that Central Asia should become a zone free from foreign military bases, according to which China can demand that the sovereign subjects not deploy military bases of the SCO non-members on their territory.

A Regional Antiterrorist Structure (RATS) is functioning in Tashkent; and military maneuvers within SCO have become a regular feature. Some time in the future, Beijing might suggest that the SCO set up a rapid deployment antiterrorist and anti-extremist forces in full conformity with the Charter's provision on military cooperation. This will allow China to move its units to the Central Asian countries.

If China's stable economic growth continues and if it gains more international prestige, it may use it to become the region's economic factor by buying shares and the controlling interest of large raw-material and industrial facilities, as well as real estate in Central Asian countries.

In the last ten years, China has been working on a new national security conception. Jiang Zemin first spoke of this on 23 April, 1997 in the Russian State Duma. Two years later, in Geneva, he outlined a conception that spoke of a worldwide atmosphere of mutual trust, shared interests, equality, and cooperation. He also suggested that large and strong states should refrain from putting pressure on the less developed countries and from interfering in their domestic affairs.<sup>25</sup>

<sup>23</sup> See: Xing Guangcheng, *Zhongguo he xin dili de Zhongya guojia guanxi*, p. 99.

<sup>24</sup> *Shanghai hezuo zuzhi—xin anquan guang yu xin jizhi*, p. 305.

<sup>25</sup> See: Chuan Chen, "Novaia doktrina Kitaiia v sfere bezopasnosti," *Vestnik analitiki*, No. 3, 2006, p. 121.

The history of Chinese contacts with the Central Asian countries says that the Chinese leaders displayed a lot of activity outside the country when the country was strong and united. We can only hope that China's public conscience has reached a higher level and that the rulers of new China will not emulate their imperial ancestors and will remain true to the conception formulated by Jiang Zemin when the country gained predominance over the leading world powers. We are puzzled by the fact that in the last fifteen years, a large number of publications has appeared that describe the Chinese emperors' military inroads into Central Asian territory as unifying.

China's active efforts to develop its contacts with the Central Asian states bring to mind what Chinese, Russian, and Western academics have written about the mentality of those who ruled the PRC. They are convinced that the Chinese civilization and mentality are "too engrossed in their own importance," which urges the Chinese leaders to work toward preserving the exclusive nature and imperial thinking of the empire that disappeared early in the 20th century. The Chinese leaders are fond of holding forth about peace, equality, and fairness in international relations. According to V. Balakin, however, "it is hard to expect that the PRC will follow, in good faith, the principle of peaceful coexistence" on the international arena. "China might go over, without any qualms, to resolute unfriendly actions against its neighbors, if it finds this desirable and possible. It will seize new markets and consistently put pressure on rivals, turning a blind eye to earlier treaties of friendship and strategic partnership."<sup>26</sup>

History has taught us that the Chinese leaders were on the defensive when dealing with neighbors when China was weak, while they imposed their conditions when the country was strong. This pattern was born not only by the domestic economic and social factors, but also by the traditional frame of mind of the top crust. The huge numbers of the Han nation and its virtually uncontrolled growth are also responsible for this.

For over 25 years now, the Chinese economy has been expanding at a fast pace, producing more and more goods and demanding ever-greater volumes of raw materials and energy resources. China needs vaster markets to sell its goods and diversified sources of raw materials. Academician Tikhvinskiy, a Russian scholar of world dimension, wrote: "Markets cannot replace ethics, religion and civilization... Markets never aimed at achieving beauty or fairness, stability or spirituality. Their aims are far removed from man's predestination."<sup>27</sup> The Chinese leaders' mentality inevitably affects their Central Asian policies.

The above suggests that to develop normal relations with China, its partners should carefully study the country and its foreign policy.

## Conclusions

Today, the fast growing PRC is emerging as an increasingly important political, economic, and cultural factor in Central Asia. Having set up a multitude of Central Asian research centers and mobilized a veritable army of scholars for Central Asian studies, China has acquired a vast monitoring potential.

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<sup>26</sup> V.I. Balakin, "Politicheskie prioritety i investitsionnyy protsess v zapadnoy i kitayskoy ekonomikakh," *Vostok-Zapad 2003-2004*, Moscow, 2005, p. 171.

<sup>27</sup> Z.G. Lapina, K.I. Shilin, "Vzgliad s pozitsii ekologicheskogo budushchego: razmyshlenie po povodu raboty akademika S.L. Tikhvinskogo 'XX vek—vzgliad s blizkogo rasstoiania' (M., 2004)," *Vostok-Zapad 2003-2004*, p. 317.

It is following the road of multisided development, which may lead it to domination over all the Eurasian states. By continually building up its economic and military potential, it is gaining political weight. Its population is growing fast, which is increasing its impact on the ethnic and cultural situation in the world, from which Central Asia is not exempt.

Economic growth is worsening social problems: more people need more land and more jobs, while small and medium business need support (so far inadequate) to export more products; separatism in the country's ethnic regions has not been defeated. These domestic factors are inevitably influencing China's policy in Central Asia.

China's wider involvement in world developments makes Central Asia even more important for China for the following political reasons:

- The superpowers, particularly the U.S., should be kept outside the region to prevent its use as an instrument of pressure on China;
- Russia's former influence in the region should not be restored to keep the region accessible to China;
- The Central Asian sovereignties and the local states' international prestige should be played down to prevent their impact on the separatist sentiments in China, particularly in XUAR.

From the economic viewpoint, China needs Central Asia as:

- A source of energy resources, the demand in which is rapidly increasing;
- A nearby and cheap market for Chinese commodities and a source of raw materials;
- A political-economic and cultural corridor between China and Europe.

For the above reasons China is pursuing a flexible policy in Central Asia and taking into account the interests of Russia, the United States, and other countries.

The PRC regards the newly independent Central Asian states as a vitally important zone, on which its own security depends. It is a source of revenue, cheap raw materials, and a market for Chinese commodities, as well as a corridor to Europe and the Middle East. China will do nothing to promote the region's economic revival; it is refraining from any considerable long-term investments in the Central Asian economy and production; it is creating no new jobs, and is doing nothing to raise the standard of living of the local population.

The SCO is the only structure that ties together China, Russia, and the Central Asian countries. Some of China's neighbors (India, Pakistan, Mongolia, and others) have already displayed an interest in it. While paying much attention to the SCO's institutional development and enhancing its role, China is trying to make it a tool of its influence in Central Asia. Today, China is on an upsurge, therefore this organization could serve the interests of its members. Time will show whether it will remain the guarantor of the balance of regional interests when China achieves absolute domination on the Asian continent (this will happen, if natural disasters and other unpredictable factors do not interfere).