

CHINESE “ROOTS” AND RUSSIAN “BRANCHES” IN CENTRAL ASIA

*(On the Correlation of Chinese and
Russian Policy in the Region)*

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I n t r o d u c t i o n

China and Russia both look at Central Asia as a potentially promising, yet risky region, the potential/risk correlation being very different for them. For obvious reasons, the region, in which Russia is implementing several promising and important projects (the CSTO, EurAsEC), is highly important for it. China, which does not take part in these projects, is rapidly building up its economic and political presence in an effort to make up for the slow start. Russia and China are SCO members, an organization set up to neutralize the threat of terrorism, religious extremism, separatism, etc. and to promote economic and humanitarian cooperation among its members (China, Russia, Kazakhstan,

Uzbekistan, Kyrgyzstan, and Tajikistan). The next SCO summit will be held on 16 August, 2007 in Bishkek, the capital of Kyrgyzstan. This article offers a Russian approach to the Chinese Central Asian strategy. Indeed, which of its components objectively correspond to Russia's interests in integration and energy and which do not? What are China's priorities at the bilateral level and what is behind them? Which of the outside challenges (from Afghanistan, for example) may change the situation in the region and affect the policies of both countries? These and other questions are quite pertinent, therefore the answers to them call for continuous attention and profound investigation.

Regional Political Background

In 2007, China's Central Asian policy has been unfolding against a fairly contradictory background.

- First, the Color Revolutions, which until recently looked a sure possibility, appear less feasible today, while radicalization of the Islamic movements in Uzbekistan, Tajikistan, and Kyrgyzstan is looming as a real threat. The sudden death of Saparmurat Niyazov, the “eternal” leader of his country, and the election of Gurbanguly Berdymukhammedov as the new president of Turkmenistan in February 2007 bred fears of similar developments in other countries. Indeed, Turkmenistan's neighbors might prove unable to imitate a painless and smooth transfer of power, even within the ruling clan. The Central Asian countries might profit from

the Chinese model of a seamless transfer of power from the third to the fourth generation of leaders that the country demonstrated in 2002-2004. Unfortunately, this model is not acceptable for several institutional and national reasons.

- Second, the Taliban in Afghanistan is rapidly restoring its might and is as rapidly destabilizing the situation in the country, the Middle East, and Central Asia. For some time now, NATO has been inviting Russia and the CSTO to engage in real cooperation; the Americans are even more insistent. So far the calls remain unheeded: Russia has obviously had its share of adventures in the “Afghan anthill.” On the other hand, if the American project fails it will open the floodgates for Taliban expansion in the post-Soviet expanse, particularly in Tajikistan and Uzbekistan. In 2000-2001, Moscow and Dushanbe averted a catastrophe by supplying the Northern Alliance of Ahmad Shah Masoud with weapons, foodstuffs, etc., while the American operation “closed the Taliban file” for a while.
- Third, the economic gap between the region’s leaders (Kazakhstan) and outsiders (Kyrgyzstan and Tajikistan) shows no inclination toward narrowing; more than that—it is widening. The neighbors, near and distant alike (China, Russia, Iran, Turkey, the EU, and the U.S.) are responding differently to economic differentiation. Here we shall analyze the stands of only two actors—China and Russia.
- Fourth, the Chinese domestic development factors are indirectly felt in Central Asia. Today, China is working hard to bring its northwestern corner up to the economic level of its richer provinces; the northwest should pull together with the rest of the country and earn money by trading with its Central Asian neighbors. The “local” Chinese-Kazakhstani and Chinese-Kyrgyz free trade zones to be set up along China’s western borders will have a purely economic and modernizing effect on the western provinces.

Chinese Strategy: New Outlines and Integration Projects

Under these conditions, China has already outlined its new integration policies. Some of them can be discerned in the SCO, where three (unofficial) integration versions can be singled out:

- (1) the Chinese integration strategy (dominant);
- (2) Russia’s policy of preserving its regional niches (weaker than the Chinese policy);
- (3) the Central Asian component of profiting from cooperation for promoting modernization to put an end to the nagging backwardness (weak).

If implemented the Chinese project may, theoretically, create a new integrated Chinese-oriented expanse in Eurasia with the EurAsEC and CSTO as part of the SCO. This will replace the post-Soviet with a post-Chinese expanse based on the ancient plan of recovering the marginal (Central Asian) domains of the Celestial Empire. Beijing’s integration plans in the APR—the ASEAN+3 (Japan, South Korea, and China) or ASEAN + China in particular—look like an obvious globalization project for Eurasia and an alternative to the American scenario.

Russia and the Central Asian countries need China’s economic resources (in the form of investments, technologies, and trade), albeit in limited quantities. Moscow would hail the following integration model: Russian commodities and investments—Central Asian energy resources and raw materials (uranium and molybdenum)—Chinese investments, commodities, and technologies. The dues and tariffs should be lowered cautiously and selectively. Other alternatives are welcome. The Chinese

version, now in effect, promises no profits for the region: Chinese goods are exchanged for Central Asian raw materials and energy resources, which undermines the barely recovered Central Asian light and heavy industries and dooms the region to the role of a raw material appendage. No wonder Russia and the other SCO members declined the Chinese idea of a regional “free trade zone” Chinese Premier Wen Jiabao put on the table at the 23 September, 2003 SCO summit. The Chinese leaders were seeking broader trade in commodities and services with gradually diminishing trade limitations and tariffs in the long-term perspective. In the summer of 2006, the project resurfaced with an implementation term of 20 years. At the same time, Beijing convinced Astana that the two countries would profit from bilateral local free trade zones on the border; on 25 September, 2006, the Kyrgyzstan government passed a decision on a free trade zone with China.

Ideologically, the idea of free trade zones stems from the thesis of arranging the branches together with the roots. The security threats and risks (terrorism, Islamic extremism, and separatism) are described as branches, while socioeconomic relations are seen as roots. When describing a project as a tree, the Chinese are saying that it is strong not because it has a broad crown and long branches, but because its roots go deep enough. As applied to the SCO, the symbol means that the roots should receive more attention in the form of socioeconomic and transportation projects. It should be said here that if the “roots” remain mainly Chinese, the tree will become more Chinese than Russian-Kazakhstani, or any other, with time.

The next SCO summit, which will be held on 16 August, 2007 in Bishkek, will discuss mainly economic (transport and energy) projects. Much will be said about the railway between Andijan (Uzbekistan), Torugart (Kyrgyzstan), and Kashgar (China), which will connect Asia with Western Europe. It will extend the Chinese railway project Kashgar-Artush-Aksuu-Korla, which connected China’s eastern ports with its western inland regions. Kyrgyzstan will gain access to the Pacific ports and Europe; there is the opinion in the expert community that the new railway, which is shorter than the Trans-Siberian Main Line, might deprive the latter of some of its business.¹

So far the prospects for Oriental (Chinese) integration in Eurasia (Central Asia included) are unclear. Risks apart, the key projects (EurAsEC, CSTO, and SCO) remain fairly profitable. The main thing (particularly in the case of the SCO) is to continue rational and cautious use of the huge and rapidly increasing Chinese resources in the interests of integration and cooperation. The SCO is underpinned by Beijing’s and Moscow’s shared ideological considerations. It is no secret that the project is moving toward an undeclared doctrine of “containment” of the United States and its allies. In a certain sense it can be described as a new version of the post-bipolar world. It was launched in Eurasia and is manifesting itself in a latent confrontation between the SCO, CSTO, and EurAsEC, on the one side, and the projects of NATO, revived GUAM, the “Democratic Axis” of the Baltic states-Ukraine-Poland-Georgia, and other projects alternative to Russia and China, on the other.

Russia and Central Asia are obviously unable to escape China—they are doomed to befriend it. The context permits two alternatives: first, integration of Central Asia around the Russia-Kazakhstan axis within the wider developed EurAsEC and CSTO projects. Second, integration around the China-Kazakhstan axis, a wider SCO or modified Chinese projects. The latter looks like part of a broader Eurasian strategy to be realized in the mid-term or even more distant perspective. It will hardly fully fit Russia’s national interests in the security sphere.

China’s Bilateral Priorities

Kazakhstan and relations with it in trade, investment, and energy resources (their export to Kazakhstan) is high on the list of China’s bilateral priorities (the pipeline opened between Kazakh-

¹ See: K. Mamatov, “The Eastern Threat,” *Moscow News*, 2 March, 2007.

stan and Western China in December 2005 is the best proof of this). On 20 December, 2006, President of Kazakhstan Nursultan Nazarbaev paid an official visit to China, which produced 13 agreements, the key ones being Cooperation Strategy in the 21st Century and Conception of Economic Cooperation between Kazakhstan and China. Foreign Minister of Kazakhstan Kasymzhomart Tokaev pointed out that the former disclosed the meaning of bilateral cooperation for a long time to come in all spheres and outlined specific projects.² According to Chinese official statistics, in 2006 the volume of trade between the two countries reached \$8.3 billion, and investments \$1.3 billion.³ This was a qualitative shift: cooperation between the two countries became systemic and moved to a level comparable with the "large" Eurasian powers (India and Russia). To be honest, the Kazakhstani media coverage, which was positive on the whole, showed President Nazarbaev's concern over "China's disproportional involvement in developing Kazakhstan's oil and gas resources." A very apt remark indeed: China has made its appearance in the republic's fuel and energy complex and intends to stay.

On 10 January, 2007, Vice-Premier of Kazakhstan Karim Masimov was appointed prime minister. This added fresh impetus to bilateral relations: the newly appointed premier is an expert in the Chinese economic reforms, which he is prepared to promote in Kazakhstan. He is an active supporter of closer strategic relations with the eastern neighbor. This explains why free trade zones appeared on the Chinese-Kazakhstani border in 2006.

Energy and security are in the center of relations between China and **Uzbekistan**. China is concentrating on the energy sector and security; it supports President Karimov's government in its efforts to deal with the multiplying Islamic challenges. Their bilateral trade was estimated at \$972 million in 2006.⁴

The relations between China and **Turkmenistan** are based on the prospect of commissioning new gas pipelines in 2009 between the two countries and developing energy cooperation. The accents in the relations between the two countries changed in December 2006 when Saparmurat Niyazov died and the country acquired a new president, Gurbanguly Berdimukhammedov, in February 2007. At first, Beijing was naturally concerned about the possible political destabilization in Ashgabad, or the new president's changed ideas about the country's traditional neutrality in favor of the West and/or Russia, which might have upset the fairly stable bilateral relations with China. Second, these developments forced China to accelerate the preparatory work on the gas projects and planned import of Turkmenian gas to China. Trade between the two countries is not impressive: in 2006, it was merely \$178 million.⁵

The economic gap between the region's leaders and outsiders is widening. Today Kazakhstan has emerged as an unquestioned leader; the country's solid economic base allows its president to consistently shoulder political responsibility for the regional developments. Nothing is said about it on the official level, but everyone knows who runs the show in Central Asia. Beijing is actively exploiting differentiation to build up corresponding bilateral economic policies with each of the poles. The Chinese-Kazakhstani model is a version of oil-and-gas cooperation and dynamic trade relations. As for Kyrgyzstan and Tajikistan, Beijing uses individual patterns. The general idea is well known: China is seeking energy imports (hydro resources and power) and markets for its textiles and other goods. **Kyrgyzstan** is a priority where bilateral trade is concerned: in 2005-2006, it received several trade (tied) credits, which raised the volume of bilateral trade to \$2.2 billion in 2006 (an increase of 120 percent) by means of Chinese exported consumer goods, products of the textile industry, elec-

² See: K. Tokaev's press conference of 21 December, 2006 [www.kazpress.com].

³ See: *Haiguan Tungzi*, Beijing, No. 12, 2006.

⁴ *Ibidem*.

⁵ *Ibidem*.

tronic consumer goods, etc. The establishment of a free trade zone between China and Kyrgyzstan speeded up the trade turnover. The **Tajik** leaders declined similar offers. On the other hand, China was less interested in their country as a consumer market, the geographic location of which leaves much to be desired. In 2006, the volume of Chinese-Tajik trade was no higher than \$323 million.⁶ Local Central Asian (particularly Kazakhstani and Kyrgyz) industry is collapsing under the impact of cheap Chinese goods. In fact, in the short-term perspective Chinese imports will develop into a serious challenge and threat for the local economy. The process should be regulated and put into the framework of administrative-economic procedures at the bilateral and collective level within the SCO, EurAsEC, and other organizations.

Russia does not want to see the region divided into the rich and the poor; by pouring money into the EurAsEC and other projects, it is trying to make the Central Asian space more homogenous. The differentiation process, however, is going on all by itself.

The SCO Energy Factor. The Eurasian Component

The SCO Energy Club project offers more balanced relations between China and Russia and harmonization of their interests in Eurasia. The growing energy resource deficit is the Achilles' heel of the Chinese economy. For this reason cooperation between Russia, Central Asia, and China could offer good prospects for all SCO members and Turkmenistan, which is not its member. It will also add weight to the energy resource suppliers—Russia, Kazakhstan, and Uzbekistan.

Today, the EC's main outlines can be described in the following way. Late in 2006, President Putin voiced the idea of the SCO Energy Club, which India, an observer country, found highly attractive. On the whole, we can speak of the conception's four regional dimensions:

- (a) global;
- (b) regional-Eurasian (Russia, China, and four Central Asian states);
- (c) sub-regional Central Asian (Kazakhstan, Tajikistan, Uzbekistan, and Kyrgyzstan), and
- (d) national (six national energy models of the SCO members).

It seems that today the regional-Eurasian dimension is being discussed. The global format is still far away, even though its elements can be discerned in Russia's energy policy designed to realize the energy security conception (decisions of the St. Petersburg G-8 summit) in the very difficult dialog between Russia and the EU on the Energy Charter, etc. At each of the levels, the SCO Energy Club conception can be adjusted to specific geopolitical and energy trends and regularities. If realized in its regional dimensions, the Energy Club conception will not only create a self-sufficient energy structure: producer-supplier-consumer in Eurasia, but will also considerably renew the SCO's general development strategy and supply it with new instruments of influence in the traditional security, economic, and humanitarian spheres of cooperation. The role of the energy component is not overstated—this is a mere statement of the facts of life.

There is another methodological approach. The project can be arranged as a club in which wide and fairly transparent cooperation is not limited to the SCO members (states and corresponding ministries). It could include the observer states as well as a large number of non-state entities (private energy

⁶ Ibidem.

companies, etc.). In another alternative, the project could involve members outside the SCO; these contacts would be non-political and add flexibility to the Energy Club: gas-rich Turkmenistan, oil-and-gas rich Azerbaijan, etc. could also be invited. This approach could open the road (at least theoretically) to talks and cooperation with GUAM and other organizations.

The regional and sub-regional formats can be interpreted in the same or similar context as the implementation of the SCO energy policy in the Eurasian expanse of four Central Asian states (Kazakhstan, Uzbekistan, Tajikistan, and Kyrgyzstan) plus Russia and China. The project permits wider territorial realization of its conception, which will involve the observer states—Iran, India, Pakistan, and Mongolia. President Nazarbaev's idea about a future Asian energy market and the initiative of Iranian President Mahmoud Ahmadinejad, who invited the SCO energy ministers to meet in his country to look into the regional potential of developing, extracting, transporting, and refining oil and gas, extend the limits and widen the Energy Club possibilities. However today the matter mainly concerns energy interaction among the SCO member states. The idea of blending the Energy Club project (Russia) and the Asian Energy Market (Kazakhstan) also looks promising; the latter appears to be a wider philosophy of energy cooperation in Eurasia, which may develop parallel to the Energy Club project or make it its part. There are no contradictions between them: both approaches may serve as a pattern for a certain Eurasian Energy Charter similar to the well-known European document.

By way of summing up the article's theoretical part, I would like to say that the Energy Club should not do what the national energy ministries and departments of the six countries are doing. The Energy Club should rely on the SCO and its structures; it should invite the business community to cooperate and draw on the intellectual resources of the expert community.

The SCO energy expanse is taking shape on a very solid political basis, which includes five key elements:

1. Many Eastern countries, which would prefer a multipolar to unipolar world, find the SCO attractive, mainly because of the Chinese resource. The organization's international rating is rising; hundreds of respected international organizations have already established or plan to establish cooperation with the SCO. The 2006 Shanghai summit introduced a moratorium on the organization's expansion; its leaders preferred to stem expansion for the sake of adjusting what has been achieved politically and economically.
2. The SCO left one important stage behind: the stage of regional (Central Asian) activity of 1996-2004, when the West tended to dismiss it as unimportant. In 2004, it entered the second stage, which has not yet acquired its final shape. This is the stage of global geopolitical activity. SCO globalism is underpinned by Russian-Chinese strategic partnership, which extends to the entire organization.
3. Today, Moscow and Beijing regard the SCO as more of an economic structure; the mechanism of economic cooperation has made the entire organization multidimensional. There is a humanitarian dimension and also a second track—the SCO Forum, the SCO Business Council, etc. The preparations for the Bishkek Forum to be held on 16 August, 2007 allows us to talk about the organization's further commercialization and two priority trends—transport and energy.
4. The SCO structure can be divided very provisionally into 3 + 3 economic groups (all decisions require consensus among the six members): (China, Russia, Kazakhstan) + (Uzbekistan, Kyrgyzstan, and Tajikistan). This should not be taken to mean that there are countries of the first and second order. This is an informal admission that their economic potential, GDP volumes, trade structures, etc. are very different.

5. Further expansion that will make the observer countries (Iran, India, Pakistan, Mongolia) SCO members is strategically undesirable: (1) in the case of India and Pakistan—the Kashmir conflict and nuclear non-proliferation regime; (2) in the case of Iran—its nuclear program and the resultant crisis. Mongolia is the only country that could become a full member: its membership will strengthen two traditional trends of Mongolian politics (Russia and China) and would not interfere with the latest, pro-Western vector. The latest trend, however, could impose certain limits on the country. At the same time, advantages are obvious: the SCO will help to develop its economic, investment, and energy resources. For objective reasons, the CSTO, EurAsEC, and SCO could draw somewhat closer together, but complete organizational merging is hardly possible even in distant future. Russia and China, acting together within the SCO, offered Central Asia their agenda of security, development, and modernization. Being free from artificial (read: Western) standards of democratization, the organization looks attractive: it allows the countries that have fallen behind (Tajikistan and Kyrgyzstan) to use the resources of their more developed neighbors (China, Russia, and Kazakhstan) to speed up their economic development.

The following describes the specifics and potential of the SCO energy expanse:

1. No third countries on the energy transportation routes.
2. A natural (geo-economic) combination of groups of countries that produce and export energy (Russia, Kazakhstan, Uzbekistan) and that import and use energy (China, Kyrgyzstan, Tajikistan). This combination embracing the observer countries can be interpreted in a wider format, as an “axis” of producers (Russia, Kazakhstan, Uzbekistan, and Iran) and an “axis” of energy consumers (China, Tajikistan, Kyrgyzstan, India, Pakistan, and Mongolia). The implemented former and even more so latter model, which includes the observers, makes the SCO a self-sufficient global and regional system. There is also an “axis” of transporter countries. Their cooperation in the gas, oil, atomic, and electric power spheres will move the united tariff and price policy to the fore (based on the world market prices and long-term agreements), agreements on routes and on the volumes of sold and bought energy resources. As distinct from OPEC, the SCO Energy Club will include producers, transporter countries, and consumers of energy resources; all of them will have a chance to tap the Energy Club’s advantages at the very early stage of its functioning.
3. The SCO energy project can be coupled with integration projects—a Free Trade Zone (FTZ). For several objective reasons, the energy project can develop faster than the integration project merely because the suppliers and consumers of energy resources are more interested in cooperation in this sphere. The SCO FTZ has several limits—the smaller and weaker economies (Tajikistan and Kyrgyzstan) are not prepared to work with China under free trade conditions. The SCO FTZ is a prospective rather than immediate goal.
4. The SCO Energy Club may regulate the inner Central Asian energy discrepancies between Uzbekistan and Tajikistan and Uzbekistan and Kyrgyzstan by playing down or removing altogether the bilateral problems in exchanging Uzbek gas for Kyrgyzstan and Tajikistan’s water resources. The Russian Federation, Kazakhstan, and Uzbekistan are rich in hydrocarbons, while Tajikistan and Kyrgyzstan possess vast water resources. The water consortiums initiated by the Central Asian countries and EurAsEC have failed to defuse the tension between Uzbekistan and the two water-rich countries. Potentially, the SCO Energy Club can solve the problem.

Objectively, the highly different economic scales of the SCO members make it hard to implement the EC; it will not be easy to completely harmonize the national economic strategies and the interests of the energy producers and consumers. Producers and consumers are natural rivals—this is a fact of life. For example, there is latent rivalry between Russia and Kazakhstan and Iran for the oil and gas markets, etc. The same is true of the large energy importers (China and India). They are competing for the sources, routes, and volumes of imported fuel. This rivalry can be harmonized within the Energy Club. The huge Chinese market can use all the oil and gas offered by Russia, Kazakhstan, and Iran, especially if the process is institutionalized within the Energy Club.

Facing the Afghan Challenges

Today the Taliban has grown more dangerous: all kinds of groups and tribes are closing their ranks under the banners of “pure” Islam. A wide, mainly Pashtoon, anti-American movement is taking shape. Under certain conditions, the anti-Americanism of the Taliban may develop into anti-Russian policies, especially if the movement tends to expand up north. The Taliban has already mastered the suicide bomber tactics; today it has about 5,000 suicide bombers in its ranks ready to die in any corner of the world. The attempt on the life of Vice-President Richard Cheney on 27 February, 2007 in Kabul was the first step in this direction. Drug trafficking and the drug-oriented economy are generating enough money to restore the military resources and recruit suicide bombers. The planned spring and summer 2007 attack by 15,000-17,000 fighters on Kandahar was probably suggested by America’s repeated failures in Iraq.⁷

The Chinese position is fairly contradictory: on the one hand, China is not overjoyed to see the Taliban’s revival. It presents a real threat to the Chinese Muslim (XUAR) and border regions. On the other, Beijing does not want American bases back in the region (Uzbekistan) or new ones to be set up on the borders or stationed dangerously close to China (in Tajikistan and Turkmenistan). In fact, the Uzbek leader earned China’s respect as the most trusted strategic partner when he insisted on liquidating the American base in Khanabad in 2005. It seems that if Kurmanbek Bakiev, the current president of Kyrgyzstan, followed in the steps of his Uzbek colleague, he could have expected additional economic and political preferences from China.

So far the SCO has chosen the wait-and-see policy. More than that: there is the opinion that back in 2005, the Taliban launched its offensive in the south of Afghanistan when the SCO Secretariat demanded that the United States set the dates for withdrawing its troops from Central Asia. It is said that the Taliban allegedly interpreted this as unexpected and welcome support. It was nothing more than a coincidence, but the problem of coordinating the strategic and tactical interests of Russia, the U.S., and China on the “Taliban Front” is a contradictory one that defies simple solutions. Raised tension will bring the CSTO and NATO closer; today they are working together to defend the Central Asian borders. It looks as if the Russian-Chinese Peace Mission-2007 exercises are partly connected with the Taliban scenario as well.

⁷ See: [www.afghanistan.ru], 27 February, 2007.